AMERISERV FINANCIAL, INC

January 2018

Dear Shareholder:

We are very aware that banks as an industry and individual banks as shareholder-owned enterprises have always been relatively highly taxed. At AmeriServ we have always conformed to the letter of the law as interpreted for us by our corporate counsel and independent accountants. It was these professionals that we turned to when the new Tax Reform Act became law on December 21, 2017.

Subsequently, AmeriServ and most other banks in the nation were caught up in the technical accounting issues the legislation created. We were advised to recalculate our Federal tax position for 2017 as of December 31, 2017. The result was a one-time $2.6 million charge against 2017 earnings. This action was taken as of December 21, 2017 and reported in a filing to the Securities and Exchange Commission on January 11, 2018. With those issues completed, we begin this year with a new effective tax rate of 21%, replacing the previous rate of 34%. Let us speak to that as an opportunity.

This new tax code arrived at a favorable time for AmeriServ. Our goal for 2017 was to re-establish the financial performance level that we reported in mid-2015. The result of this strong emphasis was that AmeriServ ended 2017 with the highest level of average loans for a full year on record. AmeriServ also ended 2017 with the highest level of average deposits on record, the highest level of total revenue on record and a reduced level of operating expenses. It is possible that had it not been necessary to recalculate the tax accounting process and accept a one time charge against earnings, that 2017 may have been the best year since the restructure of the franchise in 2000.

That one time charge resulted in AmeriServ announcing on January 23, 2018 net income for 2017 of $3,293,000 or $0.18 per common share. This was a 50% improvement over 2016 which reported net income of $2,295,000 or $0.12 per share. Parenthetically, it is a fact that if the Tax Reform Act had never occurred, AmeriServ would have reported net income of $5,917,000 or $0.32 per share for 2017. This was our year-long goal for 2017.

AmeriServ is growing stronger year over year, but challenges remain. As you know, AmeriServ has become a very active lender to small and mid-size businesses. AmeriServ finished 2017 for the fourth consecutive year with a record of lending over 90% of deposits into our regional markets. This means we are always seeking fresh deposits because it is our responsibility to provide affordable loans to the local and regional businesses and consumers who are the backbone of our local economies.

AmeriServ also has been a company with a higher level of overhead than most community banks our size. We are working to improve this through technical advances which allow for higher productivity. A relationship has been established with a company who is the largest provider of banking software in the U.S. The goal is to continue to improve productivity and to consequently further reduce expenses.

We have often characterized banking as a dynamic business. It must constantly move with technology, which is now making self-service banking a reality. It must deal with the creation of financial banking centers to bring the latest customer banking experience to everyone, everywhere. It also recognizes that funding local business and consumer credit needs makes for strong communities and consequently for strong community banks.

It is important to note that AmeriServ is now fully focused on executing the 2017-2019 Strategic Plan. Perhaps the biggest challenge in that plan is to improve shareholder return. It was, of course, gratifying to see an increase of 12.2% during 2017 in the market price of AmeriServ's common stock. It was especially gratifying to meet and exceed the shareholder return target established in the strategic plan. That target is to return up to 75% of earnings to shareholders annually, subject to maintaining sufficient capital to support balance sheet growth. Using the adjusted net income figure prior to the one-time charge required under the Tax Reform Act, the total capital return in 2017 was 76.4%. This was composed of quarterly cash dividend payments totaling $1,113,000. Also, a stock repurchase program returned $3,405,000 to shareholders. Upon completion of these entries, AmeriServ still met and exceeded the capital requirements established by the regulators enabling AmeriServ to operate successfully and to respond to expansion opportunities.

2017 Adjusted Net Income	$ 5,917,000
Common Stock Repurchase Program	3,405,000
Common Stock Dividend Payments	1,113,000
Total Capital Returned to Shareholders	4,518,000
% of Earnings Returned to Shareholders	76.4%

As has been our aim, we are setting forth in 2018 with all of the issues contained in the Tax Reform Act as we know them today behind us. It is our job to use the new lower tax rate to build an even stronger and more profitable company. We think we know how to do that. Our promise is that we will not falter or grow complacent. We will not chase the latest "fad." Instead, we will continue to build strength in our balance sheet and then leverage that strength for the benefit of our customers and our shareholders. We think these are exciting times to be community bankers.

Please do not hesitate to send along your comments and your criticisms. We promise to reflect on them and to respond.

Craig G. Ford
Chairman

Jeffrey A. Stopko
President & CEO