

Traditionally S P E A K I N G

Letter from the President

If there is one word to sum up the last few years, it's "challenging." Throughout the economic downturn, York Traditions Bank has been unwavering in our commitment to the Bank's original set of Core Values. Not only has the Bank sustained a strong, stable position, but 2010 also yielded the most profitable year since inception in 2002. Last year marked the launch of our in-house Residential Mortgage Division and a new White Street Branch. Both dynamic teams of professionals have contributed significantly to increased earnings, and this momentum has carried through into the first half of 2011. It can only be attributed to our "Best of Class" Associates who practice fundamental principles to ensure great service for our customers and good core earnings for the Bank.

York Traditions Bank remains relentless in our dedication to excellence. Our loan portfolio has maintained a high-grade credit quality. Nonperforming assets, delinquencies and charge-offs remain low and compare extremely well to peer banks. The Bank continues to carry a 5-Star Bauer Rating, which places it among the top-tier rated banks. And while we realize that significant regulatory changes and uncertainty lie ahead, we are confident our continued diligence will enable us to effectively manage their impact while continuing to provide exquisite service to our customers.

Looking to the future, the Board and Senior Leadership Team have developed a comprehensive 5-year Strategic Plan, which positions the Bank to deliver solid, long-term value to Customers, Shareholders, Associates and the Community-at-Large.

While the economy remains sluggish, steady, positive progress is being made toward a recovery from the deep recession. There is a slight improvement in unemployment. We see evidence of some increase in business and consumer spending. And although the housing market remains slow, there has been an uptick in first-time homebuyers and in the sale of low and moderate house price ranges. We are cautiously optimistic that less challenging times are on the horizon.

Be assured, York Traditions Bank's firm footing in our Core Values will remain steady and solid.

Sincerely,



Mike Kochenour
Chairman, President and CEO



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SPOTLIGHT: Meeting the Big Needs of Small Business

Now more than ever, York County Small Businesses are searching for a bank that will pay attention to their individual needs. With our team of business banking professionals, we are committed to being that bank!

OUR CUSTOMERS SAY IT BEST

Stephen Wilson, Owner/President of Brockie Pharmatech feels, "York Traditions Bank takes a personal interest in the growth of our business. They've been able to help us solve problems and overcome any hurdles that are placed in our way."

"They really bend over backwards to make sure they fulfill my small business needs, including coming to me on off hours. I really appreciate that," says **Dr. Nancy O'Neill** of O'Neill Orthodontics. "And they're there for the community - that's very important to me."

Paul Hayes, CEO/Team Leader of Keller Williams Keystone Realty shares, "There's a true desire to earn and win my business for the long term, not just long enough to get into business with me. York Traditions Bank means trusted business banking solutions."



Stephen Wilson, Dr. Nancy O'Neill, Paul Hayes

Community

Traditions in the

The **12th Annual York City Home Tour** was held on May 6, 2011, and York Traditions Bank was proud to support the event as lead sponsor. York Young Professionals did a wonderful job showcasing city living at its finest, working with 8 urban homeowners and developers, local food vendors and public transportation. Patrons explored the many neighborhoods and architectural styles of York City. The evening concluded with an after party held at the historic York Water Company building on East Market Street, where York Traditions Bank Associates mingled with guests.



Pictured L to R are **Stephanie Leisenring**, *Head Teller, White Street*, **Pat Joseph**, *Mortgage Services Partner*, **Linda Heintzelman**, *Mortgage Underwriter* and **Lisa Wilkins**, *Senior Personal Banker, Eastern Boulevard*. We look forward to next year's event!



York's Distinguished Young Women, formerly York County's Junior Miss, was held on April 30, 2011. This premier scholarship program for high school girls encourages and rewards young women for striving to be their best. This year, a total of \$35,000 was awarded to the 28 finalists from York County schools. During the evening, Carolyn Schaefer accepted an award on behalf of York Traditions Bank, which recognized the Bank's commitment to the program.

