

At the time of this writing, it is too early to comment on the success of these programs.

Needless to say, new loan activity greatly diminished by the end of the quarter after a very strong start to the year. With car dealerships closed, the real estate market grinding to a halt, and widespread job uncertainty, borrowers were sidelined. Even with these strong headwinds we managed to grow loans by 3% in the first quarter.

We made a \$704,000 provision to the allowance for loan losses for the first quarter which was a dramatic increase from the \$160,000 the year before and substantially impacted earnings. The provision was driven by our growth, an increase in charged-off loans, and the escalating unemployment rate. This will be an important line item to watch and manage as we work through this crisis.

This years' annual meeting of shareholders will be held virtually for obvious reasons. Please review the information mailed to you regarding how to access the meeting on April 28th. You can also find this information on the Investors Relations page of our website at [jbt.bank](http://jbt.bank).

We, along with nearly everyone else, are working our way through this crisis. As a community bank, we always seek to balance the needs of our employees, clients, communities, and shareholders. I am both proud and humbled by the efforts and commitment of our Bank to each of these stakeholders. Specifically, the job done by our employees to support our clients has been nothing short of heroic. They certainly inspire my confidence, as I know they do with our clients. As owners, you couldn't have a better group to represent you during a time like this. I also value and appreciate the steady leadership of your Board of Directors as they guide us through these challenging times. Their support has been tremendous.

Jonestown Bank & Trust Co. has been around for nearly 150 years and has seen many ups and downs, struggles, and successes. The Bank will see its way through this current situation too, because it is well capitalized, strong, and well run. Thank you for your continued investment and interest. I wish you health and peace.



Troy A. Peters  
President & CEO

## BOARD OF DIRECTORS

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

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

**Edward L. Anspach**  
*Second Vice Chairman*  
*Secretary*

**Lloyd A. Deaven, Jr.**

**Edwin C. Hostetter II**

**Brian R. Miller**

**Larry P. Minnich**

**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*

**Timothy D. Gingrich**  
*Chief Information Officer*



[jbt.bank](http://jbt.bank)

P.O. Box 717

Two West Market Street  
Jonestown, PA 17038-0717

Executive Offices: 717-865-4246

Fax: 717-865-0349

Email: [investor@jbt.bank](mailto:investor@jbt.bank)

# 1ST QUARTER REPORT

MARCH 31 2020



JONESTOWN BANK & TRUST CO.

## LETTER TO SHAREHOLDERS

I am pleased to report that the Board of Directors has declared a first quarter dividend of \$0.20 per share for shareholders of record as of April 24, 2020, and payable on May 4, 2020. We are proud of our strong dividend history and happy to return a portion of profits to our shareholders. The Bank produced earnings of \$771,000 or \$0.32 per share, down 37.4% from \$1,231,000 or \$0.52 per share in the first quarter of the prior year. The Bank has now grown to over \$651 million in assets.

As I write this letter, the Bank, the national economy, and the world are being substantially impacted by the COVID-19 crisis. JBT has continued to operate as a life-sustaining business, albeit in a much different way than before. Fortunately, we were at least partially prepared as we routinely update and test our pandemic response plan. This is a plan that we had hoped never to implement, but that time certainly presented itself during this quarter. We are operating on a drive-thru only basis in our branches and one-half of our workforce is able to work remotely. We postponed important projects such as our core system upgrade that was scheduled for March.

We opened our newest branch in Robeson, Berks County on March 16th, but closed our lobby the following day to fall in line with all of our other branches. Needless to say, it was not the type of opening we hoped for or planned.

In the early days of the crisis, we saw increased demand for cash withdrawals as clients purchased food and supplies in preparation for the seemingly inevitable stay-at-home order. This withdrawal actively quickly subsided and never caused our well positioned balance sheet any liquidity stress.

As employers began to close their businesses and lay off employees, many clients came to us with concerns of meeting their future debt payments. Early on we developed a Client Assistance Program (CAP) that allows consumer and business clients to defer three months' worth of debt payments without a fee. This program has been hugely popular with 269 clients taking advantage of it for \$26 million in loans by the end of the quarter. Over the subsequent weeks, we saw these totals rise to over 800 clients and \$100 million or nearly 20% of our loan portfolio.

In addition to participating in the Small Business Administration's Paycheck Protection Program, we developed our own loan offerings specifically designed to help clients through this troubled time.

Continued >

## Balance Sheet

as of March 31, 2020

(Dollars in thousands)

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Cash and due from banks	\$ 36,195	\$ 34,542
Securities	37,446	42,779
Loans receivable net of the allowance for loan losses	549,132	499,273
Premises/equipment, net	8,908	8,665
Other assets	19,405	21,558
<b>Total Assets</b>	<b>\$ 651,086</b>	<b>\$ 606,817</b>

## Liabilities and Shareholders' Equity

<b>Liabilities</b>		
Non-interest bearing deposits	\$ 60,402	\$ 53,652
Interest bearing deposits	481,856	462,462
<b>Total Deposits</b>	<b>542,258</b>	<b>516,114</b>
Long-term debt	41,922	26,347
Other liabilities	7,598	9,931
<b>Total Liabilities</b>	<b>591,778</b>	<b>552,392</b>

## Shareholders' Equity

Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,420,429 shares	4,842	4,826
Surplus	7,155	6,985
Undivided profits	47,094	43,314
Accumulated other comprehensive income	217	(700)
<b>Total Shareholders' Equity</b>	<b>59,308</b>	<b>54,425</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 651,086</b>	<b>\$ 606,817</b>

## Selected Financial Data

<b>March 31,</b>	<b>2020</b>	<b>2019</b>
Return on assets	0.49%	0.86%
Return on equity	5.26%	9.38%
Book value	\$24.50	\$22.56
Earnings per share	\$0.32	\$0.52

## Income Statement

for the 3 Months Ending March 31, 2020

(Dollars in thousands except per share amounts)

<b>Interest Income</b>	<b>2020</b>	<b>2019</b>
Loans receivable	\$ 6,321	\$ 6,003
Taxable securities	177	170
Tax-exempt securities	31	68
Other	93	144
<b>Total Interest Income</b>	<b>6,622</b>	<b>6,385</b>

## Interest Expense

Deposits	1,168	1,150
Borrowed funds	155	217
<b>Total interest expense</b>	<b>1,323</b>	<b>1,367</b>
<b>Net Interest Income</b>	<b>5,299</b>	<b>5,018</b>
Provision for loan losses	704	160
<b>Net Interest Income After Provision for Loan Losses</b>	<b>4,595</b>	<b>4,858</b>

## Other Income

Trust department income	16	81
Service charges on deposits	355	297
Other income	498	522
<b>Total other income</b>	<b>869</b>	<b>900</b>

## Other Expenses

Salaries/employee benefits	2,494	2,320
Occupancy	333	304
Equipment	269	171
Marketing	58	77
Other operating expenses	1,401	1,403
<b>Total other expenses</b>	<b>4,555</b>	<b>4,275</b>
<b>Income Before Income Taxes</b>	<b>909</b>	<b>1,483</b>
Federal income taxes	138	252
<b>Net income</b>	<b>\$ 771</b>	<b>\$ 1,231</b>
<b>Net income per Share</b>	<b>\$0.32</b>	<b>\$0.52</b>