AMERISERV FINANCIAL, INC

January 2021

Dear Fellow Shareholder:

On January 26, 2021, AmeriServ Financial, Inc. reported fourth quarter 2020 net income of $692,000 or $0.04 per diluted common share. This represents an increase of $23,000 or 3.4% from the fourth quarter of 2019 when net income was $669,000, or also $0.04 per diluted common share. At the same time, AmeriServ Financial, Inc. reported that for the year ending December 31, 2020, net income was $4,598,000 or $0.27 per diluted share. This performance represented a decline of 22.9% from the full year of 2019, when net income was $6,028,000, or $0.35 per common share.

Admittedly, this has been, and in many ways continues to be, a difficult time for many of us, both in this nation and globally. But we believe the fundamental strength and resolve of the average citizen of these United States has emerged through the many challenges. The national lockdown was a shock to the fiber of our society. However, the limited re-openings that began in mid-summer were important. By the beginning of the fourth quarter, those commercial enterprises who re-opened began to revive commercial loan demand. AmeriServ experienced a growth in traditional loan products of nearly $39 million in net loans outstanding in the fourth quarter. This quickening pace we regard as a positive sign that recovery, while slow, has begun. We have also noticed the changed behavior of the American consumer as the pandemic event spread across all fifty states. All levels of government embarked on economic stimulus programs, introducing growth in the money supply for both businesses and consumers. But much of that stimulus funding went into debt reduction and even more to increase the level of deposits in banks across the U.S. Americans were unsure about the future and almost overnight, the nation of spenders became a nation of savers. AmeriServ alone found that from December 31, 2019 to December 31, 2020, its total deposits increased by $94 million, or approximately 10%, a record high for AmeriServ. The banking system was more liquid than it has been in sometime as businesses and consumers alike were concerned about an increased level of risk.

Other positive changes began occurring. The Federal Reserve reduced interest rates and not too surprisingly, ignited a boom in home buying and residential mortgages. In 2021, AmeriServ Financial Bank closed $142 million of residential mortgage loans as compared with $60 million in the 12 months of 2019. This flood of new stimulus funds also found its way into equity markets permitting AmeriServ's Wealth Management complex to increase the market value of its clients' funds under management or administration, by $243 million or 11%. This total closing at $2.48 billion, was an historic record for the Wealth Management complex at AmeriServ.

These positive developments were encouraging but we continued to be alert and active in the interests of those businesses or consumers who were struggling. Our commercial loan group actively supported certain borrowers in certain industries who remained closed or restricted. AmeriServ also participated in the Federal Payroll Protection Loan Program (PPP) in 2020 making 479 loans totaling $68.8 million to small businesses throughout the region. AmeriServ additionally has modified the payment terms on 48 loans, totaling $51 million, to assist these borrowers struggling with the pandemic event and conditions beyond their control. We monitor these borrowers continuously, along with guidance from the Federal Reserve, our primary regulator. Just as any knowledgeable team of money lenders would do, we have continued to build our Allowance for Loan Losses to protect this Company. The PPP loans are relatively riskless because of a governmental guarantee. AmeriServ is monitoring the payment deferral loans and reporting in detail to the full Board of Directors monthly. Our goal is to provide reasonable assistance to all of our struggling customers, but also to protect the safety and soundness of this important regional franchise.

We expect that you follow the financial news as faithfully as we do. This Company continues to exceed all regulatory capital requirements. We continue to service the payment requirements of our Trust Preferred shares and our subordinated debt issue.

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Our quarterly common stock dividend remains in effect, but we have ceased common stock repurchases based upon guidance provided by regulatory authorities. Additionally, we are preserving capital to support the balance sheet growth that we have experienced. In these letters, we have sometimes referred to our daily task of balancing risk with reward. However, the risk implicit today is not primarily economic risk but rather the total impact of the pandemic, which created unplanned and new economic risks. In such times, we naturally fall back into the time tested financial norms of the community bank business model. This is what we believe in and is exactly what good times and bad times have trained us to do. We are encouraged by the recent positive developments which we reviewed herein. We regard the recent 15% increase in our common stock price as one additional sign of a recognition of the strengthening of our banking performance and the markets beginning to develop more confidence in the banking sector. We do not believe the difficulties are over. The pandemic is still with us every day. Therefore, this Board and this Management Team must continue to be vigilant and alert. There are still too many unknowns to be explored and mitigated.

We welcome your comments at any time. It is an important part of our responsibility to you.

Allan R. Dennison

Allan R. Dennison
Chairman

Jeffrey A. Stopko

Jeffrey A. Stopko
President & CEO