Pictured above with Carolyn is **Carolyn Henry** of Dallastown, York County's 2011 Distinguished Young Woman. Carly will go on to represent York County in the state program in Johnstown this summer. Congratulations to Carly and to ALL of this year's participants!

Community Organizations need to work with a bank that truly understands the community it serves.

That's why York Traditions Bank is committed to reaching out to churches, non-profit organizations and fire companies with specialized relationship products in order to meet their specific needs. We have a vested interest in their success because we are personally involved in the community. If you are affiliated with one of these organizations, call us today to see how we can help.

"York Traditions Bank has a deep concern for those that it serves – and that means a great deal to us."

Pastor Patrick Rooney
Senior Pastor, Christ Lutheran Church, York

YWCA York, in partnership with the York Revolution, hosted the 2nd annual **Walk a Mile in Her Shoes** event on Friday, May 20, 2011, in downtown York. This international march is aimed at stopping rape, sexual assault and gender violence. During the event, men took part in a mile-long walk wearing women's high heels. While the male Senior Leadership Team of York Traditions Bank donned "creative crocs" instead of heels (not wanting to exacerbate back problems), they definitely stepped out of their comfort zone adorned in gems, jewels and feather boas. Their message of support was clear as they held signs to raise awareness while raising funds for York County victims of domestic violence, sexual assault and other violent crimes.



Shown walking L to R are **John Blecher**, *Chief Financial Officer*, **Shawn Stine**, *Managing Director, Business Services*, **Mike Kochenour**, *Chairman, President and CEO* and **Gene Draganosky**, *Managing Director, Loan Administration and CCO*. Also joining them (hidden behind John) was **Tom Gregory**, husband of Teresa Gregory, *Managing Director, Mortgage Services*.



Senior Leader

PERSPECTIVES

Carolyn Schaefer, Managing Director, Personal Banking

It's All About Creating Added Value

Chances are you started a relationship with York Traditions Bank because of your need for a particular product. But we may be able to help you with more than you were aware of! How well do you really know us?

Did you know? We can do more for your lending needs.

York Traditions Bank has a full line of personal loan products including Residential Mortgages, Home Equity Loans and Home Equity Lines of Credit. It's true that almost every financial institution offers these products as well, but the difference is that we are hometown lenders who make decisions on an individual basis.

Did you know? We can do more for your financial planning needs.

We offer free financial planning services to help make your money work for you! At York Traditions Bank, each branch has skilled experts who can help you identify your short-term and long-term needs and then develop solutions to maximize your return. These advisors are also trained to set up IRAs and provide guidance when it is time to initiate required minimum distributions from your retirement plan.

To help meet your personal investment goals, York Traditions Bank offers wealth management services by partnering with reputable and trusted firms. Depending on our clients' needs, we work together with The Sides Group at Morgan Stanley Smith Barney, Haverford Trust and Counsel Trust. This is just an extension of how we approach customer relationships.

Did you know? We can do more to make your money work for you.

If you're more comfortable leaving high balances in your checking account, we have created a product that earns interest like a long-term CD! PowerUp Checking pays above-market interest rates with no minimum balance and no fees. If you regularly use your debit card, don't miss out on the benefits this account offers! Talk to one of our branch bankers to discover if PowerUp is right for you!

Did you know? We offer . . .

- VISA Gift Cards
- Credit Cards with Rewards – Coming Soon!
- Free Coin Counting at our White Street Branch
- Savings Overdraft Protection
- Free Online Banking
- Free Bill-Pay
- Free E-Statements
- Wire Services/Funds Transfer
- Four Convenient Branch Locations



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Start a conversation with us and find out how we can do more, to help you do more!

Serving the Unique Financial Needs of Women



What is the reasoning behind York Traditions Bank's focus on Women Business Owners, Leaders and Professionals?

With 80 cents of every dollar either influenced or directly spent by a woman, it certainly makes good business sense! But, more importantly, there's a need that's not being met. According to Dartmouth College Economics Professor, Annamaria Lusardi, "Research has shown that women, even professional women with good jobs and successful careers, tend to be less financially literate than men." She also points out, "The gap in financial literacy between women and men is large not only among older people, or those 50 and older, but also among young adults, an age group where women are more likely to have a college degree than men."

