

...continued

Deposit gathering continues on the upswing at a 2.71% growth rate. The largest deposit product segment increase was in low cost checking accounts. Our newer branches (Lititz and Manheim) continue to contribute by adding new deposit relationships. We have implemented a "one-mile" marketing campaign that targets households within close proximity of our branch locations. Even in today's advancing digital environment, a strong predictor of where new accounts are established remains in branches local to the client's residence. The competition for deposits has increased dramatically over the past year. Notwithstanding this, our net interest margin has held up remarkably well and finished at 3.67%.

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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*Chief Lending Officer*

**Theresa L. Resanovich**  
*Chief Trust Officer*

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



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# 1ST QUARTER REPORT

MARCH 31 2019

# STRENGTH

THROUGH INDEPENDENCE



JONESTOWN BANK & TRUST CO.

## LETTER TO SHAREHOLDERS

We are pleased to report that the Board of Directors has declared a first quarter dividend of \$0.19 per share for shareholders of record as of April 23, 2019, and payable on April 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 3.32%, based on the first quarter weighted average share price of \$22.86. The Bank produced earnings of \$1,231,000 or \$0.52 per share, up 8.6% from \$1,136,000 or \$0.49 per share in the prior year. We passed a milestone during the quarter by crossing the six-hundred million dollar asset mark for the first time, finishing at \$606,817,000.

Loan balances were down 1.23% in the first quarter to \$499,273,000. Our indirect dealer financing is off to a positive start, growing by 3.60%. The auto financing market often “changes gears” quickly and we believe that the technology and pricing structures we have in place positions us well in this fluid market. Although we already actively serve over 80 auto dealers, this is a segment that we are strategically growing by adding new dealers and deepening current relationships. Our commercial loan balances dropped by 2.50% during the quarter. In addition to typical portfolio runoff, this was affected by a substantial payoff generated by the sale of a completed construction project and the restructuring of some problem credits that improved the Bank’s position. Aside from auto leading, consumer loans remain sluggish.

Credit quality continues to strengthen as evidenced by total delinquencies declining to 1.02% - their lowest level in the past several years. Another positive is that other real estate owned dropped to \$215,000, its lowest level since 2016. The provision for loan losses for the quarter was \$160,000 versus \$41,000 in the prior year.

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

March 31,	2019	2018
Return on assets	0.86%	0.80%
Return on equity	9.38%	9.29%
Book value	\$22.56	\$21.09
Earnings per share	\$0.52	\$0.49

### Balance Sheet as of March 31, 2019

(Dollars in thousands)

Assets	2019	2018
Cash and due from banks	\$ 34,542	\$ 14,846
Federal funds sold	0	0
Total cash and equivalents	34,542	14,846
Securities available for sale	42,740	40,071
Securities held to maturity	39	50
Loans held for sale	0	0
Loans receivable net of the allowance for loan losses and unearned discounts	499,273	492,987
Premises/equipment, net	8,665	6,308
Accrued interest receivable and other assets	21,558	19,832
Total Assets	\$ 606,817	\$ 574,094

#### Liabilities and Shareholders' Equity

Liabilities		
Deposits:		
Non-interest bearing	\$ 53,652	\$ 51,799
Interest bearing	462,462	424,848
Total Deposits	516,114	476,647
Short-term borrowed funds	0	9,891
Long-term debt	26,347	33,634
Accrued interest payable, and other liabilities	9,931	4,692
Total Liabilities	552,392	524,864

#### Shareholders' Equity

Common stock: Par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,412,816 shares	4,826	4,670
Surplus	6,985	5,126
Undivided profits	43,314	40,763
Accumulated other comprehensive income	(700)	(1,329)
Total Shareholders' Equity	54,425	49,230
Total Liabilities and Shareholders' Equity	\$ 606,817	\$ 574,094

### Income Statement

for the 3 Months Ending March 31, 2019

(Dollars in thousands except per share amounts)

Interest Income	2019	2018
Loans receivable	\$ 6,003	\$ 5,584
Taxable securities	170	143
Tax-exempt securities	68	74
Other	144	85
Total Interest Income	6,385	5,886
Interest Expense		
Deposits	1,150	761
Borrowed funds	217	267
Total interest expense	1,367	1,028
Net Interest Income	5,018	4,858
Provision for loan losses	160	41
Net Interest Income After Provision for Loan Losses	4,858	4,817
Other Income		
Trust department income	81	89
Service charges on deposits	297	255
Other income	522	210
Total other income	900	554
Other Expenses		
Salaries/employee benefits	2,320	2,125
Occupancy	304	284
Equipment	171	141
Marketing	77	83
Other operating expenses	1,403	1,368
Total other expenses	4,275	4,001
Income Before Income Taxes	1,483	1,370
Federal income taxes	252	234
Net income	\$ 1,231	\$ 1,136
Net income per Share	\$0.52	\$0.49