



WINTER 2018 ISSUE

In this edition...

Page 2: Traditions in the Community

Page 3: New Faces & Congratulations

Page 4: Downtown York Branch Opens

Page 5: Shoe Drive for LifePath

Page 6: Board Member Perspectives

Page 7: Board of Directors Expands

Page 8: Upcoming Events

YORK CITY BRANCH OPENS



York Traditions Bank cuts the ribbon to officially open the Downtown York office at 100 North George Street!

Details on pages 4–5.

yorktraditionsbank.com

TRADITIONALLY SPEAKING

Letter from the President & CEO



“No duty is more urgent than that of returning thanks.”

- St. Ambrose (340 – 397 A.D.)

No matter how much times have changed throughout the centuries, there are basic principles which remain constant. Success cannot be achieved without the help of others, and simply “being thankful” is not sufficient. Our responsibility is to actively express our gratitude, and to do it without delay.

York Traditions Bank is overflowing with appreciation for the many individuals, businesses, and organizations which have contributed to our success throughout this very eventful year. We understand that we are only as strong as the community we serve, and we don’t take these relationships for granted.

Grateful to our Associates

Now 125 strong, our team of associates is truly the backbone of our organization. Many of you have experienced their engagement, commitment, and passion in delivering exceptional service quality. It’s what defines us! As we grow, we have the privilege of adding even more best-in-class associates, each attracted to the organization by our Core Values. *Meet a few of our newest team members on page 3.*

Grateful to our Customers

There are many choices in the marketplace for financial services, yet our customers believe in our value proposition and trust us to fulfill their needs. Each year, during Customer Appreciation Days in our branches, we have the opportunity to thank you in person for making us your bank of choice. We also love to hear about your experiences. Do you have a story you’d like to share with York Traditions Bank? *Find out how on the back page.*

Grateful to our Board and Shareholders

Our loyal shareholders have believed in our Vision and provided the capital which allows us to carry out our Mission as a local community bank. As stewards of their investment, we are committed to strong financial performance. *Review our latest quarterly earnings on page 6.*

We are also thankful for our strong and steady board leadership. *Gain insight from one of our charter board members on page 6, and meet the most recent additions to our board on page 7.*

Grateful to our Community

Each time we’ve opened a new location in York, Hanover, or Camp Hill, our neighbors have welcomed us with open arms. Our York City branch office was no exception as over 600 visitors joined in our celebrations. *Learn about our newest branch, and why we held a shoe drive as part of our Grand Opening, on pages 4 and 5.*

During this season of gratitude, York Traditions Bank is appreciative of all of our stakeholders. Thank you for allowing us the privilege to serve you. Because of your support, we look forward to an even brighter future.


Eugene Draganosky | President & CEO

TRADITIONS IN THE COMMUNITY

#myorktraditions

“Paperless” Campaign raises \$5,000 for York County Parks

Throughout 2018, York Traditions Bank has encouraged customers to “Part with the Paper, and Provide for the Parks” by switching to e-bills and e-statements. A donation has been made to the York County Parks Foundation for every York Traditions Bank customer who enrolls in electronic delivery this year. We presented a \$5,000 check to the York County Parks in honor of their 50th Anniversary.

Pictured (left to right) are: Keith Sheffer, York Traditions Bank Director of Loan Administration; Tammy Klunk, Director of York County Parks; Attorney Amanda Snoke-Dubbs, York County Parks Foundation Board Member; and Vickie Chronister, York Traditions Bank Director of Operations.



Halloween Parade promotes cultural unity, honors heroes

The 69th Annual York Halloween Parade marched down Market Street on Sunday, October 28. This year’s theme was a unified York County celebrating our many cultures. As annual presenting sponsor of this yearly tradition, we had fun kicking off the parade and watching thousands of children anxiously await the talented bands, colorful floats, and of course, the candy. Representing a “Community Bank Supporting Community Heroes,” our contingency of associates and family members dressed as firefighters, teachers, police, nurses, doctors, and military.

Thank you to York Traditions Bank customer, Jim Hale, for driving his military truck and hauling the candy. Leftover candy was donated to Operation Gratitude’s “Halloween Candy for Heroes” and sent to U.S. troops overseas.



