

Traditionally

S P E A K I N G

Letter from the Chairman & CEO

There's a reason I have mentioned our Core Values in nearly every "Letter from the President" I have written for this publication. They have set the foundation for our culture since our inception. They have been integral to our success each step of the way. Moreover, as I pen my first "Letter from the Chairman & CEO," proudly passing the baton of President onto Gene Draganosky, it has never been more evident how they will perpetually chart the path for the future of York Traditions Bank.

The Bank's success is dependent upon each of our Associates. Our diverse and growing 100-plus-member team fully embraces our Values, offering their talents and unique perspectives to make us even stronger. Our Board of Directors has also grown in number and depth with the addition of Betty Carson and Gene Draganosky. Learn more on pages 4 and 5.

Coming off of nine straight years of profitability, even through the toughest of times, the Bank has earned a 5-star BAUER rating for 31 consecutive quarters, truly distinguishing us among our peers. Because of the quality of our organization, the FDIC granted approval for the payoff of our Small Business Lending Fund with no contingencies. Simultaneously, we initiated another cost-effective capital replenishment strategy by issuing subordinated debt notes at a rate below the norm for a bank our size, positioning us for future opportunities. Details on page 7.

Our Mortgage Division has helped bolster our continued growth in non-interest income. With 10% market share, York Traditions Bank has become the number one purchase mortgage provider in York County in just five short years! Read Teresa Gregory's reflections on page 3.

We've improved and expanded our suite of electronic banking services. Recent upgrades to our Debit Card, Online Banking, and Bill Pay products have allowed us to offer even more convenience and security to our personal and business customers. Find more information on page 7!

In 2014, York Traditions Bank supported 249 organizations throughout the York and Hanover communities, including contributions totaling \$62,048 to 115 non-profits, and an additional \$65,000 to directly support local education. Read more on page 2. We also continue to extend our reach through strategic partnerships with York Revolution's Eventive, the York Builders Association, and York Young Professionals.

Our Core Values have helped us create a client-centered organization which is making a true impact in our hometown. I have never been more confident in the direction and future of York Traditions Bank.

Always looking forward,



Mike Kochenour
Founder, Chairman & CEO



BANK NAMES NEW PRESIDENT



On March 24, during an organization meeting, Michael Kochenour, Founder, Chairman and CEO, shared how his vision for the Bank has always extended for the long term.

Mike explained that York Traditions Bank always strives to be a step ahead and take action from a position of strength. So, as part of an effective succession plan to ensure leadership continuity for the organization and all stakeholders, Kochenour announced **Eugene J. Draganosky's** promotion to President effective April 1.

"I am so proud and excited to promote Gene into this key position as President of York Traditions Bank," Mike stated. "He has had a very positive impact on the organization in his roles as Chief Credit Officer, Chief Lending Officer, and Chief Community Banking Officer over the past seven years." Draganosky joined York Traditions Bank in April, 2008 after serving in numerous commercial credit and Market Executive roles at other financial institutions over his 30 years in the business.

Gene told the team, "I'm honored that Mike and our Board of Directors have placed their confidence and belief in me. It's an incredible responsibility to be even more accountable for our overall success, and I view it as an obligation to make sure our legacy continues into the future."

"In some respects, Mike and I are very different," Gene continued, "but even though our personalities and leadership styles may not be the same, we are totally aligned in our unwavering commitment to the Bank's culture and Core Values!"

(read more on page 5)

Community

TRADITIONS IN THE

Christmas Emergency Fund donations reach \$15,000 again in 2014

This is the 4th year York Traditions Bank had the privilege of coordinating the York Daily Record/York Sunday News Christmas Emergency Fund. This fund, kick-started each year by the newspaper's employees, extended to the entire York Community through stories and updates in their printed and online editions. Proceeds benefitted the York County Food Bank.



Pictured above (left to right) are Melissa Moore, Retail Marketing Specialist at York Traditions Bank, Deborah Eichelberger, Executive Director of York County Food Bank, Michael Cramer, Associate Director of York County Food Bank, and Carolyn Schaefer, Managing Director of Personal Banking and Wealth Management with York Traditions Bank.

