

...continued

Greatly assisting our new client and deposit acquisition strategies are our two new Lancaster County branches, Manheim and Lititz. Combined, they have accounted for \$12 million in new deposit business in the past 15 months.

In July, the Bank announced a common stock offering with intentions of issuing up to 233,010 new shares at a price of \$25.75 for an aggregate \$6,000,000. The Board of Directors determined that market conditions were favorable to augment our capital position and support the Bank's continued growth projections. Existing shareholders enjoy pre-emptive rights, giving them the ability to purchase new shares before shares are open to new investors. This pre-emptive rights offering period ran from July 16th to September 14th. During this period, we increased our outstanding shares by 24,813 from 2,337,064 to 2,361,877. That increase was due to participation in our existing Dividend Reinvestment Program and Stock Purchase Plan, and the new stock offering. The stock offering accounted for 22,707 new shares, raising new equity of \$584,705.25. Closing for the pre-emptive rights period was held as of September 14th. Remaining shares are now available to new investors, who are subject to a minimum investment of \$10,016.75. This community offering period will be open until November 30th. Existing shareholders may also make an additional investment and are not subject to the minimum. For more information on this stock offering, please direct inquiries to JBT shareholder relations at investor@bankjbt.com or call 717-865-4246.

We thank you for your continued interest and investment in JBT.



Chairman



President & CEO

#### BOARD OF DIRECTORS

**Richard J. Newmaster, Jr.**  
*Chairman*

**Jeffrey L. Bohn**  
*Vice Chairman*

**Edward L. Anspach**  
*Second Vice Chairman*  
*Secretary*

**Lloyd A. Deaven, Jr.**

**Edwin C. Hostetter II**

**Brian R. Miller**

**Larry P. Minnich**

**Sallie A. Neuin**

**Troy A. Peters**  
*President*  
*Chief Executive Officer*

**Eric A. Trainer**

**Glenn T. Wenger**

#### EXECUTIVE OFFICERS

**Troy A. Peters**  
*President*  
*Chief Executive Officer*

**C. William Roth**  
*Chief Financial Officer*

**Edward T. Martel, Jr.**  
*Chief Operating Officer*

**Richard M. Rollman**  
*Chief Lending Officer*

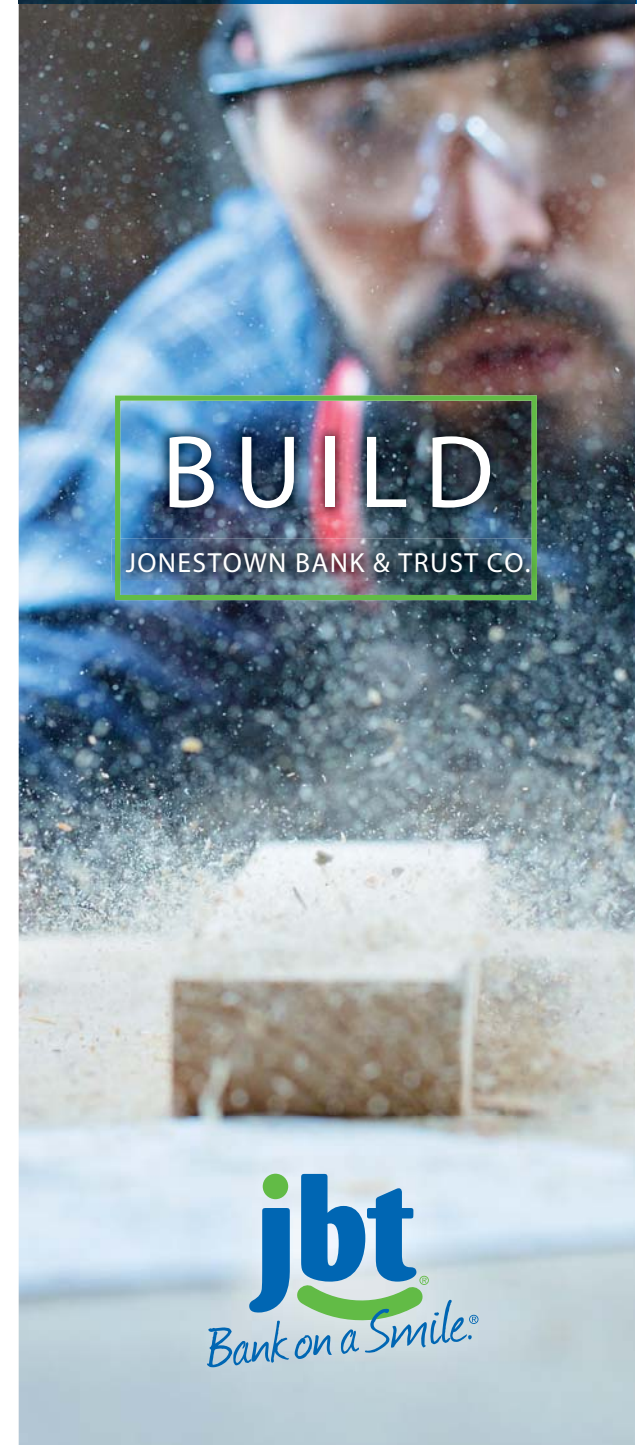
**Theresa L. Resanovich**  
*Chief Trust Officer*

**Timothy D. Gingrich**  
*Chief Information Officer*



P.O. Box 717  
Two West Market Street  
Jonestown, PA 17038-0717  
Executive Offices: 717-865-4246  
Fax: 717-865-0349  
Email: investor@bankjbt.com  
bankjbt.com

3RD QUARTER REPORT • SEPTEMBER 30, 2018



BUILD

JONESTOWN BANK & TRUST CO.

