

Traditionally S P E A K I N G

Letter from the President & CEO



On October 28, York Traditions Bank celebrated 15 years of steady growth and is on target for 12 straight years of profitability. As we mark our anniversary and close the books on our most profitable quarter-to-date, we can confidently state that our success is a result of remaining true to our Vision, Mission, and Core Values.

In contrast to our positive long-term performance, many financial institutions across the country have succumbed to regulatory burdens, margin compression, credit quality issues, ineffective succession planning, and other debilitating conditions. Since our inception in 2002, the number of banks in the United States and Pennsylvania has declined through a combination of mergers and outright failures by 38 and 45 percent, respectively.

For York Traditions Bank, profitable growth amidst a shrinking industry is the best way to maintain continued organizational vitality and increase Shareholder value. This assures continued positive impact for our hometown.

We make an impact for our clients by helping them start or grow businesses, purchase or renovate homes, manage money, invest in their family's futures, or simply gain confidence in their finances through our commitment to counseling and education.

We make an impact for our community not only with our financial contributions (over \$1.2 million since inception) but also by making a difference through our vast volunteerism. Our Associates take every opportunity to promote positive change in the York and Hanover areas... Because We Live Here Too®.

And, we make an impact for our Associates, our most treasured resource, by sustaining our culture and providing fulfilling careers. Through continuous growth and development, our Associates strive to reach their fullest potential in service to others.

As you page through highlights of our 15-year history - from 13 Associates to 115, from one branch to five (soon to be six) plus a local Administrative Headquarters, from \$0 in assets to approaching \$440 million - we hope it's clear that our goal has always been to be a true community partner and a Bank that values relationships over transactions.

While we take great pride in our history and appreciate the solid foundation that has been built, we're not resting on our laurels! We look toward the future, motivated by the opportunity to continue to serve you when, where, and how you choose - offering the ever-changing technology you expect and the never-changing personal treatment you deserve.

Delivering on our Value Proposition to our clients, community, and Associates will yield strong value to all stakeholders in the next 15 years and beyond.

Thank you for the privilege to be your hometown bank.

Gene Draganosky
President & CEO



Bank announces sixth branch opening in York City in 2018!



On a beautiful, sunny morning in August, we assembled at the bustling intersection of North George and East Philadelphia Streets to make a long anticipated announcement. Mayor Bracey, our County Commissioners, and over 60 community members, business owners, and professionals from throughout the city gathered to share in our exciting news: York Traditions Bank will open a downtown York branch at that very intersection in 2018! (Subject to customary regulatory approvals.)

"Since we first opened our doors in October 2002, a York City branch has always been a part of our strategic vision," said Founder and Chairman, Mike Kochenour. "It will be thrilling to watch it come to life in 2018."

Over the last decade and a half, York Traditions Bank has established locations to the south, east, north, and west of the city. In 2013, we opened our administrative headquarters on Pauline Drive. In 2014, we built our first branch in the Hanover area on Eisenhower Drive. The new Downtown York branch, which will be located on the first floor of 100-102 North George Street, is a continuation of our ongoing long-term investments in this beloved community and is a testament to our dedication to our customers and to York City.

(continued on back page)

Pictured above: Speakers at the August 22 press conference included (left to right) Dylan Bauer, Partner and Development Director, Royal Square Development and Construction (RSDC); Benjamin Chiaro, Brokerage Advisor, ROCK Commercial Real Estate; Susan Byrnes, York County President Commissioner; Mike Kochenour, Founder and Chairman of the Board, York Traditions Bank; Gene Draganosky, President and CEO, York Traditions Bank; Mayor Kim Bracey, York City; and Kevin Schreiber, President and CEO, York County Economic Alliance.



Look inside for highlights of our Milestones & Achievements since our founding!