Traditions Mortgage supports RAYAC’s Homeless Outreach

This Fall, our mortgage team collected items for local homeless individuals and families in support of the REALTORS® Association of York and Adams Counties (RAYAC) efforts. Items collected for supply kits included toiletries, granola bars, cleansing wipes, diapers, blankets, hats, scarves, and socks. The supplies were distributed on October 25 at the Homeless Outreach Project, and remaining items were shared with local homeless shelters.

Traditions Mortgage also recently conducted a survey of area real estate professionals to gain feedback on our products and services. For each survey completed, we promised a \$5 donation to the RAYAC Foundation. A \$260 contribution was made in support of their important work.



YORK TRADITIONS BANK AND TRADITIONS MORTGAGE RECEIVE ACCOLADES

Each year, local publications poll their readership to find the “best of the best” in their distribution areas. York Traditions Bank appeared on several of these lists!

York Daily Record/York Sunday News - We’re honored to be named one of the top three “Best Banks” according to YDR’s readership in the York County area.

Susquehanna Style Magazine - We’re thrilled to take home this year’s award for “Best Banking Institution” in York. The polling culminated with a party on July 26 to celebrate the winners from York, Lancaster, and Harrisburg.

Central Penn Business Journal (CPBJ) - Each year, CPBJ’s readers from Adams, Cumberland, Dauphin, Franklin, Lancaster, Lebanon, Perry, and York counties choose their favorite businesses for the entire region. York Traditions Bank placed in the top three for “Best Bank for Business,” and Traditions Mortgage was one of the top three for “Best Mortgage Company” in the entire region!

Thank you to our customers for taking the time to nominate us. **YOU are the best!**



INTRODUCTIONS & CONGRATULATIONS

Fay Pharo-Frank is new St. Charles Way Branch Manager

Our flagship St. Charles Way branch is happy to welcome Fay Pharo-Frank as its new manager. Fay joined York Traditions Bank in September with 15 years of banking experience. She was most recently employed at PNC Bank as manager of their South Queen Street office. Fay's focus on customer service perfectly aligns with our Core Values. She immediately jumped in as a member of our Walk-A-Mile-in-Her-Shoes and Halloween Parade teams. Pharo-Frank is a graduate of Elizabethtown College and is involved in the Women's Business Center Organization, York Young Professionals, York Academy, YWCA's Racial Justice Committee, and is an ambassador for the York County Economic Alliance.



Carrie Becker promoted to Mortgage Partner

Carrie Becker joined our mortgage team in 2012 and learned home financing from the ground up. In July, Becker was named Traditions Mortgage Partner. Her background, most recently as an underwriter, allows her to position home loans to move effectively and efficiently toward settlement. Carrie embodies our motto "Because We Live Here Too" through her passion for community involvement. She is a member of the YWCA Junior Board, York Young Professionals, North York Rotary, RAYAC, and York Builders Association. Ms. Becker holds a BS in business administration from York College and is working toward her MBA.



Karen Adamson joins Traditions Mortgage team as newest Originator

Karen Adamson became Mortgage Partner with Traditions Mortgage in September. With over 30 years in the mortgage industry, Adamson was drawn to the organization's Core Values. Well-versed and knowledgeable in all of our mortgage products, Karen has the ability to anticipate the unique needs of her clients, providing dedicated and individualized service to each and every customer. She is involved in the community as a volunteer with Junior Achievement and an active member of Yorkshire United Methodist Church. Ms. Adamson is also a co-owner of Innovations Dance Studio in York.



Kristi Riley-Platt completes Mentor Program, Bank announces five new Mentees

Kristi Riley-Platt recently completed the Bank's 2017-2018 formal Mentor Program, which was created to support our Associates' career progression and job fulfillment. Kristi accomplished numerous development activities with Mark Poliski, Chief Credit Officer, as her mentor. During a recognition and celebration in September, Riley-Platt shared how she grew personally and professionally as a result of the experience.



Also during the celebration, five 2018-2019 mentees kicked off the third year of this initiative. Pictured (left to right) are: Eric Wilson, Senior Credit Analyst; Jeremy Mattern, Senior Credit Analyst; Susan Glass, Secondary Mortgage Assistant; Andrea Nestlerode, Client Resource Specialist; and Denton Senft, Susquehanna Trail Senior Personal Banker. Their mentors include Gene Draganosky, Sue Campbell, Brad Willow, Dana A'Hearn, and Chris Helt.

