



**Quarterly Report
Third Quarter 2020**

Dear Shareholders and Friends:

During the third quarter of 2020, the Bank declared and paid its second cash dividend since its founding. Directly on the heels of this, the Bank commenced a common stock offering aimed at raising \$15 million to fund growth and expansion. The offering circular contained a “green shoe” provision allowing, in the event of high demand, the ability of the Bank to raise an additional \$5 million, resulting in a total offering of \$20 million. The offering commenced during the week of September 14th. The Bank is pleased to announce that it was able to sell all of the \$20 million of common stock in a record time of approximately three weeks! This occurred at a time when, in the entire country, banks were securing subordinated debt as an alternative to common stock. For most banks, raising common equity was not a viable option due to the fact that bank stocks’ market values were approximately 70% to 80% of tangible book value. The Bank’s capital raise was an unusual transaction, based upon the volume and speed of the sale, and drew the attention of investment bankers throughout the country.

Even though these were trying times for many banks, our Bank realized the following financial highlights:

- Net income reached \$2.877 million for the nine months ended September 30, 2020.
- Comparing the quarter ended September 30, 2020 to the same quarter ended in 2019, net income grew by 0.51%. In addition, comparing the nine months ended September 30, 2020 to the nine months ended in 2019, net income rose 3.71%.
- Total net interest income grew 16.37% over the quarter ended September 30, 2020, compared to the quarter ended September 30, 2019, and 15.73% over the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019.
- Total net loans grew \$66.7 million, or 17.17%, to a total of \$455.1 million at September 30, 2020 compared to December 31, 2019. Loan quality remained strong with no delinquencies past 60 days as of September 30, 2020, as well as no non-accrual loans.
- Total deposits grew \$52.8 million, or 12.88%, to a total of \$462.9 million at September 30, 2020 compared to December 31, 2019.
- Savings deposits increased \$52.5 million, or 50.45% during the first nine months of 2020.
- The market value of our Common Stock is \$19.00 per share as of the last trade. This reflects the common stock offering price.

GELT (meaning “money” or “cash”) Buses #2 and #3 arrived in Pennsylvania from Elkhart, Indiana in the third quarter and were deployed in October 2020 to areas in Lancaster and Chester Counties bringing our total Mobile Bank unit locations to sixteen.

For the third straight year, the Bank was named to the list of one of the Best Places to Work in Pennsylvania by the Central Pennsylvania Business Journal coming in at #32! This is truly an honor bestowed upon us by our employees. We were one of only two banks on the list from the entire state of Pennsylvania.

Finally, on behalf of the Board of Directors and the entire management team, we would like to wish you good health and much happiness during the Holiday season. If you have questions about the Bank, please feel free to contact us at 717-768-8811.

Sincerely,



Lori Maley, CPA
President and CEO

MISSION STATEMENT

*To cultivate lasting customer relationships
by providing quality banking services with
integrity in the markets we serve.*

Condensed Balance Sheet
September 30, 2020 and December 31, 2019

<i>In thousands</i>	Unaudited	Audited
	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$67,308	\$68,935
Loans receivable, net of allowance for loan losses of \$4,153 at September 30, 2020 and \$3,414 at December 31, 2019	455,056	388,364
Bank premises and equipment, net	2,381	1,921
Accrued interest receivable	1,531	1,167
Restricted investment in bank stock	276	236
Bank Owned Life Insurance	5,360	5,243
Other assets	504	446
Total Assets	<u>\$532,416</u>	<u>\$466,312</u>
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing demand	\$58,034	\$41,516
Interest-bearing demand	321,974	238,146
Time deposits	82,878	130,422
Total Deposits	<u>462,886</u>	<u>410,084</u>
FHLB advances	-	-
Accrued interest payable	79	151
Other liabilities	1,372	738
Total Liabilities	<u>464,337</u>	<u>410,973</u>
Shareholders' Equity		
Total Shareholders' Equity	<u>68,079</u>	<u>55,339</u>
Total Liabilities and Shareholders' Equity	<u>\$532,416</u>	<u>\$466,312</u>

Condensed Statement of Income

<i>In thousands</i>	Unaudited Quarter Ended	Unaudited Quarter Ended	Unaudited 9 Months Ended	Unaudited 9 Months Ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Total Interest Income	\$4,381	\$4,834	\$13,469	\$13,393
Total Interest Expense	904	1,846	3,532	4,807
Net interest income	3,477	2,988	9,937	8,586
Provision for Loan Losses	281	94	740	498
Net interest income after provision for loan losses	3,196	2,894	9,197	8,088
Total Other Income	313	250	946	772
Total Non-Interest Expenses	2,227	1,870	6,406	5,267
Net income before income taxes	1,282	1,274	3,737	3,593
Income Taxes	297	294	860	819
Net Income	<u>\$985</u>	<u>\$980</u>	<u>\$2,877</u>	<u>\$2,774</u>



Our Locations

Bird-in-Hand

309 N Ronks Rd
 Bird-in-Hand, PA
 17505

Intercourse

3540 Old Phila Pike
 PO Box 516
 Intercourse, PA
 17534

Paradise

3314 Lincoln Hwy E
 Paradise, PA
 17562

Get Bus schedule on the back page for more locations near you



**Quarterly Shareholder
Update Inside...**

The BANK that comes to you!

MON	9a-12p	Honey Brook Hardware 5004 Horseshoe Pike • Honey Brook
	12:30p-5p	Brandywine Shoe Shop 1620 Cambridge Rd. • Honey Brook
	9a-5p	Nolt's Greenhouse Supply 151 E Farmersville Rd. • Ephrata Ephrata Community Church 70 Clay School Rd. • Ephrata
TUES	8a-12p	Oxford Produce Auction 200 Union School Rd. • Oxford <i>Apr-Nov</i>
	12:30p-5p	Valley View Hardware 280 Township Rd. • Lincoln University/Oxford <i>Apr-Nov</i>
	9a-5p	Noble Road Milking 1523 Kirkwood Pike • Kirkwood John M Hess Auction Service 768 Graystone Rd. • Manheim
WED	9a-11:30a	Sunrise Green House 2319 Robert Fulton Hwy • Peach Bottom
	12p-5p	Beiler s Sawmill 921 Lancaster Pike • Quarryville
THURS	9a-5p	Vibrant Church (parking lot) 125 W Main St. • Terre Hill
	9a-12p	Dutch-Way Market 365 Route 41 • Gap
	12:30p-5p	Green Tree Hardware 1342 Georgetown Rd. • Quarryville
FRI	9a-5p	Meadowcreek BBQ Supply 140 W Main St. • New Holland
	9a-12p	Oxford Produce Auction 200 Union School Rd. • Oxford <i>Dec-Mar</i>
	12:30p-5p	Valley View Hardware 280 Township Rd. • Lincoln University/Oxford <i>Dec-Mar</i>
	9a-5p	RH Rohrer and Sons 16 E State St. • Quarryville A.B. Martin Roofing Supply 82 Garden Spot Rd. • Ephrata



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