15 YEARS

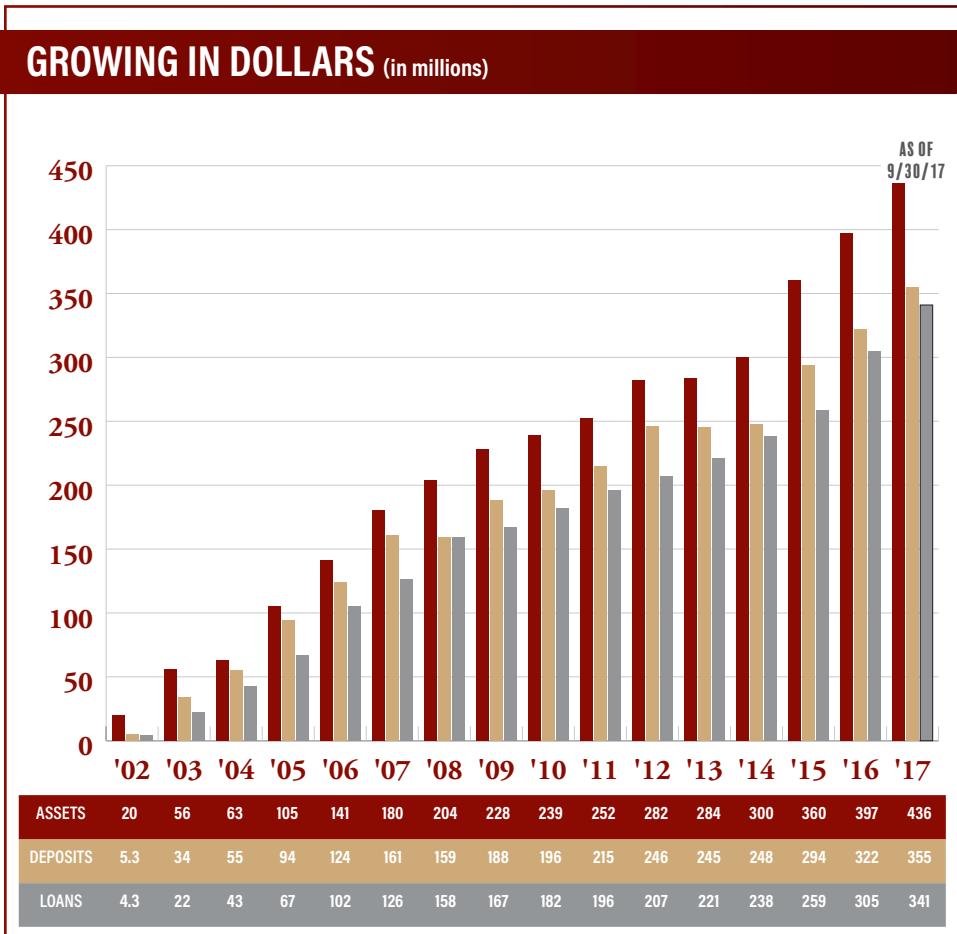
2002-2017

Milestones & Achievements

The timeline that spreads throughout the pages of this newsletter is a sampling of the many memories and successes we've been honored to experience over the past decade and a half as we've built York Traditions Bank.

We wish we could have included a photo of each and every Associate who has been a part of this amazing journey. Our brand is our people - each one fully invested in serving the businesses, individuals, and organizations in the York and Hanover areas, **BECAUSE WE LIVE HERE TOO**®.

Special thanks to our original Founders, Charter Associates, Board of Directors, Shareholders, Community Leaders, and amazing Customers.



Above left: Jean Treuheart (second from left), Executive Director of YWCA York, accepts a donation from three York Traditions Associates who also serve on the YWCA York Board - Kristi Riley-Platt, Elizabeth Dellinger, and Keith Sheffer. **Above right:** Team Traditions participated in the Bowl for Kids Sake at the South Hanover Lanes. Pictured are (left to right) Ivette Nelson, Tracy Morrow, Christine Jessee, Ruth Shaffer, and Tammy Hayes.

2002

2003

2004

JANUARY 16

Applied to the PA State Department of Banking & FDIC for State Bank Charter

OCTOBER 28

Received regulatory approval
Opened first branch at
235 St. Charles Way

MAY

Held first Annual Meeting

MAY

Published first
"Traditionally
Speaking" newsletter

MARCH

Launched community stock offering, which raised \$9.6 million

Founders Mike Kochenour and John Blecher, along with Board of Directors, establish Bank's **Core Values**



MARCH

Unveiled website
www.yorktraditionsbank.com

DECEMBER

Formed
Business Council

GROWING IN RELATIONSHIPS

2002
10/28-12/31/02

2017
AS OF 9/30/17

98



7,926

Personal Customers

45



1,812

Business Customers

13



115

Associates

#1

**MORTGAGE
LENDER**
IN YORK COUNTY*

5,347

families
purchased or
refinanced their
homes with
York Traditions
Bank since the
formation of
our Mortgage
Division in
January 2010!



*According to the most recent production volume data available from the Consumer Financial Protection Bureau, based on mortgages for first lien owner-occupied homes.

