

Traditionally S P E A K I N G

Letter from the President

Since our last newsletter, York Traditions Bank commemorated a decade in business and declared 2012 our best year yet. At year end, total assets exceeded \$282 million, loans totaled \$204 million, and deposits topped \$246 million. Net income was \$2.816 million, an increase of \$1.208 million from 2011. That equated to a return on assets of 1.05%. And earnings per share available to common shareholders was \$1.25, an increase of 70 cents over the prior year. We celebrated an incredible 10 years!

But we headed right into 2013 focused on the next 10 years and beyond. York Traditions Bank is committed to sustaining strong financial performance that will maintain our independence as a locally owned community bank and drive value to all of our stakeholders. Here's how we intend to do it:

Our Core Values have remained the hallmark of our success. As a growing organization, we are taking action to provide depth and succession across the Bank in order to sustain the culture we have built in an evolving world. Full implementation of our Enterprise Risk Management program reinforces our commitment to the details so we can continue our sound, stable, strong positioning, even in the midst of an uncertain economy. And because our team is INVESTED in providing exquisite service to our valuable customers, we are seeking feedback through surveys to validate that our efforts are delivering the results we strive for every day.

We unveiled Mobile Banking in 2012, and we look forward to presenting new technological delivery channels in 2013 and beyond which will enable customers to bank how, when, and where they wish. A 10-year expansion plan is being developed to extend our reach beyond our four current branch locations. And we are building the foundation for our future with Traditions Center, our proposed new headquarters, reinforcing the message that our home base will be right here in our own hometown.

As we add people, infrastructure, branches, and technology, we are working toward one unified goal - to increase our base of value-driven relationships so that more individuals and businesses can experience the attention they deserve, and that *only* a truly hometown bank can offer.

Always looking forward,



Mike Kochenour
Chairman, President and CEO



UPCOMING CHANGES in Mortgage Lending

In this environment of historically low interest rates, it's easy to forget that mortgage rates this affordable haven't always been the norm. But as the job market improves and the economy continues to gain momentum, the extended period of continually falling rates is subject to change as well.



All of this comes as new mortgage lending regulations are set to take effect in January of 2014. "Although the industry is still interpreting the final rules laid out by the Consumer Financial Protection Bureau, one thing is certain," notes Teresa Gregory, York Traditions Bank's Managing Director of Mortgage Services, "those rules will end up reshaping who qualifies for a mortgage. While the intention is to protect the consumer, unintended consequences can come alongside regulation. Stricter guidelines may hinder the ability of some buyers to qualify for a mortgage."

Signs also point to a housing market that is on a path to recovery, which means home prices will continue to rise. So don't sit on the fence. If you have been thinking about buying or refinancing, now is the time to do your homework and explore the options. Our experienced team of mortgage professionals can answer your questions and help you determine if this may be the best time for you to make your move.

York Traditions Bank participates in York Builders' Home Show



On February 7-10, 2013, 24 of our Associates took turns manning the booth at the **York Builders Association Home Show**. It was a great opportunity to talk one-on-one with York County homeowners and home improvement businesses about the advantages of dealing with a truly local bank for their lending needs.

We were also happy to sponsor Saturday's Lego Contest, which was emceed by our own Teresa Gregory (*pictured, left*).

A huge thank you to Mike Ausherman (*pictured, right*) of **Mike Ausherman Painting** for donating the prize of One Room Painted Free! The lucky winner was Charlene Wallbillick (*pictured, center*) of York, who was at the Home Show to gather ideas for her remodeling project. She was planning to do the painting herself, so she was thrilled to win! Charlene has nothing but glowing comments about the Mike Ausherman team. Congratulations, Charlene!

"Her Traditions" and Financial Personalities presented at various events

Since the unveiling of **Her Traditions** in June of 2012, the initiative has garnered some attention - in York County and beyond! Carolyn Schaefer, Managing Director of Personal Banking and Wealth Management, and Holly Buchanan, Author and Women's Marketing Consultant, have been co-presenters at a number of different conferences and events over the last nine months.

On October 6, 2012, Carolyn and Holly attended **The Peak 98.5's Annual Women's Show** at Memorial Hall of the York Expo Center and held a seminar titled "Discover Your Unique Financial Personality."

On November 7, 2012, the duo was invited to the **17th Annual Small Business Banking Conference** in Boca Raton, FL where they presented a conference workshop to bankers on the differences in communication style between men and women. Carolyn explained how **Her Traditions** has been effective in starting conversations about money, establishing relationships, and helping women feel more confident in their financial lives.