York Traditions receives United Way's First Capital Club Award

United Way's First Capital Club Award is presented each year during their Campaign Celebration to companies who had the largest increase in First Capital Club dollars. First Capital Club consists of gifts of \$1,000 - \$9,999. York Traditions Bank secured 24 First Capital Club members in 2014, including seven new members, for an increase of \$9,533 in First Capital Club dollars over 2013. York Traditions Bank appreciates all of our Associates who participate in the United Way Campaign each year. We are also proud of our CEO and his wife, Mike and Vicky Kochenour, who were featured in the Leadership Giving segment of last year's Campaign video.



Pictured above (left to right), Mike Kochenour, Founder, Chairman and CEO, receives the First Capital Club Award for companies with under 100 employees on behalf of York Traditions Bank from J.T. Hand, Chair of the United Way Board of Directors, during the Campaign Celebration and Awards on January 22, 2015 at Heritage Hills.

Bank donates funds to 24 local educational improvement organizations

The Educational Improvement Tax Credit and Opportunity Scholarship Tax Credit allow Pennsylvania businesses accepted into the program to direct some of their state tax dollars to non-profits within their own community. Recipients must be recognized as an Educational Improvement Organization, Opportunity Scholarship Organization, or have a qualifying Scholarship or Pre-Kindergarten Scholarship fund in place.

Pictured Below (l to r): Kevin Hofer, Headmaster of Christian School of York, accepts a donation from John Blecher, Founder, CFO & COO of York Traditions Bank.

Carolyn Schaefer, Managing Director of Personal Banking and Wealth Management at York Traditions Bank, presents a check to Susan Davidson-Linton, Director of Finance and Advancement for Martin Library, in support of educational improvement programs including Author Visits and Summer Reading Club.

Ruth Shaffer, Hanover Branch Manager, and Mike Kelly, Hanover Market Executive, with York Traditions Bank deliver a contribution to Liam Behrens, CEO of the YMCA of Hanover, along with some of the Pre-Kindergarten students who will benefit from the donation.

York Traditions Bank distributed a total of \$65,000 in 2014 EITC and OSTC Funds to the following York County non-profits:

- | | |
|--|--|
| Big Brothers/Big Sisters of York County | Leg Up Farm |
| Byrnes Health Education Center | Logos Academy |
| Children's Home of York | Martin Library Association |
| Crispus Attucks Association | Neumann Scholarship Foundation for St. Joseph School, Dallastown |
| DreamWrights Youth & Family Theatre | Penn State University Philanthropic Fund (Penn State-York) |
| Hanover Area Family YMCA | Salvation Army |
| Hanover Foundation for Excellence in Education | Strand-Capitol Performing Arts Center |
| House of Hope - York | YMCA of York & York County |
| Jewish Community Center | YWCA of Hanover |
| Junior Achievement of South Central PA | York College of Pennsylvania/ York Country Day School |
| | York County Alliance for Learning |
| | York County Heritage Trust |
| | York Day Nursery and Kindergarten |
| | York Little Theatre |
| | YorkArts - The Arts Centre of York, Inc. |



REALTORS® Association honors York Traditions Bank

On January 22, the REALTORS® Association of York & Adams Counties (RAYAC) presented awards to outstanding members at its Awards and Installation Breakfast. York Traditions Bank received the Affiliate of the Year Award.



Last year's winner, Wendy Landis (left), presented the award to York Traditions Bank. York Traditions Bank team members who were present to accept the award were (left to right) Kathy Brown, Kim Amberman, Fiona Eyster, and Ed Leckrone. RAYAC expressed their gratitude for York Traditions Bank's generous financial and volunteer resources to make a difference in the real estate profession and the community.

RAYAC is comprised of REALTOR® members and affiliate members who represent all aspects of the real estate industry in York and Adams Counties.

2015 Home Show Highlights

York Traditions Bank is proud to continue our partnership with the York Builders Association into 2015. We started the year as Presenting Sponsor of the York Builders Home Show, held February 5, 6 and 7 at the York Expo Center's Utz Arena.



This year, our booth included a colorful prize wheel complete with lights. Everyone was a winner!

York Traditions Bank Mortgage Originators presented three EnrichU seminars dealing with credit scores, financing a new home, and funding a remodeling project.



Kids also put their home building skills to the test in the Home Building Competition with Lego® Bricks. Each child was given building bricks and 45 minutes to construct their masterpiece. Members from York Builders Association and York Traditions Bank served as judges. The top four winners in each age group received a cash prize, and all participants received a t-shirt.