DR. TERESA GREGORY PROMOTED TO TRADITIONS MORTGAGE PRESIDENT



Teresa Gregory joined York Traditions Bank in January 2010 to launch the bank's in-house mortgage services division and serve as a managing director on the executive leadership team. Under Gregory's direction, the residential mortgage team has grown from two to two dozen best-in-class

associates. For the past five years, the bank has been the number one residential mortgage provider in York County according to the most recent production volume data available from the Consumer Financial Protection Bureau.

"Teresa's elevation to the title of President of Traditions Mortgage is an acknowledgment of her leadership and personal commitment to establishing and growing our well-respected

residential mortgage division," noted Eugene Draganosky, President & CEO of York Traditions Bank. "Her contributions to the success of the entire organization are significant."

An alumnus of William Penn High School, Dr. Gregory received a BS in marketing and an MBA in finance and accounting from York College of Pennsylvania, where she is an adjunct professor of finance. In 2016, Gregory earned a Doctorate of Business Administration from Walden University. She is also a graduate of the American Bankers Association Stonier Graduate School of Banking, a member of the ABA Mortgage Markets Committee, and a past member of the Federal Home Loan Bank Pittsburgh Mortgage Partnership Finance Advisory Board.

Teresa serves on the boards of York Builders Association and York Area Housing Group and is a past board member of York Benevolent Association and Community Progress Council.

DOWNTOWN YORK BRANCH CELEBRATES OPENING



The Downtown York branch team includes (left to right) Universal Banker Erin Hollerbush, Senior Universal Banker Brittney Beckwith, Branch Manager James Coombes, Universal Banker Kayla Rose, and Traditions Mortgage Partner Kimberly Amberman.

Bank opens its sixth branch, an industrial feel that fits the surroundings

York Traditions Bank has added a new address to its list of retail locations – 100 North George Street in York City. The Downtown York office is situated on the first floor of the historic structure originally known as the Haines Hotel, built by Mahlon Haines in 1925.

The 2,000-square-foot space, which includes both the 100 and 102 North George Street addresses, was completely gutted and beautifully renovated, paying homage to the past while incorporating modern materials and technology. The branch offers a full suite of personal banking, business banking, and residential mortgage services.

A Community Celebration

During the official ribbon cutting held on Tuesday, October 2 (pictured on front page), York City Mayor Michael Helfrich and Downtown Inc CEO Silas Chamberlin thanked the bank's leadership for investing in downtown and the future of York City.

Founder & Chairman Mike Kochenour remarked to the gathering crowd, "Since the beginning of the bank, we've been committed to the growth and success of York City. Our Vision has always included a brick and mortar location downtown. We are so proud to be a downtown neighbor in the true sense of the word."

Numerous grand opening events were held between September 27 and October 5, welcoming over 600 visitors. Many commented on the unique, industrial look and welcoming atmosphere. Thanks goes to CGA Architects and Kinsley Construction for transforming this space.

The branch sits on the corner of North George and West Philadelphia Streets, next to the Appell Center, York County Courthouse, and York's finest restaurants, and close to Central Market. "We could not have chosen a more perfect location for our downtown branch," said President & CEO Gene Draganosky. "Just like Mahlon Haines, we love York's architecture, its culture, and its people, and we are passionate about making a difference in our community."

Downtown York Branch Hours

Monday–Friday, 8:30 a.m. to 5 p.m. | Saturday, 9 a.m. to 12 noon
24-hour ATM located along West Philadelphia Street
(There is no drive-thru at this location.)



"JUST LIKE MAHLON HAINES, WE LOVE YORK'S ARCHITECTURE, ITS CULTURE, AND ITS PEOPLE, AND WE ARE PASSIONATE ABOUT MAKING A DIFFERENCE IN OUR COMMUNITY!"



WHY A SHOE DRIVE FOR OUR GRAND OPENING?