Most recently on March 12, 2013, Carolyn and Holly teamed up once again to present the concept to 55 guests at the **Women's Business Center Organization's** monthly luncheon meeting at York College. Intrigued by the topic, Craig Layne of wtf 89.5 interviewed them before the luncheon for a MoneyWorks radio feature which aired on March 20. You can hear the interview by visiting www.wtf.org/news and clicking on the MoneyWorks link. If you aren't familiar with **Her Traditions**, read more at www.yorktraditionsbank.com/hertraditions or ask any of our Associates to share more about this exciting and unique initiative.



wtf's Craig Layne interviews Carolyn Schaefer about the four Financial Personalities for the station's MoneyWorks feature.

"Rootin' for the REVS" in 2013 with the York Revolution T-shirt Toss!



Last year's York Revolution "RBI Guy" promotion was so much fun, we decided to partner with our hometown baseball team once again. This year, we are excited to be the Revs **T-shirt Toss** sponsor!

The **T-shirt Toss** has become a favorite at every home game as limited edition Revolution logo'd t-shirts are propelled into the stands. This year, instead of a giant slingshot, the Revs will be using a t-shirt cannon to toss the prizes!

Opening Day is Thursday, April 18! Come out and 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!

York Young Professionals present Annual City Home Tour May 17th

For the 3rd year in a row, York Traditions Bank is happy to be the Presenting Sponsor of the **York Young Professionals' City Home Tour**. Since 1999, the YYP has been working with urban homeowners and developers to showcase city living at its finest. This year's event will take place the evening of Friday, May 17, 2013, and will begin at the Susan P. Byrnes Health Education Center, 515 South George Street in York.

The homes which will be open for tours will be announced shortly. You can find more details as the date nears at www.yorkyp.com.

Advance tickets to the 2013 City Home Tour will be available for purchase in all of our branches closer to the event date.

Community

TRADITIONS IN THE

Last holiday season, York Traditions Bank teamed up with the **York Daily Record/Sunday News** as the collection point for their **Annual Christmas Emergency Fund**. Newspaper readers, along with our customers, responded generously, and we were happy to present the **York County Food Bank** with a check for \$15,488.49 to help the hungry in our local area.

One donor sent a check along with the following note - "Here's a little something to help those less fortunate at this glorious time of the year. I am just a lucky lady that has a comfortable life in my later years. I want to share with someone else." It was simply signed, "Just a caring person"



Pictured (left to right) are **Mike Kochenour**, Chairman, President and CEO of York Traditions Bank, **Jonathan Fisher**, Executive Director of York County Food Bank, **Amanda Shank**, Resource Public Relations Development for York County Food Bank, and **Carolyn Schaefer**, Managing Director of Personal Banking and Wealth Management with York Traditions Bank.

Bank donates EITC funds to 26 educational improvement organizations

Enacted in 2001, the Educational Improvement Tax Credit allows 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 or have a qualifying Scholarship or Pre-Kindergarten Scholarship fund in place. **Last year, York Traditions Bank distributed a total of \$80,000 in Educational Improvement Funds to the following York County non-profits:**

- | | |
|--|---|
| The ARC of York County | Martin Library Association |
| Children's Home of York | Salvation Army |
| Christian School of York | Strand-Capitol Performing Arts Center |
| Corporation for Penn State | Susan P. Byrnes Health Education Center |
| Crispus Attucks Association | YMCA of York & York County |
| Cultural Alliance of York County | YWCA of Hanover |
| DreamWrights Youth & Family Theatre | YWCA of York |
| Hanover Area Family YMCA | YorkArts - The Arts Centre of York |
| Hanover Foundation for Excellence in Education | York College of Pennsylvania/ York Country Day School |
| Jewish Community Center of York | York County Alliance for Learning |
| Junior Achievement of South Central PA | York County Heritage Trust |
| Leg Up Farm | York Little Theatre |
| Logos Academy | York Symphony Orchestra |



WELCOME TO THE YORK TRADITIONS BANK TEAM!



MIKE SHARP joined our Business Services Team in November 2012 as Business Services Partner. Mike has spent the past 20 years in community banking, including 5 years as a Business Banking Relationship Manager. Mike also served in the US Army for 13 years, both on active duty and in the reserves.



FIONA EYSTER became a Senior Mortgage Services Partner in February of 2013 with our Mortgage Team. Fiona has been in the industry for many years and was most recently employed as a Loan Officer with Susquehanna Bank.

