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movements. The competition for deposits remains strong and we have been very successful in gathering deposits, particularly in our newest two Lancaster County branches -- Manheim and Lititz. The Lititz office recently celebrated its one-year anniversary and has increased deposits by 6.8% in the second quarter. The Manheim office grew by 7.1% during the same period. Combined, these branches have increased net households served by over one hundred so far this year and lead the Bank in this area.

At this mid-point of the year, we are feeling positive about our opportunities and performance. We look forward to the next six-months of the year and beyond, profitably growing your community bank. As always, we thank you for your continued interest and investment in JBT.



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President & CEO

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2ND QUARTER REPORT

JUNE 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 second quarter dividend of \$0.19 per share for shareholders of record as of July 23, 2019 and payable on July 30, 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 3.3%, based on a six-month weighted average share price of \$22.81. The Bank has produced six month earnings of \$2,753,000 or \$1.14 per share up 5.7% from \$2,604,000 or \$1.11 per share in the prior year.

Lending is a very important driver of our income and has produced mixed results so far this year. Loan balances, net of the reserve, have grown only 1.4% year-to-date (YTD) and are short of our expectations. However, interest earned on loan balances has increased by \$1,134,000 or 10.1% over the same period in 2018. This is primarily attributed to increasing our overall loan yields. We experienced a number of large commercial payoffs during the quarter, some that were a result of working through troubled credits. Our indirect dealer lending efforts continue to yield great results. The indirect portfolio has grown by 10.5% YTD. We have also concentrated on mortgage lending in our market by adding resources and products to better serve even more homebuyers. These efforts have led to a 64.0% increase in the number of mortgage loans closed and a 117.0% increase in mortgage revenue compared to the same period last year.

Our deposit growth trend has continued at a healthy 4.0% YTD clip and a 7.9% increase over the prior year. Deposit generation remains an important focus for us and one that has delivered solid results. The Federal Open Market Committee has kept the Fed Funds Target Rate steady at 2.25 – 2.50 percent during the year however, at the time of this writing there is much discussion about potential future rate

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Jonestown Bank & Trust Co. Selected Financial Data

June 30,	2019	2018
Return on assets	0.92%	0.91%
Return on equity	10.22%	10.64%
Book value	\$23.12	\$21.52
Earnings per share	\$1.14	\$1.11

Balance Sheet as of June 30, 2019

(Dollars in thousands)

Assets	2019	2018
Cash and due from banks	\$ 33,729	\$ 18,875
Federal funds sold	0	0
Total cash and equivalents	33,729	18,875
Securities available for sale	42,161	38,866
Securities held to maturity	35	46
Loans held for sale	0	0
Loans receivable net of the allowance for loan losses and unearned discounts	513,219	503,532
Premises/equipment, net	8,560	8,343
Accrued interest receivable and other assets	21,764	17,839
Total Assets	\$ 619,468	\$ 587,501

Liabilities and Shareholders' Equity

Liabilities		
Deposits:		
Non-interest bearing	\$ 52,931	\$ 54,734
Interest bearing	469,858	429,931
Total Deposits	522,789	484,665
Short-term borrowed funds	0	14,055
Long-term debt	30,273	33,564
Accrued interest payable, and other liabilities	10,567	4,931
Total Liabilities	563,629	537,215

Shareholders' Equity

Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,414,671 shares	4,829	4,674
Surplus	7,023	5,186
Undivided profits	44,377	41,809
Accumulated other comprehensive income	(390)	(1,383)
Total Shareholders' Equity	55,839	50,286
Total Liabilities and Shareholders' Equity	\$ 619,468	\$ 587,501

Income Statement

for the 6 Months Ending June 30, 2019

(Dollars in thousands except per share amounts)

Interest Income	2019	2018
Loans receivable	\$ 12,307	\$ 11,173
Taxable securities	375	284
Tax-exempt securities	113	147
Other	347	170
Total Interest Income	13,142	11,774
Interest Expense		
Deposits	2,411	1,484
Borrowed funds	449	543
Total interest expense	2,860	2,027
Net Interest Income	10,282	9,747
Provision for loan losses	415	306
Net Interest Income After Provision for Loan Losses	9,867	9,441
Other Income		
Trust department income	183	175
Service charges on deposits	612	543
Other income	1,150	1,008
Total other income	1,945	1,726
Other Expenses		
Salaries/employee benefits	4,688	4,169
Occupancy	582	584
Equipment	333	318
Marketing	168	244
Other operating expenses	2,769	2,738
Total other expenses	8,540	8,053
Income Before Income Taxes	3,272	3,114
Federal income taxes	519	510
Net income	\$ 2,753	\$ 2,604
Net income per Share	\$1.14	\$1.11