**jbt**  
*Bank on a Smile.*

## LETTER TO SHAREHOLDERS

We are pleased to report that the Board of Directors has declared a third quarter dividend of \$0.18 per share for shareholders of record as of October 23, 2018 and payable on October 31, 2018. We are proud of our strong dividend history and happy to return a portion of profits to our shareholders. The Bank produced earnings of \$3,824,000 or \$1.62 per share during the first nine months of the year, up 17.9% from \$3,244,000 or \$1.39 per share in the prior year. This earnings lift is largely attributable to two impactful items. First, we are experiencing the positive effect of the Tax Cuts and Jobs Act which reduced the corporate income tax rate. Secondly, we made a much smaller provision to the loan loss reserve.

During the quarter we experienced two significant loan payoffs, one commercial and one municipal, totaling over \$11 million, which negatively affected our balances for the period. Taking that into account, our loan portfolio has increased by 1.00% year-to-date and by 3.08% year-over-year. Loans, net of the allowance for loan losses, stand at \$496,164,000 and account for 86.38% of total assets. A benefit of our modest loan growth is that we only needed to set aside \$526,000 for possible loan losses year-to-date, versus an expense of \$1,185,000 during the same period last year. We continue to be encouraged by the improvement in our credit quality, as evidenced by total delinquencies ending the quarter at their lowest level in years.

The third quarter brought another widely expected rate increase. The Federal Open Market Committee raised the Fed Funds Target range by 25 bps to 2.00 – 2.25% in September. This action has further fueled the competition for deposits in our market. Deposit generation has been a top priority for us all year long and we are pleased with our 3.21% YTD growth and 5.63% growth since the same period last year.

*continued...*

### Jonestown Bank & Trust Co. Selected Financial Data

September 30,	2018	2017
Return on assets	0.88%	0.81%
Return on equity	10.23%	9.23%
Book value	\$21.85	\$20.68
Earnings per share	\$1.62	\$1.39

### Balance Sheet as of September 30, 2018

(Dollars in thousands)

Assets	2018	2017
Cash and due from banks	\$ 14,861	\$ 17,006
Federal funds sold	0	0
Total cash and equivalents	14,861	17,006
Securities available for sale	37,552	44,607
Securities held to maturity	44	53
Loans held for sale	0	0
Loans receivable net of the allowance for loan losses and unearned discounts	496,164	481,332
Premises/equipment, net	8,890	6,442
Accrued interest receivable and other assets	16,894	17,247
Total Assets	\$ 574,405	\$ 566,687

#### Liabilities and Shareholders' Equity

Liabilities		
Deposits:		
Non-interest bearing	\$ 48,673	\$ 46,963
Interest bearing	430,436	406,589
Total Deposits	479,109	453,552
Short-term borrowed funds	11,975	20,776
Long-term debt	29,492	42,073
Accrued interest payable, and other liabilities	2,219	2,092
Total Liabilities	522,795	518,493

#### Shareholders' Equity

Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,361,877 shares	4,724	4,661
Surplus	5,776	5,026
Undivided profits	42,610	39,042
Accumulated other comprehensive income	(1,500)	(535)
Total Shareholders' Equity	51,610	48,194
Total Liabilities and Shareholders' Equity	\$ 574,405	\$ 566,687

### Income Statement for the 9 Months Ending September 30, 2018

(Dollars in thousands except per share amounts)

Interest Income	2018	2017
Loans receivable	\$ 17,049	\$ 14,375
Taxable securities	422	448
Tax-exempt securities	215	243
Other	269	156
Total Interest Income	17,955	15,222
Interest Expense		
Deposits	2,420	1,335
Borrowed funds	792	674
Total interest expense	3,212	2,009
Net Interest Income	14,743	13,213
Provision for loan losses	(526)	(1,185)
Net Interest Income After Provision for Loan Losses	14,217	12,028
Other Income		
Trust department income	257	287
Service charges on deposits	842	788
Other income	1,585	1,824
Total other income	2,684	2,899
Other Expenses		
Salaries/employee benefits	6,390	5,482
Occupancy	879	700
Equipment	513	387
Marketing	352	306
Other operating expenses	4,196	3,646
Total other expenses	12,330	10,521
Income Before Income Taxes	4,571	4,406
Federal income taxes	747	1,162
Net income	\$ 3,824	\$ 3,244
Net income per Share	\$1.62	\$1.39