Outstanding ACHIEVEMENTS



CENTRAL PENN BUSINESS JOURNAL'S
**WOMEN
of INFLUENCE**

Carolyn Schaefer Receives Lifetime Achievement Award

It is a great honor for a person to be named one of Central Penn Business Journal's 25 "Women of Influence," which recognizes women leaders across York, Adams, Cumberland, Dauphin, Franklin, Lancaster, Lebanon and Perry Counties who are influential in their companies, industries and communities; have a solid reputation based on their experience, integrity and leadership; and have a proven track record of accomplishments.

But beyond that, there are three individual awards that are also given. We are thrilled that Carolyn Schaefer, Managing Director of Personal Banking and Wealth Management, has been voted the Lifetime Achievement Award winner for 2013! The **Lifetime Achievement Award** is presented to a woman who has committed her life to making Central Pennsylvania a great place to work and live. We feel this award suits Carolyn perfectly!

Carolyn's award will be officially presented during the luncheon ceremony held on Monday, May 13, at the Hilton Harrisburg, and her profile will be included in a special publication inserted in the May 17 issue of the *Central Penn Business Journal*.



CENTRAL PENN BUSINESS JOURNAL'S
**CFO OF THE YEAR
AWARDS | 2013**

John Blecher Named "CFO of the Year" Finalist

John Blecher, Founder and CFO, has been selected as one of the finalists for this year's *Central Penn Business Journal* **CFO of the Year Awards** in the category of Small Private Companies.

This unique local program honors the unsung heroes of business - the financial officers who work behind the scenes - and celebrates their leadership which is vital to the success and stability of businesses and organizations, as well as the region's overall economic growth. John was selected by the judges as one of the top nominees in York, Adams, Cumberland, Dauphin, Lancaster, Lebanon and Perry Counties for his leadership and achievements within the Bank, as well as his contributions to the community.

All finalists and award recipients will be recognized at an awards ceremony the evening of Thursday, May 30, 2013, in the York College of Pennsylvania Performing Arts Center. Additionally, they will be featured in a special supplement to the June 7 issue of the *Central Penn Business Journal*.



**A T H E N A
INTERNATIONAL**

Elizabeth Dellinger is York's 2013 ATHENA Award Winner

The ATHENA Award Program® was developed 29 years ago by ATHENA International to honor exceptional woman leaders who demonstrate the highest level of professional excellence, give back to their community, and most importantly, assist other women in realizing their full leadership potential.

We are happy to announce that Elizabeth Dellinger, Director of Treasury Management, will be recognized as **York's ATHENA Award Winner** on April 5, 2013 at the York County Economic Alliance Annual Dinner. Liz was a founding member of ALLIANCEfuel and the first recipient of their Ignite Award. Leadership York also honored her as their Distinguished Alumnus for 2010/2011. Liz currently serves on the Boards of Penn State/York, Lutheran Social Services, Salvation Army and Leadership York. She is a sought out community leader and a true role model.



ED LECKRONE also joined the York Traditions Bank Mortgage Team in February of 2013 as a Senior Mortgage Services Partner. He comes to us with years of real estate lending experience as a Loan Officer in the York area.

Mortgage Services Partner, **GINGER STOLTZFUS**, and her husband, Sam, recently moved from York to pursue their dream as owners and operators of Stoltzfus Bed & Breakfast in White Horse, Lancaster County. "I've been surrounded by so many encouraging people at York Traditions Bank," Ginger shares. "During my 10 years in the mortgage business, I have never worked for a place that has cared more about the customer than their bottom line." We will miss you, Ginger. We wish you the very best!

INDUSTRY LEADERS



TERESA GREGORY,

Managing Director of Mortgage Services, has been chosen as an Advisory Council member for the Mortgage Partnership Finance (MPF) Program

through the Federal Home Loan Bank (FHLB). The MPF Program was created in 1997 and has helped more than 1,200 financial institutions fund more than 1 million loans for families across America. Formed in May 2012, the MPF Advisory Council serves as a national forum for experienced mortgage professionals to share their views of real estate lending activity and discuss the challenges of the changing housing market. The council makes recommendations to the MPF Program to benefit member banks and their customers. As one of only 18 council members in the country, Teresa represents the FHLBank of Pittsburgh and will attend quarterly meetings over her three-year term.

