

Community banks around the country are largely credited with making this program successful, as large banks struggled to serve their market segments. JBT was able to help our clients when other larger banks in the area disappointed and delayed funding for businesses. We take great pride in being there for our clients and communities.

Given the current business environment we are very pleased with our overall loan growth of 8.0% or \$42.9 million YTD. Commercial lending remained strong, auto lending bounced back, and we anticipate an increase in mortgage lending moving forward.

We experienced a large inflow of deposits - perhaps the largest amount ever in a three-month period. During the quarter, deposits grew by over \$67 million and YTD growth was 13.2% or \$71.3 million. The explanation for this growth is a combination of clients having limited spending opportunities in a throttled economy, the level of governmental stimulus, PPP funding in bank accounts, and the flight to safety as investors fled the stock market.

Since March, we have been operating with shuttered lobbies and serving clients largely through remote methods and branch drive thrus. Clients have adjusted and there has been an increase in mobile banking usage through our app, including mobile check deposit.

Needless to say, we have faced several other challenges, including the pressure placed on our margin by the current interest rate environment and the health and safety of our employees. Through it all our teams have adapted and worked tirelessly to continue to satisfy our clients, albeit in sometimes new and different ways. Times of crisis test the mettle of people and organizations. The resiliency and innovation displayed by our staff give me strong confidence in our future – no matter what the obstacles. Thank you to our employees and shareholders for being there for our clients and communities.



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President & CEO

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2ND QUARTER REPORT

JUNE 30 2020



JONESTOWN BANK & TRUST CO.

LETTER TO SHAREHOLDERS

I am pleased to report that the Board of Directors has declared a second quarter dividend of \$0.20 per share for shareholders of record as of July 27, 2020 and payable on July 31, 2020. During these challenging times, we are proud to be able to deliver a portion of profits to our shareholders. The Bank has produced six-month earnings of \$1,387,799 or \$0.57 per share, down 49.6% from \$2,753,112 or \$1.14 per share in the prior year.

The story, of course, is the global pandemic and the devastating human and economic effects it has caused. With the economy nearly grinding to a halt, many of our clients have very real concerns about satisfying their debt service payments to the Bank. We have taken a proactive stance by offering help through our Client Assistance Program (CAP) that allows borrowers to defer three months of payments without a fee. The program has proven to be very popular and by the end of the quarter, we had 1,112 loans in the program for nearly \$140 million. This represents over a quarter of our loan portfolio. We have funded our allowance for loan losses with a provision of \$1,045,000 during the quarter and \$1,749,000 year-to-date (YTD). This represents a 321% increase over the same period last year and illustrates our concerns for potential future credit deterioration.

It remains to be seen how effective the governments' stimulus efforts prove to be, how quickly the economy restarts, how sustainable the recovery is, and where consumer confidence levels land. These issues, and more, create a very cloudy view for the remainder of the year.

One of the stimulus efforts created by the US Treasury and administered by the Small Business Administration (SBA) is the Paycheck Protection Program or "PPP". This program allows businesses to borrow on very favorable terms to retain employees and to pay other necessary operating expenses. These loans are funded by the Bank and guaranteed by the SBA. If the borrower meets certain criteria, the loan can be fully or partially forgiven. Although we were not an active SBA lender previously, we quickly stood-up a lending and fulfillment platform to participate in the program. JBT bankers worked around the clock amidst constantly evolving governmental guidance to rapidly deliver these funds to our clients. In total, we funded 293 loans for nearly \$15 million and helped to insure paychecks for 2,726 local employees. Aside from earning a modest 1% interest rate on the loan, the Bank is paid a fee by the SBA. We anticipate netting approximately \$473,000 in fee income from this effort.

Continued >

Balance Sheet

as of June 30, 2020

(Dollars in thousands)

Assets	2020	2019
Cash and due from banks	\$ 68,414	\$ 33,729
Securities	34,404	42,196
Loans receivable net of the allowance for loan losses	575,857	513,219
Premises/equipment, net	9,778	8,560
Other assets	20,140	21,764
Total Assets	\$ 708,593	\$ 619,468

Liabilities and Shareholders' Equity

Liabilities		
Non-interest bearing deposits	\$ 88,933	\$ 52,931
Interest bearing deposits	520,690	469,858
Total Deposits	609,623	522,789
Long-term debt	34,845	30,273
Other liabilities	10,519	10,567
Total Liabilities	648,987	563,629

Shareholders' Equity

Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,424,101 shares	4,848	4,829
Surplus	7,209	7,023
Undivided profits	47,226	44,377
Accumulated other comprehensive income	323	(390)
Total Shareholders' Equity	59,606	55,839
Total Liabilities and Shareholders' Equity	\$ 708,593	\$ 619,468

Selected Financial Data

June 30,	2020	2019
Return on assets	0.42%	0.92%
Return on equity	4.70%	10.22%
Book value	\$24.59	\$23.12
Earnings per share	\$0.57	\$1.14

Income Statement

for the 6 Months Ending June 30, 2020

(Dollars in thousands except per share amounts)

Interest Income	2020	2019
Loans receivable	\$ 12,553	\$ 12,307
Taxable securities	356	375
Tax-exempt securities	62	113
Other	143	347
Total Interest Income	13,114	13,142

Interest Expense

Deposits	2,099	2,411
Borrowed funds	370	449
Total interest expense	2,469	2,860
Net Interest Income	10,645	10,282
Provision for loan losses	1,749	415
Net Interest Income After Provision for Loan Losses	8,896	9,867

Other Income

Trust department income	53	183
Service charges on deposits	581	612
Other income	1,019	1,150
Total other income	1,653	1,945

Other Expenses

Salaries/employee benefits	4,632	4,688
Occupancy	639	582
Equipment	483	333
Marketing	140	168
Other operating expenses	2,975	2,769
Total other expenses	8,869	8,540
Income Before Income Taxes	1,680	3,272
Federal income taxes	292	519
Net income	\$ 1,388	\$ 2,753
Net income per Share	\$0.57	\$1.14