



January 2023

Dear Fellow Shareholder:

During a period of extreme economic volatility in 2022, characterized by the highest inflation in almost 40 years and a more than 4% increase in short-term interest rates by the Federal Reserve, we were able to achieve our highest Earnings Per Share (EPS) performance in over 20 years and a 15% increase in dividend payments to you, our shareholders.

We are proud of the hard work of our AmeriServ bankers that made this success happen and allowed us to get mostly back to normal when it comes to customer service. These efforts included overcoming the challenges created by the pandemic and we are deeply grateful to our very patient customers and staff members who have been more than willing to go the extra mile.

Turning back to financial performance: Net income for 2022 totaled \$7,448,000 or \$0.43 EPS, which represented a 4.9% increase over the full year of 2021. On an adjusted non-GAAP basis, excluding the impact of pension settlement charges which are not reflective of the operations of the Company, net income totaled \$9,470,000 or \$0.55 EPS. This represented an even stronger 12% increase in EPS from the adjusted 2021 full year results. The improved earnings performance for 2022, on both an actual and adjusted basis, reflects the full benefit of several important strategic actions that the Company executed in 2021 to reduce our cost of funding, the successful management of our asset quality throughout the pandemic and effective balance sheet management.

While you may recall that 2021 was a year with near record loan demand, 2022 was still very active but less strong. A late year surge in lending permitted AmeriServ to report good loan totals in December and end the year on a positive note. We hope this continues into 2023, and we believe we have the capacity for our loan portfolio to reach \$1 billion for the first time as our lending continues to be an important economic driver in the communities where we operate.

The media has perpetuated the narrative that, as the Federal Reserve continues to raise interest rates, loans may become scarce. However, here in Western Pennsylvania, more folks are savers than spenders. This means that our friends and neighbors have provided us with more stable deposits to continue to focus on growing the loan portfolio. AmeriServ will continue to be active in lending, but we also will continue to be rigorous in our loan underwriting standards. This permits us to grow loans while maintaining a high-quality portfolio.

Wealth Management is involved in a day-to-day struggle with the turmoil in securities markets. The bear market in equities and bonds has been punishing individual estate plans. There have been market value losses even in the AmeriServ Pathroad portfolio. However, our team of professionals have taken their customary stop loss actions.

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Our clients understand the Pathroad investment logic and are patiently watching the markets for any signs of an impending turnaround. Fortunately, the Pathroad logic has been tested by similar recessions over the years and it has always proven to keep losses below other investment strategies.

We note that not only has our number of clients involved in the Pathroad logic remained virtually stable during this market but also, the number of new clients has increased as investors have taken notice of the Pathroad records. We believe our clients' biggest concern is about the duration of this bear market. History tells us that the most significant market value gains often occur during the beginning of a turnaround. It is our job to monitor for that turnaround and be ready to take the appropriate actions for our clients.

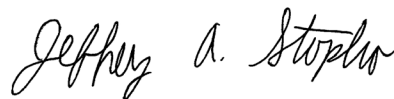
We receive questions from time to time about the actions of the Federal Reserve, Congress, and the Executive Branch of the Federal Government. It is our view that their concerns, and consequently their actions, are based on motivations that can differ greatly from ours. AmeriServ's focus is always on the interests of our customers. This means that, while we keep a finger on the pulse of what is happening in the "beltway," most of our time is devoted to understanding the concerns of our clients. It has always been that way and we believe that is why both our Bank and Wealth Management teams have a strong record of assisting our customers in both good times and tough times.

Our Board, our management group, and our team of banking and investment professionals are studying and working hard every day. We support their efforts and have the utmost confidence in their strategies.

We have always promised you a safe and sound bank for your daily banking needs. Understanding Western Pennsylvania as we do, it is not difficult for us to build the kind of banking and investment strategies needed by our customers. It is also our goal to offer you a solid stock that deserves a place in your portfolio and to continue to build value for all our shareholders. Our stock currently has a 3% dividend yield and an active trading market. We are pleased to welcome any new shareholders and always appreciate the support of our longer-term investors. Your comments are always welcome.



Allan R. Dennison
Chairman



Jeffrey A. Stopko
President & CEO