During our grand opening festivities, York Traditions Bank shared the story of Mahlon Haines, "The Shoe Wizard." (Read details to the right.) To honor the history of the building and Haines' legacy, the branch held a shoe drive to benefit LifePath Christian Ministries.



The public was invited to attend two open house events. Saturday morning, September 29, visitors enjoyed refreshments, face painting by Luz, caricatures by Mel Conrad, and music by one-man-band Ian Carroll, as they met the team and toured the branch. As shoe donations came in, they were added to the display window on Philadelphia Street next to our ATM.



The celebrations culminated in an open house on Friday, October 5, which coincided with YWCA's annual Walk A Miles In Her Shoes event. Team Traditions raised \$2,660 toward the \$92,000 total.



In all, over 140 pairs of shoes and work boots were collected during the shoe drive. Sincere thanks to all who donated!

Pictured, right, with our Downtown York branch team are Corporate & Community Engagement Manager David Cook and Volunteer Coordinator Leah Wiley of LifePath Christian Ministries.

His Story

Mahlon Haines
(1875 - 1962)

Our Story

York Traditions Bank

How the story of "The Shoe Wizard" relates to our new branch.



In 1905, after a broken engagement, Mahlon Haines left his Ohio home on his bicycle and set out to move to Washington, D.C. He was traveling through York when his bike broke down. He took a liking to the town, so he stayed.



Mahlon sold the engagement ring and purchased ten pairs of new shoes, which he re-sold for a profit at the farmers market. After some ups and downs, his persistence, hard work, and creative marketing paid off. Haines' shoe business grew and grew. His most famous promotion can still be seen along Route 30 in Hellam, the Haines Shoe House, modeled after a work boot.



By 1931, Mr. Haines owned and operated 50 shoe stores across PA and MD, with six locations in York. One of his stores was on the first floor of the Haines Hotel, which Haines had constructed in 1925. This building is home to York Traditions Bank's newest location - coincidentally, our sixth branch.



Besides building a successful business, Mr. Haines was equally respected for building the community he loved. He was a generous man and regularly gave back to his customers, employees, and neighbors.



Founded on a set of Core Values, the goals of York Traditions Bank parallel those of Mahlon Haines. Because We Live Here Too®, we work hard every day to provide needed products with exquisite customer service; we help local businesses grow; we share our time, talents, and treasures with our community; and we create a great workplace for our associates. We are very proud to expand our footprint in downtown York within the walls of Haines' beautiful building.





INVESTOR CORNER

York Traditions Bank reports robust third quarter earnings

York Traditions Bank (OTC Pink: YRKB) reported net income of \$1,252,000, or 44 cents per share, for the third quarter ended September 30, 2018, compared to \$1,065,000, or 48 cents per share, for the third quarter ended September 30, 2017. This represents a \$187,000, or 18%, increase over the third quarter of 2017. Net income for the nine months ended September 30, 2018 was \$3,492,000, or \$1.23 per share (diluted). This represents an increase of \$1,068,000, or 44%, over the first nine months of last year. Book value per common share advanced to \$17.49 at September 30, 2018.

"We are pleased to report our third quarter earnings," stated Eugene J. Draganosky, President & Chief Executive Officer. "We outperformed 2017 third quarter net income by 18%, and our year-to-date earnings are 44% ahead of the prior year. Net interest income for the first nine months of 2018 is up \$1,367,000, or 14%, due to a higher net interest margin and 6% year-over-year loan growth. Our third quarter margin, however, declined from the second quarter 2018 due to increasing competition for loans and deposits. Gain on sale of mortgage loans is down \$132,000, or 4%, year to date due to higher interest rates and a shortage of housing in our markets. Loan quality remains strong with recoveries exceeding net charge-offs for the first nine months of 2018. This has allowed us to reduce our provision for loan losses by \$203,000, or 48%, so far this year. We continue to recognize the benefit of the Tax Cut and Jobs Act enacted in late 2017. Our income tax expense fell \$218,000, or 21%, despite our income before taxes increasing \$850,000, or 25%. Loan and deposit growth remain satisfactory, increasing \$20,688,000 and \$22,466,000 respectively, during the last twelve months."

