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Open Market Committee has increased the Federal Funds target four times and is widely anticipated to continue moving in 25 basis point increments over the next two years. We believe that our balance sheet is well positioned for these rate hikes and we will actively work to maintain our margin.

Since the end of the first quarter in 2017, we have added two new branches to our network. The number of free-standing branches now totals twelve, in addition to our two retirement community branches. Our northern Lancaster County expansion includes an office opened in May of 2017 in Manheim and in March of 2018 we opened our Lititz office. Manheim proved to contribute strong deposit growth last year and we anticipate success in the growing community of Lititz as well. This market expansion represents a sizable investment in our future and it is important that these offices grow profitably.

In all, the Bank is off to a busy and productive start to the year and we have confidence in both our direction and growth potential. As always, we thank you for your continued interest and investment in JBT.



Chairman



President & CEO

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Chairman

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Chief Executive Officer

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Troy A. Peters
President
Chief Executive Officer

C. William Roth
Senior Vice President
Chief Financial Officer

Edward T. Martel, Jr.
Senior Vice President
Sales, Marketing &
Branch Administration

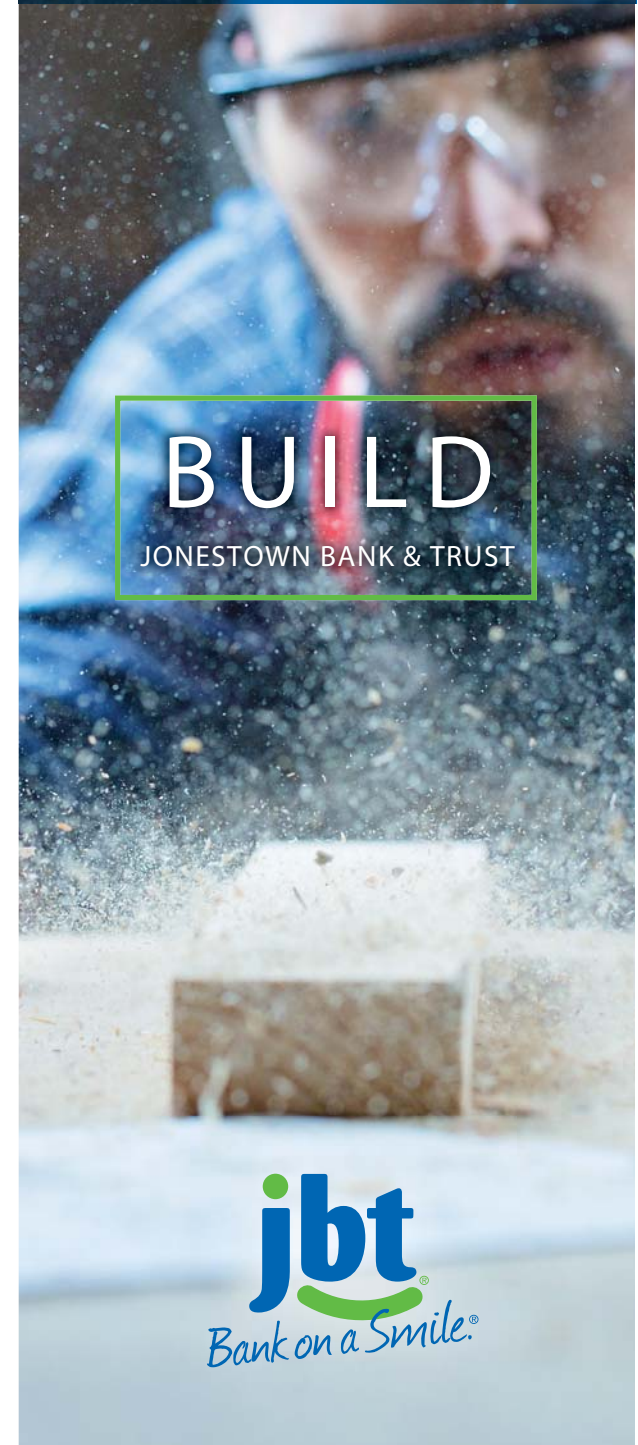
Richard M. Rollman
Vice President
Lending

Theresa L. Resanovich
Vice President
Senior Trust Officer

Timothy D. Gingrich
Vice President
Operations &
Information Technology



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BUILD

JONESTOWN BANK & TRUST



LETTER TO SHAREHOLDERS

We are pleased to report that the Board of Directors has declared a first quarter dividend of \$0.18 per share for shareholders of record as of April 18, 2018 and payable on April 30, 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 2.63%, based on our first quarter weighted average share price of \$27.37. The Bank produced earnings of \$1,136,000 or \$0.49 per share up 8.8% from \$1,044,000 or \$0.45 per share in the prior year.