Mortgage Division Celebrates FIVE YEARS



Teresa Gregory
*Managing Director,
Mortgage Services*

In 2009, after 21 years at what had become a very large financial institution, I was experiencing a disconnect. I longed for a return to community lending with a common sense, relationship-oriented approach, and I wanted to do it in my own hometown. Pat Joseph, one of the most distinguished Mortgage Originators I have ever worked with, felt the same way, so Pat and I decided to follow our hearts and look for a new opportunity.

We weren't going to go just anywhere. In our minds, York Traditions Bank was the ideal partner. After only seven years, the Bank had earned a stellar reputation for solid lending standards and superior customer service. Most importantly, we knew our values and visions aligned perfectly. By January of 2010, we formed the York Traditions Bank Mortgage Division.

Considering what the industry was facing at the time, many people warned us we were taking a risk. We recognized it as a tremendous opportunity to fill a void, and we set our goals high. From day one, York Traditions Bank Mortgage Services was well received in the community. By the end of 2010, our team had grown to eight members, and we exceeded our goals by more than any of us imagined. It certainly wasn't growth in home sales that fueled our success – the home purchase market was, and continues to be, a challenge. Our relationship-based approach made the difference.

Our department now numbers fifteen Best-in-Class mortgage professionals, including six local Loan Originators. Over the past five-plus years, we have closed 2,981 loans, and have helped 1,584 York County families acquire their homes. We are proud to be the number one provider of purchase mortgages in York County, but most of all, we are proud to have followed our desire to create a culture where relationships, not transactions, rule. It's the York Traditions Bank way.

Five years after our beginning, I still get excited every time a customer closes on their mortgage loan. It's extremely rewarding to be back in the business of making dreams come true.

York Traditions Bank's expert Mortgage Originators include (pictured below, left to right): Kimberly Amberman, Kathleen Brown, Ed Leckrone, Patrice Joseph, Fiona Eyster, and Rich Lowry.



PEOPLE MOVES & NEWS



ELIZABETH F. CARSON NAMED BANK DIRECTOR *Unique perspective and strength added to Board of Directors*

York Traditions Bank is pleased to announce the addition of Elizabeth “Betty” Carson to our Board of Directors as the Bank continues to strategically build for the future. Since August 2014, Betty Carson has been a key member of the Bank’s Hanover Advisory Board. She was officially elected as York Traditions Bank’s tenth Director at the January 2015 Board meeting.

After earning her B.S. degree in Business Administration from Indiana University of Pennsylvania, Mrs. Carson began her banking profession at Farmers Bank in Hanover. Her career catapulted through numerous business disciplines and leadership roles at Farmers Bank and their successor organizations. The scope of Betty’s executive management responsibilities encompassed a broad network of branches and direct reports across multiple counties in Pennsylvania and Maryland. She retired in 2011 as Senior Vice President, Retail Banking with M&T Bank.

Michael Kochenour, Chairman and CEO, notes, “Betty’s stellar and diverse 33-year banking career, combined with her community involvement and impact, brings yet another unique perspective and strength to the York Traditions Bank Board as we look to grow in the years ahead.”

“I’m excited to once again be a part of a local community bank with traditional values, serving the place I raised my family and still reside,” said Betty Carson. “York Traditions Bank is reminiscent of my early days as a true community banker, and I feel right at home.”

Betty is an Athena Award recipient and was also named one of the “Best 50 Women in Business” by the Central Penn Business Journal. She currently serves as Board Chair of the York County Library System, Hanover Advisory Board Chair for the York County Community Foundation, and President of the South Western School District Education Foundation. Additionally, she is a Board Member of Capital Blue Cross, the York County Community Foundation, and the Hanover Country Club. Betty resides in Hanover with her husband, Rich.



MICHAEL HADY

Joins team as Business Development Partner

Throughout 2014, Michael Hady served as a project management consultant for York Traditions Bank during the development, design, construction, and opening of the Eisenhower Drive branch. Michael moved to the permanent position of Business Development Partner in December, 2014.



KATHLEEN BROWN

Becomes Mortgage Services Partner

With more than 20 years in the mortgage industry as an underwriter, Kathleen Brown is recognized and respected in the Real Estate community. We are excited to have Kathy join the team as our sixth Best-in-Class Mortgage Originator, bringing valuable experience and value-based relationships.



DARRYL EBERLY

Promoted to Loan Accounting Specialist

Darryl is well-known to his customers at St. Charles Way, where he has spent over eight years as a Sr. Personal Banker and ultimate customer service guru. Those same skills will serve our loan customers well at our Administrative Headquarters as he transitions to the position of Loan Accounting Specialist.