FINANCIAL HIGHLIGHTS

(unaudited)

(Dollars in thousands, except per share data)

SELECTED FINANCIAL DATA	SEP 30, 2018	SEP 30, 2017
Total assets	\$465,478	\$435,526
Loans, net of unearned income	\$361,367	\$340,679
Deposits	\$377,327	\$354,861
Book value per common share	\$17.49	\$15.86
Return on average assets	1.04%	0.79%
Return on average equity	9.82%	9.52%

Visit ir.yorktraditionsbank.com to access complete quarterly earnings releases and current market prices.

BOARD MEMBER PERSPECTIVES with Paul Kilker, Audit Committee Chair



York Traditions Bank Charter Board Member Paul Kilker founded GGS Information Systems 30 years ago. His company now has 1,500 employees in offices throughout the world, yet he has made chairing the Audit Committee a priority since the bank's inception. He has never missed a meeting. Paul explains why he considers it one of his most important roles.

What does the bank's Audit Committee do?

There are so many ways a bank must protect itself. The committee acts as a watchdog, helps identify and provide oversight to the bank's management of potential risks, and makes certain that the bank and its vendors are following all of the necessary rules and regulations.

This especially holds true for cybersecurity. Not only do we look at issues facing all banks, we are continually reviewing and evaluating the defenses we've put in place to protect the bank from both external and internal penetrations. It's a constant and evolving threat, and banks are targets. We take it very seriously.

What value do you bring to the position?

My business background and expertise of technology allows me to look at a situation from a completely different point of view. I may be able to see things that someone close to the numbers may not notice. It's important to have a skeptical eye. I strive to do my due diligence before every meeting and arrive with a set of questions to keep everyone on their toes. Accountability is critical for the success of the bank.

You've had the opportunity to compare and contrast York Traditions Bank with other banks throughout the world. What are our distinguishing characteristics?

Having offices in many other countries, I deal with banks of all types and sizes. Many of them have zero customer focus. It's very difficult because I know what true customer service feels like. It's so important, both personally and professionally, to have a bank that is a true partner. York Traditions Bank does an outstanding job of staying right next to you, being responsive, and making life easier.

Why do you feel it's important to be involved in a community bank?

When I first started my business in 1988, I remember going through a lot of rejections from banks in this area. My initial reason for getting involved in the formation of a new bank in 2002 was the desire to

MENZER AND SCHREIBER JOIN BOARD OF DIRECTORS

York Traditions Bank welcomed two new bank directors at its October board meeting, reflecting the organization's continued growth and strategic vision for long-term success.

"Eric Menzer and Kevin Schreiber lead by example," said Eugene Draganosky, President & CEO. "Both have played important roles in the evolution of our community. They are two of York's finest business and civic leaders. We look forward to adding their perspectives and expertise to our team."



R. Eric Menzer is President of York Professional Baseball, owners and operators of the York Revolution and WOYK Sports Radio 1350. The organization also manages the York Ice Arena, and operates Eventive which produces special events such as the York Halloween Parade and July4York. Prior to 2010,

Menzer served in roles as senior vice president of Wagman Construction in York, director of economic development for the City of York, and executive director of the York County Transportation Authority. Mr. Menzer has devoted countless hours to community affairs and civic leadership. He chairs the boards of Better York and PENNVEST – the Pennsylvania Infrastructure Investment Authority – and serves on the boards of the Appell Center, Downtown Inc, Community First Fund, and the York City Parks Conservancy.



Kevin J. Schreiber is President & CEO of York County Economic Alliance (YCEA), which works to connect people and business to opportunity and create a shared, prosperous York County. Prior to joining the YCEA in 2016, Kevin served two terms as state representative for the 95th Legislative District in York County

and served as Community and Economic Development Director for the City of York under both the Brenner and Bracey administrations. Mr. Schreiber is actively engaged in the community and Commonwealth, serving on board leadership for the United Way of York County, PA Partnerships for Children, and York Day Nursery. Kevin is an appointee to the Governor's Early Learning Investment Commission, and he also serves on York County's Tourism Grant Committee.

Menzer and Schreiber join current York Traditions Bank directors, which include Michael E. Kochenour, David L. Bode, John D. Brown, Elizabeth F. Carson, Eugene J. Draganosky, Wanda D. Filer, M.D., Paul V. Kilker, Timothy J. Kinsley, John M. Polli, and William J. Shorb.