GROWING IN OUR IMPACT ON THE COMMUNITY

2002
10/28-12/31/02

2017
1/1-9/30/17

Dollars
Donated

424



264,931

Organizations
Receiving
Donations

3



135

Since our inception,
York Traditions Bank
has donated over

\$1.2 MILLION

to **York & Hanover** area non-profits.

Our Associates
gave of their **TIME**
and **TALENTS** to

**182 COMMUNITY
ORGANIZATIONS**
so far this year.



Above left: Artist Ophelia Chambliss created *Contiguous* - an art exhibit which represents the diversity, connectiveness, and commonalities of York County residents. York Traditions Bank was happy to sponsor and provide volunteer help for the June 22nd reception. **Above middle:** A few of our heel-wearing, fund-raising team members "Walked A Mile In Her Shoes" forYWCA York and Hanover to help victims of domestic abuse, sexual assault, and human trafficking. **Above right:** This was the fourth year the Bank was presenting sponsor of July4York. This year, 8,000 York Countians enjoyed free entertainment, children's activities, and fireworks as we celebrated our Country's independence.

2005

2006

2007

MARCH

Initiated second stock
offering to public

DECEMBER

Announced 5-for-4 dividend
for Shareholders

OCTOBER

Second branch opens
on Eastern Boulevard

2006

Became profitable

JULY

Third branch opens on
Susquehanna Trail North

Named to lists of 50 Fastest
Growing Companies in PA,
Best Places to Work in PA, &
Corporate Citizen Finalist for
Central PA Business of the Year
Awards

Began partnership with
The Sides Team for retail
investment referrals



June 2005
Carolyn Schaefer joins Bank as
Managing Director, Personal
Banking & Wealth Management

Find the York Traditions Bank CREDIT CARD that's right for you!



No matter which card you choose, you'll enjoy important features like:

- EMV smart chip technology for added security
- Mobile purchasing capability for added convenience
- Plus much more!

PERSONAL OPTIONS

ALL PURPOSE REWARDS

Visa® Bonus Rewards Card
Visa® Bonus Rewards PLUS Card

CASH BACK AND TRAVEL REWARDS

Cash Rewards American Express® Card
Travel Rewards American Express® Card

ENJOY A LONGER INTRO RATE

Visa® Platinum Card

BUSINESS OPTIONS

ALL PURPOSE REWARDS

Visa® Business Bonus Rewards Card
Visa® Business Bonus Rewards PLUS Card

CASH BACK REWARDS

Visa® Business Cash Card

ENJOY A LONGER INTRO RATE

Visa® Business Card

Ask for all the details and
APPLY TODAY!



YOUR PLAN OF ATTACK AFTER A HACK

Just when you think you've done all the right things to protect your credit or debit card from fraud, it happens. BAM! Another report about a major business getting hacked and private payment information – possibly yours – being stolen.

Are your accounts in danger? Maybe. Is there anything you can do? Yes, there is!

Here are some important steps you can take to protect yourself:

CHECK YOUR STATEMENTS OFTEN: Look for any charges – big or small – that you don't recognize. Some thieves try to make major purchases, while others will make small ones that are likely to blend in with your normal purchases. Call us or your credit card company immediately if you notice anything suspicious. With the ability to access your statements online at any time of the day or night, you should be monitoring your accounts frequently. The sooner you spot a problem, the quicker it can be dealt with – and the less hassle it will cause you. Take some time now to read the fine print that is part of your card agreement because credit and debit cards have different requirements and responsibilities in instances of fraudulent purchases.

MAKE A CALL: If you have shopped or made payments to a company that has been hacked, call your credit card company, financial institution, or the company itself and let them know. You'll find the toll-free number to call on the back of your card. It's even quite possible that they offer a free credit-monitoring service that will watch your account for suspicious activity.

GET A NEW CARD: If you are concerned about the safety of your account, request a new credit or debit card from the issuer or ask that your PIN number be changed. Once that change has been made, be sure to update any automatic payments you have set up with your new information so those transactions won't be disrupted.

SET UP ALERTS: Many financial institutions and credit card companies allow you to set up email or text message alerts that notify you if purchases exceed a certain amount, if they are made on the Internet or internationally, or if your balance reaches a certain level. These alerts can be early warnings that something isn't right.

