



May 2019

Dear Fellow Shareholder:

On April 16, 2019, AmeriServ announced its earnings for the first quarter of the year. Net income was \$1,878,000, up \$111,000 over the first quarter of 2018 or an increase of 6.3%. On an earnings per share (EPS) basis, EPS was \$0.11, up \$0.01, or an increase of 10%. These results were driven by strong asset quality and expense control. Loans outstanding remained flat during the quarter reflecting typical slow business activity during the winter months. However, a strong loan pipeline indicates improved loan growth in the second quarter.

AmeriServ also announced a new stock buyback program of up to 3%, or 526,000 shares of its outstanding common stock during the next 12 months. Also, on April 23, 2019, AmeriServ announced that its Board of Directors approved a 25% increase in the quarterly common stock dividend to \$0.025 per share. This represents the third consecutive year of a common stock cash dividend increase. These actions represent AmeriServ's commitment to its strategic plan that targets a return to shareholders of up to 75% of the company's earnings provided that there is sufficient capital to support balance sheet growth.

AmeriServ remains committed to its Banking for Life concept to provide financial services appropriate for whatever stage in life our customers may find themselves. We are currently investing in technology to enhance the customer online experience by offering online account opening. This new technology will allow us to expand our footprint beyond our current market. Additionally, AmeriServ plans to continue its series of free seminars to educate the public on a variety of pertinent financial subjects. As an update, the Hagerstown, Maryland financial banking center is off to a strong start with more than \$4 million in deposits.

On a broader level, it appears that the Federal Reserve may be on hold in terms of interest rate movements over the next several quarters. This seems to have a positive impact on economic activity. In turn, this should create a favorable environment for loan growth. AmeriServ continues to be an active lender. In fact, 70% of our revenue comes from net interest income which is driven by our loan portfolio. As rates remain flat, loan growth will be necessary to generate increased income.

Finally, due to an age restriction in our bylaws, at our annual shareholder meeting on April 23, we announced the retirement of two of our long serving directors. Dan DeVos served as chair of our Technology Committee since its inception and Dr. Bruce Duke served as chair of our Pension Committee for a number of years. We are deeply grateful to Dan and Bruce for their many years of loyal support.

As always, we appreciate the thoughts and feedback from you, our shareholders, regarding the progress of your company.

Do not hesitate to contact us.

Allan R. Dennison
Chairman

Jeffrey A. Stopko
President & CEO