"Eric and Kevin are dynamic, inspirational leaders who reflect York Traditions Bank's energy and commitment to serving our community," noted Founder & Chairman of the Board, Mike Kochenour. "We look forward to their contributions on our continued journey to build a bank for generations."

provide a vehicle for small and medium-size businesses to gain their footing. Being able to watch the progress, from start-up phase to what it's grown into today, has been amazing. I find it extremely rewarding to be involved in an organization that has as much impact on people's lives as this bank does. I'm very proud of what York Traditions Bank has contributed to the community and to play a role in helping the bank grow.

Are there lessons from your experience as a bank board member that you have applied to your own business?

When the bank was founded, we set a very high bar as we created our Core Values and culture, and we've worked hard to preserve them as we've grown. I've learned that maintaining a strong culture is fundamental to success, whether it's a community bank or an international company.

It's also been eye opening to learn about the complexity of a bank and the responsibility of safeguarding customers' funds. Most business owners don't have that perspective, and I've become a better leader because of it.

Over the last few decades, I have had the opportunity to travel extensively and experience a lot. I consider my involvement as a York Traditions Bank Director to be one of my top life-changing adventures. ■

ACCORDING TO A 2017 ABA SURVEY,
FRAUD PREVENTION MEASURES BY
AMERICA'S BANKS STOP NEARLY \$17 BILLION IN
ATTEMPTED DEPOSIT ACCOUNT FRAUD ANNUALLY.



TECHNOLOGY TIP

HOW TO STOP UNWANTED TEXT MESSAGES

While there is no fool-proof way to completely stop unwanted texts, here are two steps you can take to help fend off text spam.

- 1 BLOCK THE CALLER/SENDER**
iPhone: Tap the small "i" circle on the top right. (Newest iOS must expand contact to locate "i".) Tap the phone number and select **Block this Caller**
Android (Samsung) default Messages App: Tap the three dot menu. Select Settings > **Block Numbers and Messages**
- 2 ALERT YOUR WIRELESS CARRIER**
iPhone & Android: If you have AT&T, Verizon, Sprint, or T-Mobile, hold your finger on the spam message until options appear. Forward the message to **7726** (which spells out SPAM) and alert your carrier to a text spammer.

Whatever you do, avoid replying to the text spammer. This only tells the sender that you received their message and encourages more annoying texts.

REFER A FRIEND Tell a friend or family member about your experience at York Traditions Bank. If they **TRANSITION TO TRADITIONS**, we'll treat you to a \$25 gift card to Red Robin, White Rose Bar & Grill, Stone Grille & Taphouse, or Warehouse Gourmet Bistro. *Ask for details.*



ADMINISTRATIVE HEADQUARTERS

226 Pauline Drive | P.O. Box 3658 | York, PA 17402 | (717) 741-1770

BRANCH LOCATIONS

YORK 235 St. Charles Way | (717) 747-2610
2450 Eastern Boulevard | (717) 747-2620
2305 Susquehanna Trail North | (717) 747-2640
2170 White Street | (717) 747-2660
100 North George Street | (717) 747-2670

HANOVER 361 Eisenhower Drive | (717) 637-2610

LOAN OFFICE

CAMP HILL 3421 Market Street | (717) 801-4370

Member FDIC | Equal Opportunity Lender



UPCOMING EVENTS



Winter Festival returns for 5th year

Thursday–Saturday
January 17, 18 and 19, 2019
Cherry Lane Park and surrounding area
www.festvice.com



51st annual Home & Garden Show

Friday–Sunday
February 8, 9 and 10, 2019
Utz Arena, York Expo Center
www.yorkbuilders.com



Her Traditions Scholarship Program

Applications are now being accepted for our 9th Annual Her Traditions Scholarship. For eligibility requirements and details, visit www.hertraditions.com/scholarship



SHARE YOUR EXPERIENCES

Do you have a story about how York Traditions Bank or Traditions Mortgage has “wowed” you?

Have you received exquisite customer service from one of our Associates?

Did something we do make a difference in your life?

We'd love to hear about it!

Email your comments to marketing@yorktraditionsbank.com

We may contact you to learn more.