

YORK TRADITIONS BANK REPORTS 3rd QUARTER EARNINGS

October 2018 -- 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 and 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.”

The Bank opened its sixth branch office, its first in York City, on September 4, 2018.

FINANCIAL HIGHLIGHTS (unaudited):
 (Dollars in thousands, except per share data)

Selected Financial Data	Sep 30,	Dec 31,	Sep 30,	
	2018	2017	2017	
Investment securities	\$ 56,712	\$ 55,258	\$ 51,684	
Loans, net of unearned income	361,367	348,533	340,679	
Total assets	465,478	441,289	435,526	
Deposits	377,327	363,089	354,861	
Borrowings	33,299	26,224	28,857	
Subordinated debt	5,000	5,000	5,000	
Shareholders' equity	48,220	45,319	44,663	
Book value per common share	\$ 17.49	\$ 16.22	\$ 15.86	
Allowance/loans	1.05%	1.02%	1.03%	
Non-performing assets/total assets	0.51%	0.64%	0.71%	
Tier 1 capital/average assets	10.69%	10.38%	10.83%	

Selected Operations Data	Three months ended Sep 30,		Nine months ended Sep 30,	
	2018	2017	2018	2017
Interest income	\$ 5,059	\$ 4,391	\$ 14,439	\$ 12,285
Interest expense	(1,214)	(839)	(3,048)	(2,261)
Net interest income	3,845	3,552	11,391	10,024
Provision for loan losses	(20)	(153)	(220)	(423)
Investment securities gains(losses)	-	1	(3)	1
Gains on sale of mortgages	955	1,057	3,119	3,251
Other income	403	408	1,088	967
Other expense	(3,630)	(3,357)	(11,067)	(10,362)
Income before income taxes	1,553	1,508	4,308	3,458
Income taxes	(301)	(443)	(816)	(1,034)
Net income	\$ 1,252	\$ 1,065	\$ 3,492	\$ 2,424
Earnings per common share (basic)	\$ 0.44	\$ 0.48	\$ 1.24	\$ 1.10
Earnings per common share (diluted)	\$ 0.44	\$ 0.48	\$ 1.23	\$ 1.09
Return on average assets	1.08%	0.98%	1.04%	0.79%
Return on average equity	10.17%	12.01%	9.82%	9.52%
Net interest margin	3.48%	3.45%	3.55%	3.43%
Net charge-offs(recoveries)/average loans	0.00%	0.02%	0.00%	0.01%

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Safe Harbor Statement:

Except for historical information contained herein, the matters discussed in this release are forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Because of these risks and uncertainties, our actual future results may be materially different from the results indicated by these forward looking statements. In addition, our past results of operations do not necessarily indicate our future results. We undertake no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise.