

Dear Fellow Shareholder:

On October 20, 2020, AmeriServ issued a press release detailing its financial results for the third quarter of 2020. Net Income was \$1,078,000 or \$0.06 per diluted share. This represents a decline from the third quarter of 2019 when Net Income was \$1,689,000 or \$0.10 per diluted share. It also represents a decline from the second quarter of 2020 when Net Income was reported as \$1,419,000 or \$0.08 per diluted share. The decline can be attributed primarily to the recovery process from the nearly three months of lockdown brought about by the COVID-19 pandemic event. Let us explain.

The lockdown began on or about March 16, 2020 and was substantially uniform throughout the 50 states. The banking industry was classified as essential and therefore was permitted to continue to operate but with significant restrictions. Most banks, AmeriServ included, closed the lobbies of branch offices and permitted transaction activity only through automated teller machines, drive up facilities, or through internet access. Concurrently, the Federal Reserve requested that all banks support their borrowing customers with loan payment deferrals and forbearance agreements so they might reduce expenses during the lockdown. The premise at this time was that the lockdown would be short-lived.

However, though the lockdown partially ended mid-June, some restrictions continued even up to and including today. The pandemic event has had serious consequences for some entire industries such as airlines, hotels, cruise lines, restaurants and others. The enemy of these industries is the length of the necessary period of recovery. The Congress, the Administration, and the Federal Reserve have instituted numerous stimulus programs to help recovery and have increased the liquidity of the banks. However, the payment deferrals and forbearance agreements have continued for some borrowers. These events throughout the economy are actually only a reflection of the continuation of the pandemic event well beyond most forecasts. It is these conditions that we must consider and attempt to mitigate throughout all AmeriServ activities.

As prudent bankers we have found it necessary to once again strengthen our allowance for loan losses. During the second quarter of 2020, that strengthening required a \$450,000 increase to our allowance and in the third quarter of 2020 a total loan loss provision of \$675,000. Our Asset Quality Task Force meets regularly to evaluate our borrowers and our relationship managers are in constant contact with the principals. Thus far, the process has worked satisfactorily and we continue to be helpful to our borrowers but also we seek to always protect the interests of AmeriServ. It is our belief that the nation's banks have done an outstanding job of preventing economic chaos. AmeriServ will continue that effort and always protect the safety and soundness of this franchise.

Within these difficult events however, AmeriServ has experienced some significant bright spots. For example, our loan portfolio grew by over \$20 million in the third quarter indicating that there are small and mid-sized businesses who are recovering. Then, reflecting the various governmental stimulus programs, our deposits increased by \$18 million in the third quarter of 2020. Even more impressive is that deposits at AmeriServ have grown by over \$81 million in the period from December 31, 2019 to September 30, 2020. AmeriServ's liquidity is at an all-time high, a very good thing in a difficult economy.

One of the negatives of Federal Reserve policy has been their choosing a scenario of low interest rates. Such a scenario punishes savers, the retired, and the Net Interest Margin of community financial institutions such as AmeriServ. However, low interest rates increase demand for residential mortgages. Through the end of the third quarter AmeriServ has already closed more mortgages than it closed in the entire year of 2019. This increase has been evident in every market where AmeriServ is present. Particularly, that includes the special relationship which AmeriServ has developed with the Pennsylvania State Education Association, which brings us mortgage opportunities in most counties of the Commonwealth.

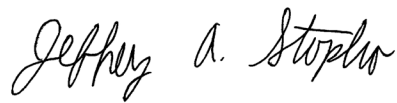
Please pardon us for we must tip our hats to the Board of this Corporation who in 1992 took advantage of a recently enacted law and established a subsidiary wealth management company. Their foresight was absolutely on target. The AmeriServ Wealth Management activities are now centered in AmeriServ Trust and Financial Services Company and West Chester Capital Advisors, our registered investment advisor. It goes without saying that 2020 has been a volatile year in virtually all financial markets, but as of September 30, 2020, Wealth Management activity reached an all-time high of assets under administration and management. It is a multiple business line effort which ranks in size as larger than the fiduciary activities of almost any bank holding company between \$1 and \$3 billion in the nation. The purpose of this activity is to be counter cyclical to the interest rates driven business model of AmeriServ Financial Bank. It is very positive to watch it perform so well in such a difficult environment. The lifecycle has an effect on all of us. Therefore, our Wealth Management business lines attempt to promote future life planning. We help with college tuition, with retirement expenses and the rainy day funds that are so necessary as age creeps up on all of us.

The purpose of these quarterly letters is to give you an up to the minute view of the performance of AmeriServ. We try to include the positives and the negatives for complete transparency with you, our loyal investors. As a publicly traded community financial institution, we seek to reward our shareholders with cash dividends, with occasional stock repurchase programs and with growth in earnings that leads to an increase in the market value of our stock. We do understand that this is a business in which we must balance risk with reward every day.

It is the pledge of this Board, this Management team and every AmeriServ banker that our preeminent goal is to protect this franchise and to make it a rewarding investment for you. We do understand that how we perform in the difficult times, such as we have seen in 2020, is how you will evaluate this company and us. Therefore, never hesitate to send along a question or a criticism. We will consider it to be constructive and respond promptly.



Allan R. Dennison
Chairman



Jeffrey A. Stopko
President & CEO