



November 2024

**Dear Fellow Shareholder:**

AmeriServ Financial, Inc. reported third quarter 2024 net income of \$1.2 million or \$0.07 earnings per diluted common share (EPS) which represents a \$536,000 increase from the third quarter of 2023 when net income totaled \$647,000 or \$0.04 EPS. For the nine-month period ended September 30, 2024, the Company reported net income of \$2.7 million or \$0.16 EPS. This represents a 33% increase in EPS from the first nine months of 2023 when net income totaled \$2.0 million or \$0.12 EPS.

Our community banking business continued to benefit from diversified revenue streams. Non-interest income represented 34% of total revenue for the first nine months of 2024 with strong revenue and profit contributions from our Wealth Management business. Our Wealth Management and Trust business administers \$2.6 billion of assets for customers in business lines including retirement services, personal trust, investment management, the ERECT Funds, and diversified services. As a result of effective management of client assets and improving market conditions - particularly for equity securities with major market indexes at record levels -our total wealth management revenue has grown by \$1 million or 12% so far in 2024.

We also continue to see encouraging new business results in our basic banking business as both total loans and deposits have experienced growth in 2024. Total loans are up modestly from year-end 2023 and continue to average above \$1 billion. Our deposit performance has been better with total deposits growing by \$31 million or 2.7% in the first nine months of 2024. It is important to note that we do not use brokered deposits in any manner as all our deposits are from core customers in our market. Overall, this growth in both loans and deposits demonstrates the strength and loyalty of our customer base and has helped to drive three consecutive quarters of net interest income improvement. We believe that our balance sheet is well positioned for further net interest income growth through the remainder of 2024 and into 2025. Since net interest income represents approximately 66% of total revenue, it is important that we grow this metric to improve our efficiency ratio.

During the third quarter of 2024, we also engaged a community banking efficiency consultant to perform a comprehensive review of the Company's cost structure. Our senior management team is working closely with this consultant to identify ways to better optimize key resources to improve our financial performance. We believe that identifying and executing on recommended cost structure improvements will have a positive effect on key financial metrics such as our efficiency ratio and EPS growth.

We also conducted our annual shareholder meeting on August 20, 2024. We are pleased that our shareholders elected directors J. Michael Adams, Jr., Margaret O' Malley, and Mark Pasquerilla to new three-year terms that expire at the 2027 annual meeting. Additionally, shareholders approved the Company's recommendation to amend the Articles of Incorporation to eliminate cumulative voting in the election of directors. As a result of this action on September 19, 2024, the Board of Directors amended the Company's bylaws to 1). provide for proxy access, allowing eligible shareholders to include their own nominees for director in the Company's proxy materials along with the Board's nominees, 2) implement a majority voting standard for the election of directors in uncontested director elections and in contested elections, provide that directors would be elected by a plurality vote of shareholders, and 3) provide for specific mechanisms by which directors may submit

their resignation to the Company. We believe that these actions will continue to align AmeriServ's corporate governance policies with industry best practices.

We are also pleased to provide an update on some important community initiatives that we are involved in. Unfortunately, in 2023, 41% of small businesses fell victim to a cyberattack. With this increasing trend of small businesses continuing to be targeted by cybercriminals, we thought that our customers would benefit from education on this topic. On October 29, 2024, AmeriServ Financial Bank presented a free seminar to business customers titled "Learn How to Protect Your Business from Cyber Attacks and Fraud." This seminar included presentations from representatives of the FBI and the Cybersecurity and Infrastructure Security Agency of the U.S. Department of Homeland Security. The focus of these presentations was on how cyber criminals are targeting small businesses and what small business owners can do to protect their business, their employees and themselves from the devastating effects of cyber-attacks. Seminar attendance was excellent, and we received very favorable comments from customers regarding the educational value on this important topic.


Additionally, on October 17, 2024, the Board of Directors declared a \$0.03 per share quarterly common stock cash dividend. The cash dividend is payable November 18, 2024, to shareholders of record on November 4, 2024. This cash dividend represents a 4.4% annualized yield using an October 29<sup>th</sup> closing stock price of \$2.72 and a 43% payout ratio based upon the most recent quarterly earnings. The Board of Directors elected to continue the common dividend at its current level given the Company's strong capital position and earnings improvement in 2024.

As we move towards the end of 2024, it appears the Federal Reserve will likely continue the process of gradually reducing short term interest rates to promote job creation and full employment now that inflation is under better control. With this expected backdrop, we will continue to diligently focus on maintaining a safe bank with sound asset quality, strong capital and good liquidity. Our Board of Directors and management team believe this focus is critical to creating long-term value for all of our key stakeholders – including you, our shareholders, as well as customers, employees and the communities in which we operate.

We deeply appreciate your support and thank you for your investment in AmeriServ Financial!



**J. Michael Adams, Jr.**  
Chairman



**Jeffrey A. Stopko**  
President & CEO