

...continued

Market Committee took action twice during the quarter cutting rates by 50 basis points in all. The targeted Fed Funds rate now stands at 1.75 - 2.00 percent. Even with these pressures we have been able to maintain our margin at a very respectable 3.6%.

In summary, your Bank is having a very good year. As always, we thank you for your continued interest and investment in JBT.



President & CEO

**BOARD OF DIRECTORS**

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

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

**Edward L. Anspach**  
*Second Vice Chairman*  
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**Edwin C. Hostetter II**

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**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*



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**3RD QUARTER REPORT**  
SEPTEMBER 30 2019

**STRENGTH**  
THROUGH INDEPENDENCE



**JONESTOWN BANK & TRUST CO.**

## LETTER TO SHAREHOLDERS

We are pleased to report that the Board of Directors has declared a third quarter dividend of \$0.19 per share for shareholders of record as of October 24, 2019 and payable on October 31, 2019. We are proud of our strong dividend history and happy to return a portion of profits to our shareholders. Our dividend yield stands at 3.26%, based on a nine-month weighted average share price of \$23.30. The Bank has produced year-to-date earnings of \$4,021,000 or \$1.66 per share up 5.1% from \$3,824,000 or \$1.62 per share in the prior year.

Total interest income has risen by 17.7% over the same period in the prior year driven primarily by interest earned on our loan portfolio. Overall, loans have grown by 3.69% YTD, led by our commercial and indirect dealer lending efforts. Commercial loans represent over half of our total loans and increased by 3.2% so far this year. We continue to be encouraged by our strong pipeline and the efforts of our Commercial Relationship Officers and Branch Managers. Our indirect portfolio represents 25% of our total loans and has grown by 15.1% YTD. For the past year and half, we have been focusing on growing our mortgage lending business. We have added resources, support, and access to an expanded product set. The results of these efforts are very solid as we have grown the revenue from gain on sale of loans by 60% over the prior year. This is an area that we will continue to emphasize and we believe there is continued opportunity to excel.

Deposits fund our loan growth and we continue to attract and retain deposit customers. Balances are up 5.9% YTD and 11% year-over-year. We now service over 32,000 deposit accounts. Due to our growth and increased competition, our deposit interest expense increased by 55% year-over-year. The Federal Open

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

September 30,	2019	2018
Return on assets	0.88%	0.88%
Return on equity	9.78%	10.23%
Book value	\$23.52	\$21.85
Earnings per share	\$1.66	\$1.62

### Balance Sheet as of September 30, 2019

(Dollars in thousands)

Assets	2019	2018
Cash and due from banks	\$ 35,208	\$ 14,861
Federal funds sold	0	0
Total cash and equivalents	35,208	14,861
Securities available for sale	40,843	37,552
Securities held to maturity	34	44
Loans held for sale	0	0
Loans receivable net of the allowance for loan losses and unearned discounts	524,108	496,164
Premises/equipment, net	8,734	8,890
Accrued interest receivable and other assets	20,736	16,894
Total Assets	\$ 629,663	\$ 574,405

#### Liabilities and Shareholders' Equity

Liabilities		
Deposits:		
Non-interest bearing	\$ 53,183	\$ 48,673
Interest bearing	478,855	430,436
Total Deposits	532,038	479,109
Short-term borrowed funds		11,975
Long-term debt	30,199	29,492
Accrued interest payable, and other liabilities	10,585	2,219
Total Liabilities	572,822	522,795

#### Shareholders' Equity

Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,416,477 shares	4,833	4,724
Surplus	7,062	5,776
Undivided profits	45,186	42,610
Accumulated other comprehensive income	(240)	(1,500)
Total Shareholders' Equity	56,841	51,610
Total Liabilities and Shareholders' Equity	\$ 629,663	\$ 574,405

### Income Statement for the 9 Months Ending September 30, 2019

(Dollars in thousands except per share amounts)

Interest Income	2019	2018
Loans receivable	\$ 19,886	\$ 17,049
Taxable securities	579	422
Tax-exempt securities	156	215
Other	526	269
Total Interest Income	21,147	17,955
Interest Expense		
Deposits	3,741	2,420
Borrowed funds	693	792
Total interest expense	4,434	3,212
Net Interest Income	16,713	14,743
Provision for loan losses	840	(526)
Net Interest Income After Provision for Loan Losses	15,873	14,217
Other Income		
Trust department income	275	257
Service charges on deposits	935	842
Other income	599	1,585
Total other income	1,809	2,684
Other Expenses		
Salaries/employee benefits	7,039	6,390
Occupancy	888	879
Equipment	510	513
Marketing	293	352
Other operating expenses	4,136	4,196
Total other expenses	12,866	12,330
Income Before Income Taxes	4,816	4,571
Federal income taxes	795	747
Net income	\$ 4,021	\$ 3,824
Net income per Share	\$1.66	\$1.62