

**Dear Fellow Shareholder:**

On the morning of April 20, 2021, AmeriServ Financial, Inc. issued a press release detailing its financial performance during the first quarter of 2021. Net Income was \$2,081,000 or \$0.12 per diluted common share. This was an increase of \$672,000 or 47.7% over the first quarter of 2020. This performance also represented an increase of \$1,389,000 or almost 300% above the fourth quarter of 2020.

The first quarter of 2021 did not resemble any previous first quarter in the history of AmeriServ. Normally first quarters are a challenge because of the climate issues common to the Laurel Highlands of Western Pennsylvania. It is always a shorter quarter on the calendar than the other three because of February and its 28 days. We have learned over the years to use this quarter to prepare for the more active quarters when the snow and cold have finally disappeared but in 2021 the issue of primary concern was not the weather but the pandemic. There have been varying levels of governmental restrictions to incorporate into the business of banking. There has been the impact of the pandemic on entire industries and on individual enterprises within those industries. One of the major challenges has been the need to adjust policies and procedures to maintain an acceptable level of safety and soundness with many staff members functioning on a remote basis solely through computer access. There have been questions that have never been asked before and answers that changed time-tested routine procedures. However, the goals remained fixed, that is to provide professional banking services, to continue to provide the availability of credit in each of AmeriServ's markets, and to pledge the soundness of AmeriServ as an important financial resource for both consumers and commercial businesses. These were the challenges of the first quarter of 2021 and we believe that the results as set forth in AmeriServ's press release were positive for our customers, for our markets and for you, our shareholders who make all of this possible.

For example, during the first quarter AmeriServ has been very active in the second round of the Federal government sponsored Payroll Protection Program (PPP.) This program assists both small and medium-sized businesses. The hundreds of loans that AmeriServ has entered into this program have been essential in saving more than 16,000 jobs. Paradoxically though, it may seem due to this program, AmeriServ's total level of outstanding loans on March 31, 2021 was at an all-time record for the franchise.

Also, many AmeriServ customers have been recipients of the various governmental stimulus funding programs. However, the very wise AmeriServ customers have not performed as the learned economists predicted. These stimulus funds have not been spent but are being managed with great care. Spending is being deemphasized, debts are being paid down and many Americans are building their own personal "rainy day fund." During 2020 the level of AmeriServ customer deposits increased by almost \$100 million. From the period of January 1, 2021 to the end of the first quarter an additional growth of \$62 million has occurred. It is these deposit increases that have made the loan increases possible and further strengthened the entire American community banking industry.

However, there is yet more – So as to counter the economic negatives brought about by the pandemic, the Federal Reserve Board has deemed essentially zero interest rates to be necessary. This action has reduced the profitability of community bank loan portfolios but also created a strong mortgage refinancing boom. Many thoughtful Americans have seized on these low rates to reduce their very important cost of housing. AmeriServ continues to work extremely hard to meet demand for mortgages at these low rates. 2020 was a very busy year for mortgages and 2021 could rival it.

We have also seen projections that 25-30% of the consumer stimulus money is being invested in financial markets. Since the AmeriServ Wealth Management complex is active in these markets it continues to increase its total asset values. In 2020, it grew by over \$200 million and has added another \$37 million already in 2021. This growth centers in retirement planning and in the use of any capital appreciation dollars to help fund those retirement plans.

In these volatile times, rest assured for prudence we have continued to strengthen our allowance for loan losses and maintain close contact with any commercial borrowers who are challenged.

But while the pandemic has been with us, there has also been time for other things. In May of 2021 AmeriServ's retail bank will acquire two branches in the Meyersdale area strengthening our abilities to serve Somerset County. It is yet another sign that AmeriServ can respond to a pandemic today but also can plan for tomorrow's growth as part of our Banking for Life pledge.

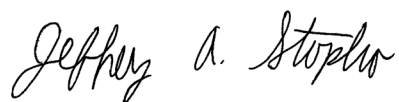
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We are encouraged by the financial results in the first quarter however, we are not celebrating. The pandemic and its challenges remain. We thank our staff for their dedication and our customers for their confidence in us. The Board and the management team pledge the same unrelenting focus in the future to our staff, our customers and to you, our shareholders. It is that focus that supported AmeriServ throughout the events of the first quarter of 2021 and it will be that same unrelenting focus that you can rely on until we learn what is to be the post pandemic definition of normalcy.

If you have any comments or ideas, please send them along.



**Allan R. Dennison**  
Chairman



**Jeffrey A. Stopko**  
President & CEO