

Unlike some segments in the industry, our deposits have been stable for the past four quarters. However, since late in 2022, we have experienced upward rate pressure on money market and time deposits. We expect that this pressure will continue into the year and further pressure our margin.

Loan balances are up 12.3% over the same period last year. Our growth continues to focus on indirect auto and commercial lending. The rising rate environment has greatly affected our residential mortgage production. The refinance market has cooled and it has become more expensive to buy a new home – both issues resulted in fewer mortgage applications.

The implementation of the new accounting standard, the current expected credit loss model (CECL), did increase our provision expense by 144.9% over the first quarter of 2022. This is largely the result of our strong first quarter loan production. Under the CECL model, a higher expectation of loss is built into loans earlier in their life cycle, resulting in a more front-loaded provision.

This year, Jonestown Bank & Trust Co. celebrates the 150th anniversary of our founding on May 20, 1873. The Bank was started during the financial crisis of 1873, a time when scores of railroads were going bankrupt, as well as 100 banks and over 18,000 businesses failed. Over the past 150 years, the Bank has survived many financial panics, crises, and world events. It's a good reminder, that regardless of the current day headlines, your Company is built to last.

It is through that lens that we continue to strive to inspire confidence with all of our stakeholders. Thank you for your continued confidence, investment, and business.



Troy A. Peters  
President & Chief Executive Officer

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## LETTER TO SHAREHOLDERS

I am pleased to report that the Board of Directors has declared a first quarter dividend of 24.5 cents per share for shareholders of record as of April 24, 2023, and payable on April 28, 2023. We are proud of our strong dividend history and happy to return a portion of profits to our shareholders. The company produced earnings of \$1,525,000 or \$0.63 per share versus \$1,385,000 or \$0.57 per share in the first quarter of the prior year. This represents a 10.1% increase in earnings.

The banking industry has certainly been making headlines during the first three months of 2023. There have been bank failures that triggered the enactment of the FDIC's "systemic risk exception" that ensured depositors would be made whole in the event of an institution's failure – even deposits in excess of current FDIC limits. This was done to provide confidence in the entire US banking system.

It will continue to be debated as to what went wrong at these failed institutions. But, we can agree that there were a number of banking fundamentals involved including: concentration risk, interest rate risk, liquidity risk, asset liability management, oversight and governance. All banks face these risks and we at JBT proactively assess and manage them.

JBT is a traditional community bank and here are some of the ways we operate that separate us from the ones in the news:

- We have a stable, non-concentrated, deposit base generated in the communities we serve.
- The vast majority of our deposits are covered by FDIC insurance and more are protected through other insured programs and/or guaranteed by collateral.
- We use our deposits to loan out to people and companies we know well.
- Our securities portfolio represents 3.5% of total assets and although dramatic rate changes did result in unrealized losses, the effect on our accumulated other comprehensive income (AOCI) is less than two percent of total capital.

We experienced no dramatic client reaction to these high-profile banking failures and we remain well capitalized.

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## Balance Sheet

(Unaudited)  
(Dollars in thousands)

### Assets

	As of March 31,	
	2023	2022
Cash and due from banks	\$ 28,803	\$ 69,382
Securities	31,814	31,797
Loans, net of allowance	802,240	714,172
Premises/equipment, net	11,287	11,416
Other assets	24,990	22,168
<b>Total assets</b>	<b>\$ 899,134</b>	<b>\$ 848,935</b>

### Liabilities and Shareholders' Equity

#### Liabilities

Non-interest bearing deposits	\$ 129,594	\$ 131,526
Interest bearing deposits	602,870	616,091
<b>Total deposits</b>	<b>732,464</b>	<b>747,617</b>
Short-term borrowings	58,499	0
Long-term debt	29,092	28,801
Other liabilities	7,588	5,878
<b>Total liabilities</b>	<b>\$ 827,643</b>	<b>\$ 782,296</b>

#### Shareholders' equity

Common stock: par value \$2.00 per share, 6,000,000 authorized shares, issued and outstanding 2,433,696 shares	\$ 4,867	\$ 4,867
Surplus	7,394	7,394
Undivided profits	60,912	55,205
Accumulated other comprehensive income	(1,682)	(827)
<b>Total shareholders' equity</b>	<b>\$ 71,491</b>	<b>\$ 66,639</b>

#### Total liabilities and shareholders' equity

	<b>\$ 899,134</b>	<b>\$ 848,935</b>
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## SELECTED FINANCIAL DATA

March 31,	2023	2022
Return on assets	0.70%	0.67%
Return on equity	8.72%	8.40%
Book value per share	\$29.38	\$27.38
Earnings per share (basic and diluted)	\$0.63	\$0.57

## Income Statement

(Unaudited)  
(Dollars in thousands)

3 Months Ended March 31,

2023 2022

### Interest Income

Loans receivable	\$ 9,523	\$ 6,851
Taxable securities	263	271
Tax-exempt securities	28	28
Other	204	22
<b>Total interest income</b>	<b>10,018</b>	<b>7,172</b>

### Interest Expense

Deposits	1,497	440
Short-term borrowings	588	0
Long-term debt	206	183
<b>Total interest expense</b>	<b>2,291</b>	<b>623</b>
<b>Net interest income</b>	<b>7,727</b>	<b>6,549</b>

Credit loss expense	906	370
<b>Net interest income after credit loss expense</b>	<b>6,821</b>	<b>6,179</b>

### Other Income

Service charges on deposits	431	358
Mortgage banking activities	32	58
Other income	616	481
<b>Total other income</b>	<b>1,079</b>	<b>897</b>

### Other Expenses

Salaries/employee benefits	3,137	2,877
Occupancy	386	354
Equipment	156	170
Marketing	264	109
Other operating expenses	2,084	1,861
<b>Total other expenses</b>	<b>6,027</b>	<b>5,371</b>
<b>Income before income taxes</b>	<b>1,873</b>	<b>1,705</b>
Federal income taxes	348	320
<b>Net income</b>	<b>\$ 1,525</b>	<b>\$ 1,385</b>