

Dear Fellow Shareholder:

On July 21, 2020, AmeriServ issued a press release detailing its financial results for the second quarter of 2020. Net Income was \$1,419,000 or \$0.08 per diluted common share. This represents a decline from the second quarter of 2019 when Net Income was \$1,792,000 or \$0.10 per diluted share. However, it was stable with the first quarter of 2020 when AmeriServ reported Net Income of \$1,409,000 or also \$0.08 per diluted share. The second quarter of 2020 was perhaps one of the most unique in the history of this community financial institution. The economy was in a lockdown environment in April and May due to the coronavirus pandemic event. Then in mid-June a partial reopening of the economy began in a controlled fashion.

We believe that AmeriServ has responded quite positively to this recent series of unusual events. AmeriServ fully participated in the Paycheck Protection Program (PPP) developed by the U.S. Treasury. This bank closed more than \$66 million PPP loans to small and mid-sized businesses, supporting over 11,000 jobs throughout the region. This effort by the AmeriServ team required long hours and close coordination with the borrowers to obtain the official guaranty acceptance of the Federal Small Business Administration. While guaranteed by the Federal government, the funds have been provided by AmeriServ's depositors resulting in a more than a \$50 million increase in AmeriServ's loan portfolio. We are very proud of the work of the AmeriServ team during this pandemic and have numerous notes of appreciation from these often struggling borrowers.

As you are probably aware, the Administration, the Congress, and the Federal Reserve System have introduced a number of economic stimulus programs. The result has been an increase in AmeriServ deposit totals in excess of \$70 million since January 1, 2020. These additional deposits are available to support economic recovery throughout AmeriServ's service area and, also serves to strengthen the bank's liquidity position.

It is also important to remember that AmeriServ's Trust Company subsidiary serves as the trustee for the Employee Real Estate Construction Trust Funds (The ERECT Funds). These funds have been quite active in Western Pennsylvania and Eastern Ohio. In just the first six months of 2020 they have activated real estate development projects valued at over \$76 million. These projects are providing craft union jobs which generate nearly \$27 million in estimated wages and benefits.

AmeriServ has continued to provide premier banking and wealth management products and services in the communities in which we serve. During the lockdown period customers were served through drive-up facilities and automated teller machines. A surprising number of customers of all ages elected to use AmeriServ's online banking services. In June, after providing a suitable and safe personal health environment for both customers and employees, we reopened our bank lobbies. There continues to be restrictions but it does seem that almost everyone is recognizing the need for unusual care while the pandemic event continues.

The AmeriServ residential mortgage function has been extremely busy during the second quarter. The Federal Reserve action to reduce interest rates has resulted in this busy time. Customer and prospective customer interest is very strong throughout AmeriServ's retail banking offices but also in our mortgage underwriting system which services the Pennsylvania State Education Association (PSEA) members throughout the state of Pennsylvania. The result is that in the first half of 2020 the AmeriServ mortgage team has closed over \$55 million of new mortgages, which is an increase of 155% over the first half of 2019. This is an important positive for a much needed economic recovery to further strengthen the communities we serve.

In previous shareholder letters we have called your attention to the continuing strong performance of the AmeriServ Wealth Management subsidiary. Growth in total assets under management and administration continued during the second quarter of 2020. These have been volatile times in the equity and fixed income markets but by combining the latest in technology with time tested investment market knowledge this subsidiary grows stronger each year. Following two consecutive record years, our Wealth Management subsidiary has now finished the quarter with the second strongest first six months of After Tax Net Income on record. This is a positive result for AmeriServ.

However, many challenges still persist. We understand the strategy of the Federal Reserve in reducing interest rates. Their goal is to keep markets functioning and to lessen the debt service requirements of all levels of government. However, the strategy is not without victims. The victims include the thrifty consumers who are denied an appropriate level of interest on their savings, on pension funds who are challenged in meeting their obligations to retirees and, of course, community banks by shrinking net interest income thus limiting growth in internally generated capital. The real negative in this strategy is the continuing decline in the number of healthy community banks in America, for it is the community banks that keep Main Street healthy while the mega banks support Wall Street. We support the community bank agenda through our banking trade association. Our President, Jeff Stopko, serves as a Director of the Pennsylvania Bankers Association for this very reason.

For those of you who are long term investors in AmeriServ, you are quite aware that AmeriServ has chosen to maintain a relatively conservative balance sheet. AmeriServ's capital ratios are well above Federal Reserve requirements. As mentioned previously, the government economic stimulus programs have resulted in increased liquidity. This increase enables AmeriServ to respond to borrowers' needs when the opportunity arises. It has been customary for AmeriServ's business lenders to maintain rigorous underwriting standards. The emphasis on quality lending opportunities has enabled AmeriServ to experience a lower level of loan charge offs than the banking industry averages reveal.

All of this says very simply that in volatile times like these, it is best to adhere to the time tested rules for community financial institutions. We do have concern for our core customer group, many of whom are suffering from forces far beyond their ability to control. However, we also value our relationship with you, our shareholders. We will protect this franchise and pledge to make it a rewarding investment for you. There will be no speculations and no search for the always promised easy solutions. We do believe that every strong local community financial institution is a vital part of this dynamic and widespread total economy.

The Board, management team and every AmeriServ banker understands today's challenges. Should you have thoughts or comments, send them along. As you might suppose we debate these very same issues every day.



Allan R. Dennison
Chairman



Jeffrey A. Stopko
President & CEO