SANDRA DUMANSKI

Moves from Susquehanna Trail to St. Charles Way

With Darryl Eberly’s move to Loan Operations, Sandra Dumanski will be filling the role at the St. Charles Way Office. As Sr. Personal Banker, Susquehanna Trail Office, Sandy helped open the branch in 2005. Over the last decade, she has earned the respect of her customers and co-workers.



WANDA FILER, M.D.

President-Elect, AAFP

Dr. Wanda D. Filer, York Traditions Bank Board Member, is President-Elect of the American Academy of Family Physicians. The AAFP represents 115,900 physicians and medical students nationwide. Filer was elected to the position by the Congress of Delegates, the AAFP’s governing body, during the organization’s annual meeting. As President-Elect of the AAFP, Filer advocates on behalf of family physicians and patients throughout the country to inspire positive change in the U.S. health care system.



WILLIAM HARTMAN

Receives Philadelphia Business Journal Award

Congratulations to York Traditions Bank Board Member, William Hartman, for being selected as a 2015 Outstanding Director by the Philadelphia Business Journal and the National Association of Corporate Directors. Through the annual award program, PBJ acknowledges exceptional leaders in the region who “provide vital leadership and business savvy necessary to help guide their businesses’ success.” Bill was selected for his work as Board Member and Lead Independent Director of Royal Bancshares of Pennsylvania, Inc. (NASDAQ: RBPAA), headquartered in Narberth, PA. We also congratulate Bill on his upcoming retirement from York County Community Foundation where he has served as President since 2009.

Building FOR THE FUTURE

(continued from page 1)

As President, Draganosky's new responsibilities encompass overseeing the day-to-day functions for all business lines serving external customers, Loan Accounting, and Credit Administration. John Blecher, in his role as COO leading the administrative areas of Deposit Operations, Compliance and IT, will transition to Gene's oversight over time. Gene continues to report to Mike Kochenour to jointly provide direction and leadership to the Senior Management team. He will also assume more active involvement in creating and providing ongoing direction for the Bank's strong community presence, and he remains the Chief Lending Officer. Gene was also voted onto the Bank's Board of Directors at the April 23 meeting.

As Board Chairman and Chief Executive Officer, Mike Kochenour continues to provide strategic leadership to the Bank by working

with the Board, Gene as the new President, and the Executive Management team. He also continues to oversee the finance area through the leadership of John Blecher in his role as CFO. Blecher is also a Founder of York Traditions Bank.

The Bank and its Board of Directors remain committed to the Core Values and business principles that will drive the strongest financial performance for the Bank and its shareholders, and sustain it for the future. Mike Kochenour added, "I look forward to partnering with Gene to take the organization to even greater heights in the journey ahead, and further build on York Traditions Bank's presence and support for the local community."



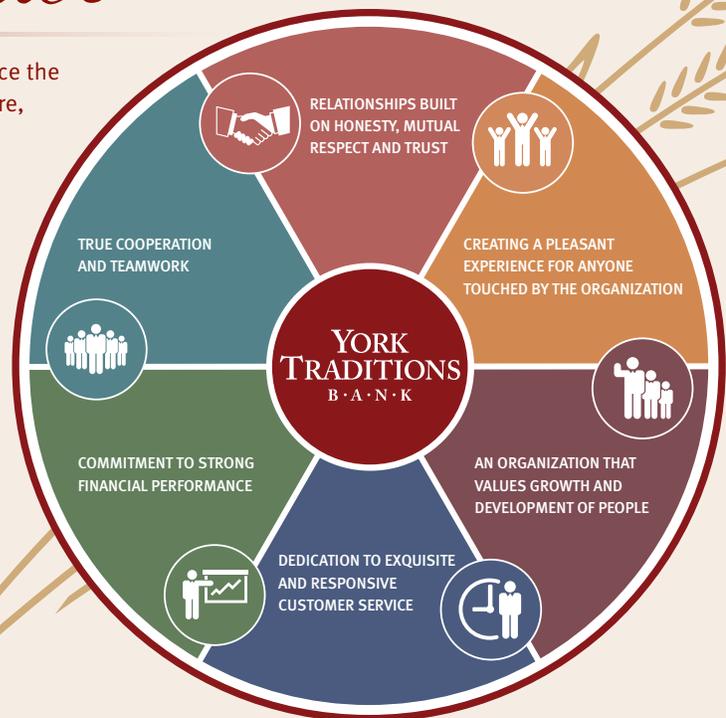
Our Core Values

York Traditions Bank's Core Values have remained constant since the Bank's inception in 2002. They are the foundation of who we are, and they continue to serve as the lens through which each and every decision is made.

