

Dear Shareholder:

The third quarter of 2018 continued the year’s trend of providing positive opportunities, but also presented a need to be alert for potential challenges. Therefore, it was a great pleasure to issue a press release on October 16, 2018 establishing the third quarter of 2018 as the best quarter of the year. The Company reported earnings per share of \$0.13, or an increase of 62.5% when compared with the third quarter of 2017. In terms of absolute dollars, Net Income was \$2,329,000 in 2018 compared with \$1,551,000 in 2017, an increase of \$778,000. When combined with the previous two quarters of 2018, earnings per share reached \$0.32 per share as compared with \$0.23 in 2017. This absolute dollar increase of \$1,552,000 represents a 36.2% improvement. AmeriServ considers these gains to be significant and are based on both internal and external events.

It is important to recognize that the tax relief legislation, which was enacted into law in late 2017, has been beneficial to the banking industry and to AmeriServ. The previous tax burden on community banks has been an important factor in the ongoing disappearance of community banks around the nation as well as in our region. It is necessary to reward shareholders for providing the capital to exist and to be able to provide credit and banking services throughout the nation. Therefore, we do applaud the action of Congress.

In order to be a positive force in the markets we serve, we continue to make a maximum effort. During the third quarter of 2018 AmeriServ continued to invest over 90% of its customers deposits in loans to small-medium sized businesses and consumers within our market. We are quite proud that AmeriServ continues to be among the leaders in providing credit through active lending. We are also proud that our loan portfolio is of such quality that it is rated in the top 10% of all banks our size across the country.

The key to this kind of exemplary community bank performance is the ability to attract customer deposits. These deposits are then converted into safe and productive loans. AmeriServ’s deposits have been relatively stable during 2018. However, the Federal Reserve has been pursuing a policy of making deposits more expensive and shrinking the totals. Therefore, it is necessary for AmeriServ to provide the best customer service as well as a proper return on deposits. AmeriServ’s depositors have been very loyal in both good and not so good times. We appreciate that loyalty and we work hard to preserve it.

In a recent letter to you, we discussed the development of the new AmeriServ Financial Banking Centers. There are now two in operation and another under construction. These Financial Banking Centers are designed to bring a myriad of financial products and services to consumers all in one building – a one stop shop. In an AmeriServ Financial Banking Center, a customer may conduct retail banking transactions, but also may obtain a mortgage, business banking and investment services and products. Everything is under one roof and this is personalized banking at its best.

AmeriServ Trust and Financial Services Company has also continued to expand. A new wealth management office has opened in Greensburg, Pennsylvania, the county seat of Westmoreland County. We realize it is rare to find such a sophisticated capital and wealth management team in a community bank. However, our team does provide retirement and estate planning, and works through its Erect Fund to leverage union pension funds into real estate projects to provide jobs and a return for those pension funds. The AmeriServ Trust and Financial Services Company in the first nine months of 2018 has increased its return by over 40% when compared with the first nine months of 2017. We expect further expansion for the trust company in 2019 and 2020.

Our current strategic plan emphasizes the importance of providing a better return for our shareholders. During 2017 AmeriServ returned 76.4% of its earnings to shareholders. During the third quarter of 2018 AmeriServ has returned nearly 70% to shareholders.

3Q Net Income	\$ 2,329,000
Common Stock Repurchase Program	1,263,000
Common Stock Dividend Payments	360,000
Total Capital Returned to Shareholders	1,623,000
% of Earnings Returned to Shareholders	69.7 %

The Board and Management remain committed to providing active capital returns to our shareholders. We believe it is this kind of return that will lead to increase in the AmeriServ common stock price. It is now being quoted near 90% of tangible book value and increasing it to more than 100% is a day that we are all working to see.

We value our shareholders and we welcome your comments.



Craig G. Ford
Chairman



Jeffrey A. Stopko
President & CEO