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and we expect further tightening over the coming year. The competition for deposits is heating up as many banks are in need of deposits to help fund their lending growth. Although the short-term impact of rising rates puts pressure on our net interest margin, we believe that we are well positioned for continued rate increases over the long term.

One of our strategies to gain deposits has been through market expansion. Earlier this year we opened our Lititz branch and even though our grand opening celebration was delayed until later in July due to bad weather, we are still off to a very good start. In fact, this office is off to the best start of any that we have opened in the past seven years in terms of attracting new client relationships.

We also expanded by moving several internal support departments into our Corporate SMILE Center at 100 N. Harris St. in Cleona. Over the past number of years we have outgrown the space in our existing buildings. We were very pleased to find this building for lease, centrally located to our market and in close proximity to our existing Cleona building that continues to house other operational departments.

In all, the Bank is busy, growing, and doing well. We have confidence in both our direction and further growth potential. We are also encouraged by the recent passage of S.2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act that will reduce some of the regulatory burden we face and allow us to better serve our clients.

As always, we thank you for your continued interest and investment in JBT.



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President & CEO

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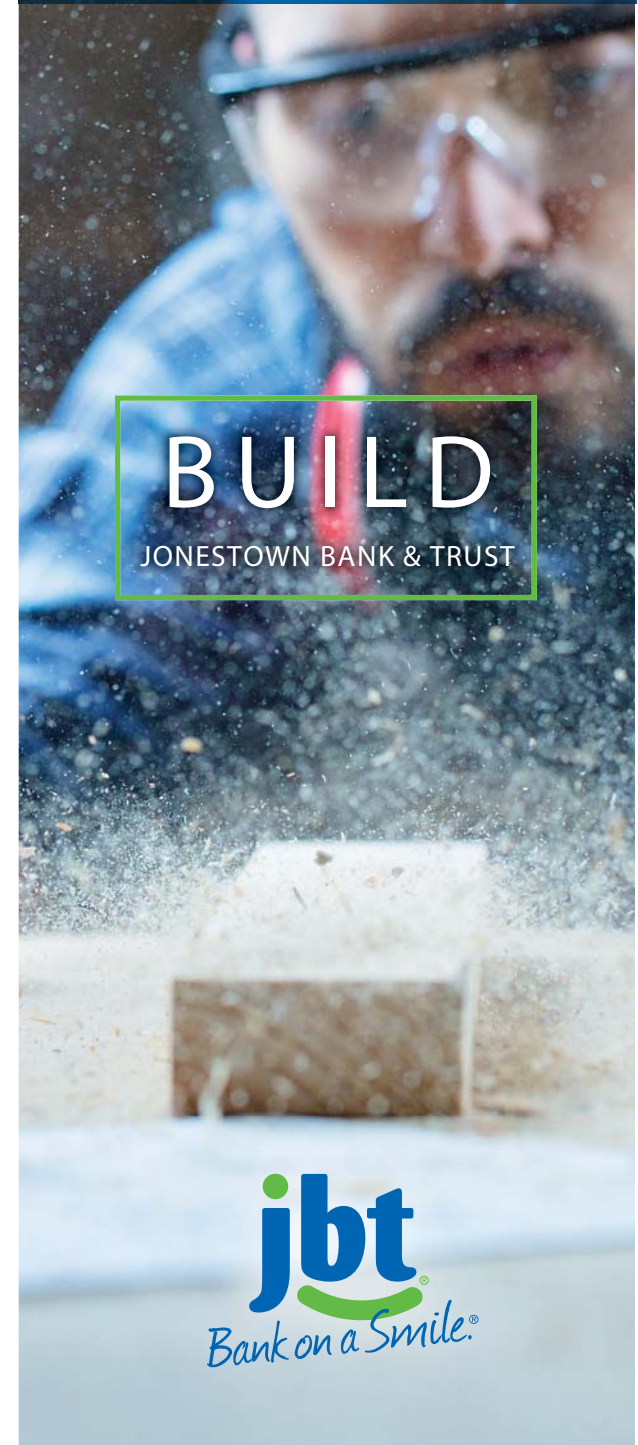
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2ND QUARTER REPORT • JUNE 30, 2018