Why do you feel this gap exists?

It is a curious statistic because women are certainly capable of closing this gap. But research also suggests that women don't find money and investing as interesting as men do. And by their very nature, women prefer to learn about money in person or in groups with others in their situation, as opposed to reading a book about it.

So where does York Traditions Bank fit into the picture?

We realize that providing women with solutions to achieve growth and prosperity is not just about great products. It's about giving women the knowledge – and the confidence – they need to succeed. And that takes a personal relationship, which is what York Traditions Bank is all about! Our local roots, as well as our commitment to exquisite customer service, make us a great choice for those who are interested in a bank that is interested in their individual needs.

How can York Traditions Bank make "finances fun" and "investing interesting" for women?

One of the latest examples was our 3rd Annual Women's Luncheon, which was held on June 9 at the Susan Byrnes Health Education Center. Arthur Sheer, President of the Roosevelt Investment Group, Inc., enlightened 90 guests about the state of the economy and the trends on the horizon for investing in the future. Because women want to invest in themselves as well, we also invited nationally recognized speaker Chris Johnson of OnTarget Living. Chris got the group up and moving and gave advice on how to achieve a balanced life with increased energy and vitality. Those in attendance also expressed that they enjoyed the wonderful networking opportunity and delicious lunch by York Blue Moon.



Speaker Chris Johnson motivated guests during our recent Women's Luncheon, "Healthier. Wealthier. Wiser."

What can women expect next from York Traditions Bank?

Although we've been making a conscious effort over the last 4 years to provide women with the tools, education and networking opportunities they need to succeed in business, we're at the cusp of taking it to a whole new level.

Stay tuned for more information on our Women's Initiative in the near future!

Scholarship Awards

York Traditions Bank awarded our first ever Women's Leadership Traditions Scholarships in May. We received many excellent applications from accomplished young women in nearly every school district in York County, which made the choice very difficult. Ultimately, **Katelyn Swade** of Susquehannock High School (pictured center, left) and **Casie Strausbaugh** of Dover Area High School (pictured center, right) rose to the top, and each received \$500 toward their college education based on their "superior leadership skills, admirable academic achievement and promising potential to become a future woman leader of our community." Do you know of a young woman entering her senior year at a York County high school this fall? Encourage her to apply for the 2012 Scholarship. The application and eligibility requirements will be available on our website and in our branches no later than September 1, 2011. Deadline is January 31, 2012.



Growing to Better Meet Your Needs



ED HESSON, *Retail Business Partner*

Since joining York Traditions Bank in 2007, Ed Hesson has been committed to the Small Business market, providing financial advice and support to owners that need some extra help and guidance. He's developed these relationships to the point that it is now his sole focus. As of May, Ed no longer wears a Branch Manager hat, and his full attention is devoted to helping small businesses with credit needs under \$250,000 realize their potential. You will still find Ed's home base at our St. Charles Way Office. A native of Dallastown, Ed is very involved in the York community. Currently, he is active with the York County Council of Churches as Board Treasurer.



JUDY CHAMBERS, *Senior Branch Manager, St. Charles Way*

Upon opening our third branch on Susquehanna Trail North in 2006, York Traditions Bank called on the experience of Judy Chambers to lead the way. Previously, Judy spent 28 years at Wachovia (now Wells Fargo). Her recent move to Senior Branch Manager at St. Charles Way was a natural one. Judy grew up in York and is passionate about her hometown, which is evident from her busy volunteer schedule. She serves on the Board for the United Way of York County, is the Treasurer of West York Rotary, is a Big Sister for York's Distinguished Young Women Scholarship Program (formerly Junior Miss), and is a Founding Member of the Buy Local Coalition.