BE AWARE: While it's always important to check your account statements for irregularities, it is especially important to be alert after major hacking incidents. And don't let your guard down if your account isn't affected right away – thieves could either try to use your information immediately or wait for months before doing something when it's not expected.



mastercard. AUTOMATIC BILLING UPDATER

No more declines due to account changes! Your York Traditions Bank Mastercard® Debit Card now has Mastercard Automatic Billing Updater. For the merchants that participate, cardholders will no longer have to provide updated card information when their card is reissued due to normal expiration or a lost or stolen card. It will be automatically and securely updated with the new expiration date or card number, avoiding inconvenient (and perhaps embarrassing) interruptions in service.

2008

2009

2010



MAY

Established
Wellness Committee

JUNE

Held First Annual Women's Luncheon –
"Women, Wealth & Wit"

POWERUP
CHECKING

DECEMBER

Created PowerUP Checking

NOVEMBER

Formed
Young Professionals Council



JANUARY

Formed Mortgage Division

OCTOBER

Fourth branch opens
on White Street



April 2008
Gene Draganosky joins Bank as
Managing Director, Chief Credit Officer



January 2010
Teresa Gregory joins Senior Team as
Managing Director, Mortgage Services



YORK TRADITIONS BANK *Mentor Program* ENTERS ITS SECOND YEAR



One component of the Mentor Program is quarterly group mentoring with a variety of individuals and subject matter experts. On October 12, York City Mayor Kim Bracey visited the Bank to share her story, her leadership journey, and the influences that helped shape her both personally and professionally. Pictured above are (L to R) Denton Senft, Sue Campbell, Andrew Koplit, Kristi Riley-Platt, Mayor Bracey, Carrie Becker, David Gonsalves, Susan Glass, and Zachery Puller. All were truly inspired by the experience.

In April 2016, York Traditions Bank unveiled a formal Mentor Program to support our Associates' career progression and job fulfillment. The program was created by an internal Mentor Committee led by Director of Training and Development, Susan Campbell. With decades as a Boy Scout leader in Central PA, Campbell has first-hand knowledge of the power of positive examples. She knew the impact a Mentor Program could have, not only for the individuals involved but also for the Bank as we build talent and continually plan for succession.

In September 2016, Mortgage Services Underwriter, Carrie Becker, became the program's first mentee. She was matched with Director of Loan Administration, Keith Sheffer, as her mentor. They quickly established a great rapport. They set objectives based on Carrie's personal career goals and met regularly to track progress. They read and discussed leadership books, and Carrie attended several off-site training courses. Sheffer also introduced Becker to many community leaders through multiple networking events and connected her to banking industry mentors like Board Member, Betty Carson.

In September 2017, Year One of the program was complete. "I'm so thankful to the Bank for this experience and especially to my Mentor, Keith, for sharing his time and his insights," said Becker. "The Mentor Program is one example of York Traditions Bank's Core Values in action... truly committed to the growth and development of people."

Year Two of the Mentor Program is now in progress. Kristi Riley-Platt, Mortgage Services Operations Manager, is being mentored by Mark Poliski, Chief Credit Officer. Zachery Puller, St. Charles Way Client Care Manager, is being mentored by Mike Huson, Managing Director of Business Services. We hope Kristi and Zack's experiences will help them move one step closer to achieving their career dreams.

**An organization
that values growth
and development
of people**



York Traditions Bank Mentors and Mentees are pictured (L to R): Keith Sheffer, Carrie Becker, Mike Huson, Zachery Puller, Mark Poliski, and Kristi Riley-Platt.

HER TRADITIONS SCHOLARSHIP APPLICATIONS NOW BEING ACCEPTED FOR 2018 PROGRAM

York Traditions Bank recognizes the influential role of women as business and community leaders in York County, and believes a community is only as strong as its best leaders. As part of its commitment to the local community, the Bank created the Her Traditions Scholarship Program. Now in its eighth year, this scholarship is designed to help develop the leadership potential of women who will ultimately serve as role models for future generations in the county. York Traditions Bank will present up to four \$500 awards to 2018 graduates. The deadline for applications is February 28, 2018.

For more information and an application, interested young women may stop by any branch or visit www.hertraditions.com. Applications must be dropped off at a Bank branch or postmarked by Friday, February 28, 2018.

2011

MARCH
Formed
Women's Council

MAY
Awarded first
Scholarships

AUGUST
Launched branded
marketing campaign

2012



APRIL
Introduced
Mobile Banking

JUNE
Created **Her Traditions**
and the Financial
Personality Indicator

MAY
Developed **INVESTED**
service standards



2013



AUGUST
Administrative Headquarters
opens on Pauline Drive

NOVEMBER
Digging Deeper,
Growing Stronger
Associate Initiative

BECAUSE WE LIVE HERE TOO®



DIRECTOR'S NOTES

When we set out to create a true local banking choice, we knew our success depended on building a strong foundation. That meant choosing a Board of Directors who believed in our Vision and Mission as much as we did. We chose well.