LETTER TO SHAREHOLDERS

We are pleased to report that the Board of Directors has declared a second quarter dividend of \$0.18 per share for shareholders of record as of July 23, 2018 and payable on July 31, 2018. We are proud of our strong dividend history and happy to return a portion of profits to our shareholders. Our dividend yield stands at 2.65%, based on our six-month weighted average share price of \$27.20. The Bank produced earnings of \$2,604,000 or \$1.11 per share up 31% from \$1,982,000 or \$0.85 per share in the prior year. This dramatic 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.

Overall, lending continues to be sluggish, but did pick-up late in the second quarter – a trend we would like to see continue for the remainder of the year. Loans grew by 2.5% for the first six months of the year and are up 7.9% over the first half of the prior year. Loans, net of the allowance for loan losses, stand at \$503,532,000 and account for 85.7% of total assets. A positive to our modest loan growth is that we only needed to set aside \$306,000 for possible loan losses year-to-date, versus an expense of \$820,000 during the same period last year. Credit quality continues to improve and delinquencies greater than 90-days are now at their lowest level of the year.

Our deposit gathering growth trend continued at a healthy 4.4% year-to-date clip and a 10.4% increase over the prior year. Deposit generation has been an important focus for us in 2018 and one that has delivered solid results. The Federal Open Market Committee again raised the Fed Funds Target Rate by 25 bps to 1.75 – 2.00 during the second quarter

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Jonestown Bank & Trust Co. Selected Financial Data

June 30,	2018	2017
Return on assets	0.91%	0.77%
Return on equity	10.64%	8.61%
Book value	\$21.52	\$20.16
Earnings per share	\$1.11	\$0.85

Balance Sheet as of June 30, 2018

(Dollars in thousands)

Assets	2018	2017
Cash and due from banks	\$ 18,875	\$ 14,795
Federal funds sold	0	0
Total cash and equivalents	18,875	14,795
Securities available for sale	38,866	46,728
Securities held to maturity	46	55
Loans held for sale	0	0
Loans receivable net of the allowance for loan losses and unearned discounts	503,532	466,754
Premises/equipment, net	8,343	5,040
Accrued interest receivable and other assets	17,839	18,662
Total Assets	\$ 587,501	\$ 552,034
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$ 54,734	\$ 47,632
Interest bearing	429,931	391,205
Total Deposits	484,665	438,837
Short-term borrowed funds	14,055	21,564
Long-term debt	33,564	39,140
Accrued interest payable, and other liabilities	4,931	5,574
Total Liabilities	537,215	505,115
Shareholders' Equity		
Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,337,064 shares	4,674	4,655
Surplus	5,186	4,966
Undivided profits	41,809	37,779
Accumulated other comprehensive income	(1,383)	(481)
Total Shareholders' Equity	50,286	46,919
Total Liabilities and Shareholders' Equity	\$ 587,501	\$ 552,034

Income Statement for the 6 Months Ending June 30, 2018

(Dollars in thousands except per share amounts)

Interest Income	2018	2017
Loans receivable	\$ 11,173	\$ 9,268
Taxable securities	284	302
Tax-exempt securities	147	165
Other	170	94
Total Interest Income	11,774	9,829
Interest Expense		
Deposits	1,484	833
Borrowed funds	543	368
Total interest expense	2,027	1,201
Net Interest Income	9,747	8,628
Provision for loan losses	306	820
Net Interest Income After Provision for Loan Losses	9,441	7,808
Other Income		
Trust department income	175	194
Service charges on deposits	543	516
Other income	1,008	1,058
Total other income	1,726	1,768
Other Expenses		
Salaries/employee benefits	4,169	3,575
Occupancy	584	464
Equipment	318	259
Marketing	244	169
Other operating expenses	2,738	2,398
Total other expenses	8,053	6,865
Income Before Income Taxes	3,114	2,711
Federal income taxes	510	729
Net income	\$ 2,604	\$ 1,982
Net income per Share	\$1.11	\$0.85