



April 2018

Dear Shareholder:

Banking and wealth management is a dynamic business. We believe our improved performance in the first quarter of 2018 was based on more than the recent changes to tax legislation. We believe it was the result of our firm commitment to making AmeriServ a forward-thinking company. In our most recent press release, AmeriServ announced first quarter 2018 earnings of \$1,767,000 or \$0.10 per share, outdistancing the first quarter of 2017 when net income was \$1,348,000 or \$0.07 per share. The return on equity in the first quarter is the best in more than fifteen years. This supports the recently-announced, one-half cent or 33% increase in the common stock dividend to \$0.02 per share. One contributing factor to the increased earnings was a reduction in the federal tax rate from 34% to 21%.

Our asset quality continues to be strong. Capital levels already meet the Basel III requirements, which are not mandatory until 2019. Net interest margins improved as the Fed rate increases began to take effect.

We've established what we like to think is a new way of banking within some of our markets, including State College - Centre County and Richland Township - Cambria County, Pennsylvania. We recently completed renovations and a complete re-merchandising of both of these offices. The result is something we call AmeriServ Financial Banking Centers. We've assembled commercial and business bankers, consumer lenders, mortgage originators and wealth management advisors under one roof to provide our customers with every financial resource they may need to achieve their banking for life goals. The response from customers and the community has been positive and serves to reinforce that one-stop banking is the way of the future.

We have also made a number of enhancements to the technology we use to interface with our customers. We recently signed a seven-year contract extension with our core systems vendor. The new contract enables us to install several platform enhancements including consumer eBanking with mobile, business eBanking with a new mobile feature, hosted ACH Tracker, online account opening, new Account Desk as well as more tailored deposit service charging capabilities. All of these enhancements, when implemented, will enable us to provide our customers with the latest banking tools and services – when, how and where they want them.

As we continually search for ways to further enhance and strengthen the customer experience, we know cybersecurity must also be prominent on our list of ongoing initiatives. It is a topic that is frequently in the news and on the minds of AmeriServ bankers. Please be assured that we have always been vigilant about the confidentiality of all personal financial information and rely on a layered approach to ensure information security.

Whether we are transforming the look and feel of our offices or looking for ways to provide customers with the banking options they want and need, we never lose sight of our concern and commitment to increasing shareholder value. Our goal is to make this investment one of the foundation pieces in your portfolio. Please stay with us, for we believe the future will be rewarding. Your questions and comments are always welcome, and we promise a personal reply.

Craig G. Ford  
Chairman

Jeffrey A. Stopko  
President & CEO