



YORK TRADITIONS[®]
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SHAREHOLDER *Report*

3rd Quarter / September 30, 2014

MESSAGE FROM THE PRESIDENT



November 15, 2014

DEAR SHAREHOLDER:

I am pleased to report net income available to common shareholders of \$608,000, or 28 cents per share, for the third quarter ended September 30, 2014, compared to \$383,000, or 18 cents per share, for the third quarter ended September 30, 2013. This represents a \$225,000 or 59% increase. Net income available to common shareholders for the nine months ended September 30, 2014 was \$1,519,000, or 70 cents per share, compared to \$1,422,000, or 66 cents per share, for the same period last year. Book value per common share stood at \$12.46 at September 30, 2014, which is an increase of 89 cents per share over the last twelve months.

We are encouraged with our continued asset and loan growth, strengthening real estate market, and strong credit quality. We have achieved a new milestone by surpassing \$300 million in total assets with actual footings of \$302 million at September 30, 2014. Total loans have increased over \$18 million, or 8.4%, year to date, and gains on sale of mortgages of \$1,461,000 for the first nine months of 2014 are up \$121,000 over the same period last year. Credit quality has remained strong with non-performing loans now standing at .80%, and no loan charge-offs were experienced in 2014.

An improved net interest margin of 3.62% has contributed to higher net interest income of \$7,421,000, which is up \$436,000, or 6.2%, compared to the same period last year. The loan quality reported above has enabled the Bank to decrease our year-to-date provision for loan losses by \$255,000 in comparison to year-to-date 2013. York Traditions Bank remains well capitalized with Tier 1 capital to average assets of 10.84% at the end of the third quarter 2014.

We celebrated the 12th anniversary of the Bank on October 28, 2014 and anticipated opening our new Hanover-based branch at 361 Eisenhower Drive at that same time. We have established a very formidable Hanover Advisory Board made up of seven local Hanover Market business and community leaders, and we have successfully assembled a Best of Class, local team of professional bankers to staff the branch. Initial feedback from the Market has been positive, and we look forward to providing a level of personalized service that has remained a hallmark of the Bank's success to date and will distinguish us now in Hanover.

Thank you for your continued support and investment in York Traditions Bank.

Michael E. Kochenour

Chairman, President & CEO

FINANCIAL HIGHLIGHTS *(unaudited)*:

(Dollars in thousands, except per share data)

SELECTED FINANCIAL DATA	SEPT 30, 2014	DEC 31, 2013	SEPT 30, 2013	
Investment securities	\$ 36,515	\$ 39,203	\$ 40,444	
Loans, net of unearned income	239,320	220,842	217,817	
Total assets	302,182	284,499	285,376	
Deposits	237,688	244,971	236,549	
Borrowings	31,251	7,750	17,877	
Shareholders' equity	32,316	30,421	30,098	
Book value per common share	\$ 12.46	\$ 11.76	\$ 11.57	
Allowance/loans	1.05%	1.04%	1.09%	
Non-performing assets/total assets	0.80%	0.81%	0.85%	
Tier 1 capital/average assets	10.84%	10.84%	10.63%	

	THREE MONTHS ENDED SEPT 30,		NINE MONTHS ENDED SEPT 30,	
	2014	2013	2014	2013
SELECTED OPERATIONS DATA				
Interest income	\$ 3,035	\$ 2,880	\$ 8,852	\$ 8,529
Interest expense	(495)	(496)	(1,431)	(1,544)
Net interest income	2,540	2,384	7,421	6,985
Provision for loan losses	(60)	(121)	(196)	(451)
Investment securities gains	6	-	12	63
Gains on sale of mortgages	583	360	1,461	1,340
Other income	249	226	711	672
Other expense	(2,426)	(2,279)	(7,170)	(6,502)
Income before income taxes	892	570	2,239	2,107
Income taxes	(271)	(175)	(681)	(647)
Net income	621	395	1,558	1,460
Preferred stock dividends	(13)	(12)	(39)	(38)
Net income available to common shareholders	\$ 608	\$ 383	\$ 1,519	\$ 1,422
Earnings per common share (basic)	\$0.28	\$0.18	\$0.70	\$0.66
Return on average assets	0.83%	0.56%	0.72%	0.71%
Return on average equity	7.87%	5.33%	6.76%	6.74%
Net interest margin	3.62%	3.54%	3.62%	3.57%
Net charge-offs(recoveries)/average loans	0.00%	0.57%	0.00%	0.19%



Board of Directors

DAVID L. BODE, CCIM, SIOR

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ROCK Commercial Real Estate, LLC*

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WANDA D. FILER, M.D.

Founder, Strategic Health Institute

WILLIAM R. HARTMAN

*First Vice Chairman, President and CEO
York County Community Foundation*

PAUL V. KILKER

President, GGS Information Services

TIMOTHY J. KINSLEY

Vice President, Kinsley Properties/Construction

MICHAEL E. KOCHENOUR

Chairman of the Board

JOHN M. POLLI

President, JMP Consulting

WILLIAM J. SHORB

President, R.E.H. Holdings

Senior Management

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Chairman, President and CEO

JOHN D. BLECHER, FOUNDER

*Managing Director, Chief Operating Officer/
Chief Financial Officer*

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*Managing Director, Chief Community
Banking Officer/Chief Lending Officer*

TERESA L. GREGORY

Managing Director, Mortgage Services

MICHAEL E. HUSON

Managing Director, Business Services

CAROLYN SCHAEFER

*Managing Director,
Personal Banking and Wealth Management*

Administrative Headquarters

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under the symbol YRKB*

Branch Locations

ST. CHARLES WAY OFFICE

717-747-2610

EASTERN BOULEVARD OFFICE

717-747-2620

SUSQUEHANNA TRAIL OFFICE

717-747-2640

WHITE STREET OFFICE

717-747-2660

EISENHOWER DRIVE OFFICE

717-637-2610



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