ALICE MULDROW, *Branch Manager, Susquehanna Trail North*

Alice Muldrow has called York home for over 16 years and came to York Traditions Bank from Metro Bank where she most recently oversaw the York Crossing Office as AVP/Store Manager II. Alice was drawn to York Traditions Bank because of the focus on relationship banking. She loves that the Bank is made up of those who grew up in York, who are involved in the York community, and who truly aspire to be York's bank of choice. Alice is active with several nonprofits in York. She is a member of the Board of Trustees for the Leukemia & Lymphoma Society and is the Co-Corporate Chairperson for this year's York "Light the Night" Walk, which will be held at Cousler Park on October 12.



SUSAN CAMPBELL, *Branch Manager, Eastern Boulevard*

Sue joins the York Traditions Bank team from Sovereign Bank where she was Manager of the Shrewsbury office. She spent her entire banking career with York Federal/Waypoint/Sovereign, originally starting at their Haines Road branch. Sue is convinced that York Traditions Bank is a perfect fit for her. She was impressed to learn of the Bank's Core Values and feels they mirror her own. Sue is

very involved with her church and with the Boy Scouts of America. As Past Chair of the Eagle Scouts District Board of Review, she proudly oversaw the approval for 347 area Eagle Scout Awards. Sue has a passion for working with children, especially those with special needs.

Mortgage Services - One Year Later

It's been over a year since York Traditions Bank made the commitment to help York Countians realize the dream of home ownership by adding a Residential Mortgage Division. We felt it was a good time to provide an update!



Ginger Zook

Even among news of challenges in the housing industry, our Mortgage Services Team is growing! Since our last writing, **Ginger Zook** joined York Traditions Bank as a Mortgage Services Partner in September of 2010, bringing with her 8 years

of mortgage experience and a reputation for her personalized attention. Together, our 3 expert originators have combined experience of nearly 50 years.

We have also welcomed **Linda Heintzelman**, *Mortgage Underwriter*, **Pat Faucette**, *Mortgage Services Coordinator*, and **Kim Amberman**, *Mortgage Services Specialist*, who each bring a wealth of knowledge in their respective areas. From inception through June 30, 2011, this team has closed over 500 mortgage loans totalling nearly \$95 million.

Because our mortgage professionals live here and are truly invested here, they know the York community inside and out. That means a lot to someone who is making such a major decision.

"Customers appreciate the fact that our size gives us the ability to simplify the mortgage process and make it seamless," says Managing Director Teresa Gregory. "Our underwriter is in house – she has a face, a name and a voice. And each loan we process is not just the next file on our desk – it's a dream for someone in our own hometown.

It feels good to be able to provide the level of service that customers deserve."

While refinancing has slowed, it's a great time for first-time homebuyers. Ample inventory and continued low interest rates means it is still a buyer's market. York Traditions Bank also offers construction loans for those who want to "stay put" and improve or add onto their current residence.

Refer a Friend

Tell a friend or family member about your experience at York Traditions Bank, have them mention it when they open an account, and we'll treat you to lunch at White Rose Bar & Grill or Heritage Hills! (\$25 value)



235 St. Charles Way
York, PA 17402
741-1770

2450 Eastern Boulevard
747-2620

2305 Susquehanna Trail North
747-2640

2170 White Street
747-2660



Equal Opportunity Lender

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Susquehanna Trail North Celebrates 5 Years

In July of 2006, within a year of opening a second office on Eastern Boulevard, York Traditions Bank welcomed customers at our third branch at 2305 Susquehanna Trail North. Slightly off the beaten path, we realized this location required a different approach. Outreach to the area was measured and methodical, and we knew the key would be to build strong relationships one at a time.

Five years later, it has proven to be the right method. Neighbors are telling neighbors. Word is spreading. In 2010, Susquehanna Trail experienced the greatest growth to date. The deposit base grew \$8 million and market share increased by 25%.



Under the continual leadership of Senior Branch Manager Judy Chambers (now at St. Charles Way) and Personal Banker Sandy Dumanski, York Traditions Bank currently holds a 19% market share. With the addition of the new Branch Manager, Alice Muldrow, the future continues to look bright.

Happy Birthday, Susquehanna Trail – to our Associates and to our customers! Here's to many, many more new relationships!

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Credit Cards
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information



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