During a team meeting on March 24 (pictured above), Mike Kochenour and Gene Draganosky unveiled a new Core Values graphic. While the words haven't changed, it's clear that actions speak louder than words, so "action icons" were added to represent each of the values.

It's also important to portray how each value is of equal importance to the others, so rather than put them in a list, they were placed in a circle. This also shows how the values are inter-related and dependent upon each other.

After the meeting, each branch and department was given a canvas of the graphic to hang in their respective work area. Every Associate also received a mouse pad with the graphic to continually remind them that these values are at the center of who we are and what we do every day.



Will Millennials Change Banking Forever?

A generation of nearly 80 million strong, Millennials are changing the face of banking as we know it. In 2014, ICBA (Independent Community Bankers of America) undertook **American Millennials and Banking - A Cross-Generational Study** to better understand the perception Millennials, Gen X and Baby Boomers have of independent community banks. The study revealed the change in demands on financial services in America. Take a look!

79.8 Million

Number of Millennials in the United States. This is the **fastest growing generation** of U.S. bank customers (born 1977 to 1995).



Almost a quarter of Millennials report carrying less than \$5 cash per day seven days a week. That means **Millennials carry less than \$5 every single day of the week!**

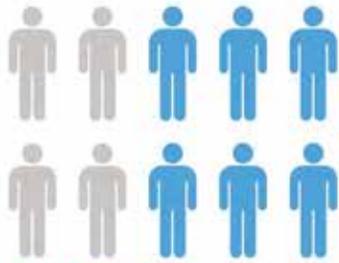
57%

A majority of Millennials (57%) would prefer to work with a **locally owned and operated community bank** to handle their financial needs.

70%



The percentage of Millennials who said they wished they knew more about their finances. This generation showed the most interest of ANY generation surveyed in learning more about finances—a clear opportunity for banks and Millennials to grow.



60% of ALL Americans surveyed would prefer to meet the **president of a local bank** who just approved a loan to finally start their own dream business vs. meeting the **President of the United States.**



The percentage of Millennials who said mobile banking was "very important" to them.

That number is 75% greater than the percentage of Baby Boomers with the same answer (42%).



36% of Millennials said they are **currently considering starting up their own business**—this is greater than any other generation surveyed!

60%



This infographic was published with the permission of ICBA and is based on research results from a national study by the Independent Community Bankers of America®(www.icba.org) and The Center for Generational Kinetics (www.GenHQ.com). The study was conducted in July 2014 with adults from across the U.S. ages from 19 to 65. The study has a margin of error of +/- 3% against the U.S. Population.

Get more detailed information on the study information and see of the results at www.icba.org/MillennialStudy

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York Young Professionals visit Traditions Center

The evening of April 16, York Young Professionals held their monthly social at York Traditions Bank's Administrative Headquarters on Pauline Drive and combined it with their first ever "Connected" event. Adam Nugent, YYP's Events & Partnerships Chair, described "Connected" as a chance for the group's members to meet and hear from York's community and business leaders. Adam gathered questions from members in advance to pose to York Traditions Bank's Founder, Chairman and CEO, Mike Kochenour. "Your generation is making things happen in York!," Mike told them. "Continue to take opportunities to lead. Take risks. Every day, strive to be the best you can be. Give back. But most of all, be genuine and always do it for the right reasons." The social ended with a tour of the building and a chance to talk with four of the local artists whose works were purchased for the Center.



Your needs are changing. **SO WE ARE TOO!**

**ONLINE
BANKING**
*IS NOW BETTER
THAN EVER*

**IMPROVED
BILL PAY**
*WITH EXCITING
NEW FEATURES*

**NEW
MOBILE APPS**
*FOR YOUR PHONE
AND TABLET*

On April 23, York Traditions Bank introduced upgrades to our electronic banking services for Personal and Business Customers, along with some exciting new products and features!

Online Banking customers now have access to...