The first quarter of the year tends to be the slowest growth quarter for the Bank and this year is no exception. Loan growth for the first quarter was .36% and up 12.5% over the first quarter of 2017. Loans, net of the allowance for loan losses, stand at \$492,987,000 and accounts for 85.9% of total assets. The success we did have in the first quarter was from our commercial lending team, which increased its portfolio by 2.1%. Other lending lines, including our indirect portfolio were down. The lending trend is one that is cyclical and we believe will pick-up as we move through the year. We set aside \$41,000 for possible loan losses, a considerable improvement from the \$399,000 we added to our provision in the first quarter of the prior year.

Our deposit gathering trend continues on the upswing at a 2.7% rate for the first quarter and up 11.5% over the prior year. Balance increases were seen in low cost checking accounts. However, with the current and predicted increasing rate environment, we anticipate pricing pressure to build. Deposit interest expense was up \$351,000 but was more than offset by a loan interest income increase of \$1,023,000. Since the beginning of 2017, the Federal

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Jonestown Bank & Trust Co. Selected Financial Data

March 31,	2018	2017
Return on assets	0.80%	0.83%
Return on equity	9.29%	9.23%
Book value	\$21.09	\$19.97
Earnings per share	\$0.49	\$0.45

Balance Sheet as of March 31, 2018

(Dollars in thousands)

Assets	2018	2017
Cash and due from banks	\$ 14,846	\$ 14,388
Federal funds sold	0	0
Total cash and equivalents	14,846	14,388
Securities available for sale	40,071	46,314
Securities held to maturity	50	60
Loans held for sale	0	0
Loans receivable net of the allowance for loan losses and unearned discounts	492,987	438,328
Premises/equipment, net	6,308	5,127
Accrued interest receivable and other assets	19,832	16,981
Total Assets	\$ 574,094	\$ 521,198
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$ 51,799	\$ 45,290
Interest bearing	424,848	382,317
Total Deposits	476,647	427,607
Short-term borrowed funds	9,891	28,116
Long-term debt	33,634	14,208
Accrued interest payable, and other liabilities	4,692	4,839
Total Liabilities	524,864	474,770
Shareholders' Equity		
Preferred stock, 4,000,000 authorized 4000 issued and outstanding shares	0	0
Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,325,053 shares	4,670	4,650
Surplus	5,126	4,920
Undivided profits	40,763	37,634
Accumulated other comprehensive income	(1,329)	(776)
Total Shareholders' Equity	49,230	46,428
Total Liabilities and Shareholders' Equity	\$ 574,094	\$ 521,198

Income Statement for the 3 Months Ending March 31, 2018

(Dollars in thousands except per share amounts)

Interest Income	2018	2017
Loans receivable	\$ 5,584	\$ 4,561
Taxable securities	143	154
Tax-exempt securities	74	82
Other	85	43
Total Interest Income	5,886	4,840
Interest Expense		
Deposits	761	410
Borrowed funds	267	150
Total interest expense	1,028	560
Net Interest Income	4,858	4,280
Provision for loan losses	41	399
Net Interest Income After Provision for Loan Losses	4,817	3,881
Other Income		
Trust department income	89	99
Service charges on deposits	255	250
Other income	210	488
Total other income	554	837
Other Expenses		
Salaries/employee benefits	2,125	1,746
Occupancy	284	229
Equipment	141	113
Marketing	83	56
Other operating expenses	1,368	1,151
Total other expenses	4,001	3,295
Income Before Income Taxes	1,370	1,423
Federal income taxes	234	379
Net income	\$ 1,136	\$ 1,044
Net income per Share	\$0.49	\$0.45