Last fall, Teresa was also asked by the American Bankers Association (ABA) to serve on the Mortgage Markets Committee. This group meets monthly via conference call to monitor developments in both the primary and secondary mortgage markets and make recommendations on legislative and regulatory issues that affect the operations and competitiveness of ABA members in those markets. The committee will convene in St. Louis in April in conjunction with the ABA Real Estate Lending Conference.



CHARLES WURSTER,

York Traditions Bank Credit Officer, has been appointed to serve a two-year term as a member of the Pennsylvania

Bankers Association (PBA) Grassroots Advocacy Committee. The committee coordinates the Association's grassroots contacts program that consists of volunteer bankers who meet with state and national legislators to explain and discuss issues affecting the industry and consumers.

The PBA, located in Harrisburg, is the state's major banking trade association representing an expansive and diverse membership.

BANK NEWS

Security Center now available

Your online security is our priority, and although we leverage advanced security measures to keep your information safe and secure, we can't do it on our own. We need you to be vigilant at all times. Knowing what to be aware of when online will help keep your personal and financial information safe and secure.

Click on the **SECURITY CENTER** image on our homepage to visit the site and build awareness of how you and your kids can stay safe online while reducing spam and protecting your computer against unwanted intrusions. Find out what you should consider suspicious activity to ensure you don't get caught in e-mail scams and mobile fraud. Learn what terms like phishing, vishing, twishing and smishing mean. And watch videos provided by OnGuardOnline.gov to help you recognize when someone is trying to trick you into sharing information that could be used against you.



Extended Cutover

York Traditions Bank is pleased to announce that in-branch or drive-thru transactions made until 6pm on weekdays are processed the same day.

What does this mean for you?

- Funds are available sooner.
- No more rushing into the branch before 4pm in order to transact "today's business."
- CD's and IRA CD's opened before the end of a business day begin earning interest on the day of deposit.

Please note: All Saturday transactions will still be processed on the next regular business day.

For further details, ask for a copy of our Funds Availability Policy.



Instant Issue Debit Cards

York Traditions Bank is happy to announce the arrival of Instant Issue! Now, when a new account with a Debit Card is opened, customers don't have to wait for the card to be mailed. Choose from a number of designs, including the ones pictured above, with more designs to be added in the future. Expiring Debit Cards will continue to be reissued automatically and mailed.

First Dividend Paid

On December 20, 2012, the Board of Directors of York Traditions Bank declared a cash dividend of \$0.10 per common share, payable on January 18, 2013, to shareholders of record at the close of business on January 11, 2013. This dividend was a special 10th Anniversary payout to reflect the organization's appreciation for our shareholders' loyalty, and was the first in the Bank's history.

For inquiries regarding acquiring shares of York Traditions Bank common stock, please contact John Blecher, CFO, at 717-747-2601 or email jblecher@yorktraditionsbank.com

Investor Information now available on our website

Our Investor Relations page can be found by clicking on the "About Us" tab at the top of our homepage or by typing the following address into your browser: www.yorktraditionsbank.com/aboutus_investors.asp

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)

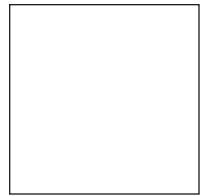


235 St. Charles Way
York, PA 17402
741-1770

2450 Eastern Boulevard
747-2620

2305 Susquehanna Trail North
747-2640

2170 White Street
747-2660



Equal Opportunity Lender

MEMBER FDIC



Creating our Home Base in *our own Hometown!*



Work has officially begun on Traditions Center - the proposed administrative hub of York Traditions Bank - at 226 Pauline Drive in York Township. The Bank will develop 18,000 of the 28,000 square foot building. Demolition of the front wall of the building will make way for a new facade. Side windows and attractive landscaping will also be added. The move should occur sometime this summer.

Traditions Center will be home to approximately 45 members of the Executive

Administration, Deposit Operations, Loan Operations, Mortgage Operations, and Business Services departments, all of which are currently located at 235 St. Charles Way. A training area and conference rooms will be utilized by the entire team.

While commercial loan customers will visit Traditions Center, the majority of customer interactions will still occur in the branches, including meetings with Mortgage Originators. The retail branch at 235 St. Charles Way will remain at its current location, along with the Retail Administrative Team and the Marketing department.

Visit us at www.yorktraditionsbank.com



**A PENNY
FOR YOUR
THOUGHTS**
*or maybe a \$20
VISA Gift Card!*

When you visit our branches during the month of April, you have the opportunity to take a short five minute survey. Participants will be entered into a drawing for a \$20 VISA gift card. We'll draw one winner each weekday!

**Ask for details
at any branch!**