Our six original independent Directors helped us draft our Core Values, guided us through the financial crisis of 2008, and celebrated each of our successes and milestones with us. Each of them still serves on the Board today. On the occasion of our 15th year in business, I asked two of them to share their thoughts and reflections (below).

I want to take this opportunity to thank each of our Board Directors - now ten in total - for their dedication, passion, conviction to the Core Values, and most importantly, their friendship over the years. I am so honored to continue as Chairman, and I could not be prouder of what we have all created together. **Happy 15th Anniversary!**



Michael E. Kochenour
Chairman of the Board



Dr. Wanda Filer
Strategic Health Institute Founder, Family Medicine Physician



John D. Brown
Blockhouse, Inc. Board Director, Blockhouse Properties Managing Director

What do you feel has been the most significant accomplishment for the Bank?

Our most significant accomplishment has been to create a well-respected, top quality organization while achieving high customer satisfaction and excellent financial performance. I think that starts with a culture which attracts "Best-in-Class" Associates.

There have been so many; it's hard to choose. One major accomplishment has been the creation of the Residential Mortgage Team. Our Mortgage Department is not only profitable but is a huge interface with our community, fostering relationships with all of our mortgage customers.

What do you feel has been the most significant challenge for the Bank?

The Bank has successfully weathered the ups and downs of a deep national financial crisis, but we have found tremendous opportunity and learned valuable lessons as a result. We have dedicated ourselves to delivering safety and soundness - not only in the challenging times but every day.

The most significant challenge was dealing with the 2008 financial crisis, resulting recession, and associated loan spread squeeze. With strong efforts by the CFO, CEO, Managing Directors, and every member of the team, we utilized our resources very prudently during that tumultuous time, and we continue to do so.

Name something that has changed / remained the same over the past 15 years.

Changes abound in banking as they do in many industries: regulatory changes, IT developments, security concerns, and new channels to interact with customers. The need for relationships, exquisite customer service, and active listening remain central to managing our growth and strengthening our brand. The opportunity to serve our neighbors remains such a privilege.

The banking industry is continually changing in every way. What has remained the same at York Traditions Bank is the ongoing engagement of the Board of Directors, Senior Management, and Associates to grow this Bank. Happy, satisfied customers are always the goal, and the way to achieve that goal is through happy, satisfied Associates.

How important have the Core Values been to our growth and success?

The Core Values are the backbone upon which the entire organization is built, down to every decision. They have created our culture of excellence in service and performance, and they will continue to guide our forward motion.

With the Board of Directors and Senior Management developing and embracing our Core Values, we have grown a team of 115 "Best-in-Class" Associates. I personally believe that is why we have been successful in our 15-year history and why we will continue to grow for many years to come.

2014



June 2014
William Hartman and David Bode
join Board of Directors

JUNE

York Traditions Bank begins trading
on OTC Pink (YRKB)



NOVEMBER

Fifth branch opens in Hanover on Eisenhower Drive
Hanover Advisory Board formed

AUGUST

EnrichU financial literacy program started
Long-term community event
sponsorship announced with



DECEMBER

Achieved **\$300 million**
in assets

2015



FEBRUARY

Investor Relations
site launched

APRIL

Gene Draganosky named
President



February 2015
Betty Carson joins Board of Directors



April 2014
Mike Huson named Managing
Director, Business Services

INVESTOR CORNER

YORK TRADITIONS BANK REPORTS THIRD QUARTER EARNINGS

York Traditions Bank (OTC Pink: YRKB) reported net income available to common shareholders of \$1,065,000, or 48 cents per share, for the third quarter ended September 30, 2017 compared to \$920,000, or 42 cents per share, for the third quarter ended September 30, 2016. This represents a \$145,000, or 16%, increase over the third quarter of 2016. Net income available to common shareholders for the nine months ended September 30, 2017 was \$2,424,000, or \$1.09 per share (diluted). This represents an increase of \$42,000, or 2%, over the first nine months of last year. Book value per common share stood at \$15.86 at September 30, 2017.