- Enhanced real-time capabilities
- Account Alerts – receive email or text alerts about your account activity
- popmoney® personal payment service - pay other people using their email address or phone number
- Account-to-Account Transfers – transfer funds to and from your accounts at other financial institutions
- Much more!

Haven't used our Online Banking or Bill Pay before?

Now is a great time to check it out! Visit our website for complete details.



Look for our NEW Mobile Banking Apps for phones & tablets in your device's App Store!

**MOBILE DEPOSIT IS COMING
LATER THIS YEAR**
Stay tuned for more details!



Watch our video demos at yorktraditionsbank.com/changes

INVESTOR CORNER

York Traditions Bank Announces Completion of \$5 Million Subordinated Debt Sale and Repayment of Small Business Lending Fund Preferred Stock

On March 27, 2015, York Traditions Bank completed a \$5 million aggregate principal amount of subordinated notes due March 27, 2025 with a 6.25% interest rate. The notes include a right of prepayment on or after March 27, 2020 and qualify as Tier 2 capital. The interest bearing notes represented a private placement with accredited institutional investors.

The Bank also announced the repayment of \$5,115,000 of preferred stock on March 31, 2015 issued in 2011 as part of the United States Treasury's Small Business Lending Fund (SBLF).

"We received approval from the Federal Deposit Insurance Company in December 2014 to repay the SBLF without having to raise additional capital," stated Michael E. Kochenour, Founder, Chairman and Chief Executive Officer. "As part of our annual strategic planning process with our Board of Directors, however, we concluded that it was the right time to raise capital through issuance of subordinated debt. This Tier 2 capital keeps us in a position to continue to grow organically without issuing capital that would dilute our common shareholders."

Investor Relations Website

Have you visited our website lately?

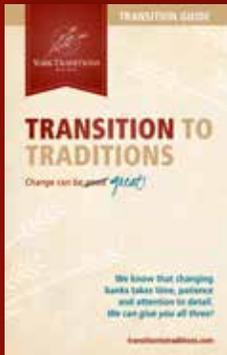
Click on "Investor Relations" in the top navigation area, or type ir.yorktraditionsbank.com into your browser. This area has been improved and enhanced with a wealth of information about York Traditions Bank investments and performance - including the latest stock information from OTC Markets.

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 one of the restaurants listed below. Ask for details.



- White Rose Bar & Grill
- Heritage Hills
- Stone Grille & Taphouse
- Warehouse Gourmet Bistro



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

HANOVER

- 361 Eisenhower Drive
(717) 637-2610



Equal Opportunity Lender

MEMBER FDIC

NWL-BNK (5/15)

UPCOMING EVENTS



Help us Root for the Revs!

Look for us at the **York Revolution** Stadium as we once again sponsor the **T-shirt Toss!** The T-shirt Toss has become a favorite at every home game as limited edition Revolution logo t-shirts are propelled into the stands. Come help us "Root for the Revs," and bring your catcher's mitt so you can be ready when the t-shirt cannon points your way!

Join us for Brews & Skews - Saturday, May 30

A Carnival of Food with Hoppin' Brews & Rockin' Bands

The York Revolution, York Traditions Bank and Eventive have announced a brand new, free-admission food festival on the Brooks Robinson Plaza at York Revolution Stadium. On Saturday, May 30, from 1-6pm, top-notch brews, regional bands, and Revolution-caliber entertainment will

accompany the local restaurants serving skewer-pierced specials. Restaurants will offer a la carte items along with one skew special. The skew sampler tickets give you a tasting of six skew specials, and the brew sampler tickets provide six brew tastings. With each brew ticket, you get to take home the official Brews & Skews tasting mug, while supplies last. 16-ounce domestic beer will be available for purchase as well.

Get your best ticket deal at any York Traditions Bank branch - just \$21 for a double skew! Find out more details at www.BrewsAndSkews.com!

Visit our website at yorktraditionsbank.com



UNDERSTANDING INTEGRATED DISCLOSURES

This seminar, designed for Real Estate industry professionals, will help attendees understand and plan for the upcoming TILA/RESPA Integrated Disclosures (TRID). These new reporting requirements take effect August 1, 2015 and will impact Real Estate transactions.

Two sessions will be held in June:

- one for REALTORS
- one for SETTLEMENT AGENTS

Sessions will be held at Traditions Center, 226 Pauline Drive, York

To be contacted when this seminar is scheduled, call Maria at (717) 801-4362 or email enrichU@yorktraditionsbank.com