"We are immensely satisfied with the third quarter results," stated Eugene J. Draganosky, President and Chief Executive Officer. "We outperformed third quarter earnings in 2016 by 16%. Like the prior year, this was our best quarter, positioning us well for the remainder of 2017. Our year-to-date earnings are now also running ahead of last year. Excellent growth in loans and deposits has boosted net interest income by \$1,377,000, or 16%, through the first nine months of 2017. Loans have grown \$43.9 million, or 15%, while deposits have grown \$40.4 million, or 13%, during the past twelve months. Loan quality remains strong with \$26,000 in net charge-offs so far in 2017 and a 0.71% non-performing asset ratio. The recently completed \$10 million private placement capital offering increased our Tier 1 capital ratio to 10.83%, putting us in excellent position to continue to pursue the great growth opportunities in our market."

FINANCIAL HIGHLIGHTS (unaudited)

(Dollars in thousands, except per share data)

SELECTED FINANCIAL DATA	SEP 30, 2017	SEP 30, 2016
Total assets	\$435,526	\$397,565
Loans, net of unearned income	\$340,679	\$296,815
Deposits	\$354,861	\$314,455
Book value per common share	\$15.86	\$14.63
Return on average assets	0.79%	0.86%
Return on average equity	9.52%	10.59%

Visit ir.yorktraditionsbank.com to access complete quarterly earnings releases and current market prices.

YORK TRADITIONS BANK ANNOUNCES \$10 MILLION PRIVATE PLACEMENT CAPITAL RAISE

On September 29, 2017, York Traditions Bank (OTC Pink: YRKB) announced that it has raised \$10 million through a private placement of common stock. A total of 606,061 shares were sold to a limited number of institutional bank investors at a price of \$16.50 per share. York Traditions Bank intends to use the proceeds of the offering to support continued organic growth and general operations.

"Strong growth in loan demand, fueled by healthy local economic conditions and our identity as the local banking choice, is a key driver of this desire for additional capital," stated Eugene J. Draganosky, President and Chief Executive Officer. "Further, our previously announced York City branch addition and natural extension into other geographic market areas represent further opportunities to expand our reach. We are pleased that the institutional investment community has recognized our performance and embraced our potential for even greater success."

Griffin Financial Group, LLC acted as financial advisor and placement agent. Rhoads & Sinon LLP acted as legal counsel.

Safe Harbor Statement: *Except for historical information contained herein, the matters discussed on this page 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.*

2016

2017

2018

JANUARY
Signature Banking Division launched

MAY
First Annual Hanover Her Traditions luncheon

OCTOBER
Mike Kochenour named ICBA Community Banker of the Year-East

October 2016
Mark Poliski joins Bank as Chief Credit Officer

JANUARY
Gene Draganosky named CEO

MARCH
Bank hits \$400 million in assets

March 2017
Bradley Willow joins bank as Managing Director, Personal and Signature Banking

SEPTEMBER
Private placement capital raise of \$10 million

COMING SOON!

2018
Sixth branch will open downtown at 100-102 North George Street, York

The best is yet to come!

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, and they'll get their first order of checks free when they open a checking or money market account. Ask for details!

- Red Robin
- White Rose Bar & Grill
- 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

Opening in 2018!

100-102 North George Street

HANOVER

361 Eisenhower Drive
(717) 637-2610

Member FDIC | Equal Opportunity Lender

NWL-01-001 (10/17)

Bank to open Downtown York branch *(continued from front page)*

As we celebrate our 15th Anniversary, the recent outpouring of community support is a reminder of the cherished friendships that have been forged along our journey. We do not take these relationships for granted.

One of those valued partnerships is with Eventive. It's our honor to help sustain traditions like the York Halloween Parade and July4York, and grow new traditions like the FestivICE ice festival to serve residents and attract more visitors to our great city.

"York Traditions Bank is extremely proud to join the other thriving businesses that have invested in downtown York," noted President and CEO, Gene Draganosky. "It is a long-term investment and an important part of our continued strategic growth. We believe that our new branch will help contribute to the continued growth of York City as well."



Above: Over 60 community members, business owners, and professionals from throughout York City gathered to share in our exciting news during a press conference on August 22 at the corner of East Philadelphia and North George Streets.

KEEP UP WITH OUR LATEST NEWS

JOIN THE ONLINE CONVERSATION!



/YorkTraditionsBank



@YorkTraditions



/company/York-Traditions-Bank

Help shape our presence
downtown by taking our survey!

**YorkTraditionsBank.com/
Downtown-Survey**

Visit our website at yorktraditionsbank.com