

our net interest income through ongoing funds management practices.

There is no doubt we have been faced with challenges and we expect future ones. Fortunately, the Bank is strong and well positioned, not only to ride out this current cycle, but to flourish into the future. As always, we thank you for your continued confidence, investment, and business.



Troy A. Peters  
President & Chief Executive Officer

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## JBT BANCORP, INC. 3RD QUARTER REPORT



SEPTEMBER 30 2023

## LETTER TO SHAREHOLDERS

I am pleased to report that the Board of Directors has declared a third quarter dividend of 24.5 cents per share for shareholders of record as of October 23, 2023, and payable on October 27, 2023. We are proud of our strong dividend history and happy to return a portion of profits to our shareholders. Your company produced earnings of \$5,720,000 or \$2.35 per share through three quarters, down from \$5,833,000 or \$2.40 per share in the same period of the prior year.

The operating environment thus far into the year has been a challenging one. With historic rate increases designed to tame inflation, most banks have turned to balance sheet management strategies to shore up their institutions. JBT is no different. We have focused on liquidity and we have been successful in building our cash reserves.

Although our loan balances have grown by 2.22% over this point in 2022, credit has indeed tightened. Our indirect portfolio, consisting of used auto loans, accounts for over a third of our entire portfolio. It provides strong and consistent cash flow from monthly payments and payoffs. In today's higher rate environment, we can re-lend those proceeds to generate better yielding assets. However, we have purposely reduced our indirect portfolio slightly to focus on liquidity and yield.

Credit quality remains excellent. According to the Federal Reserve, consumers and businesses continue to have strong balance sheets at this point in the cycle. Perhaps this is one reason we haven't slipped into a recession. A top credit concern within the industry is banks having exposure to commercial real estate – specifically in office space. Tenant occupancy rates are anticipated to continue to decline as remote work affects lease rates. At the same time, borrowers are renegotiating loan rates in a rate environment that is considerably higher while cash flows are constrained. We believe although there may well be issues in various locations around the country, JBT is not exposed to this segment or the geographic locations that are of common concern.

The competition for deposits continues to be stiff. While we have been successful in keeping deposits stable year-over-year, they are more expensive. Balances are shifting from lower cost liquidity accounts to higher cost time deposits. Although this has heavily contributed to a substantial increase in our interest expense, we were successful in increasing

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## Balance Sheet

(Unaudited)  
(Dollars in thousands)

As of Sept 30,  
2023      2022

### Assets

Cash and due from banks	\$ 63,140	\$ 31,558
Securities	34,270	31,184
Loans, net of allowance	776,337	759,473
Premises/equipment, net	10,895	11,058
Other assets	29,140	22,136
<b>Total assets</b>	<b>\$ 913,782</b>	<b>\$ 865,409</b>

### Liabilities and Shareholders' Equity

#### Liabilities

Non-interest bearing deposits	\$ 142,789	\$ 132,621
Interest bearing deposits	597,565	606,727
<b>Total deposits</b>	<b>740,354</b>	<b>739,348</b>
Short-term borrowings	64,000	14,000
Long-term debt	29,037	27,635
Other liabilities	7,214	5,738
<b>Total liabilities</b>	<b>\$ 840,605</b>	<b>\$ 786,721</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	63,914	58,582
Accumulated other comprehensive income	(2,998)	(2,155)
<b>Total shareholders' equity</b>	<b>\$ 73,177</b>	<b>\$ 68,688</b>

#### Total liabilities and shareholders' equity

	<b>\$ 913,782</b>	<b>\$ 865,409</b>
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## Income Statement

(Unaudited)  
(Dollars in thousands)

9 Months Ended Sept 30,  
2023      2022

### Interest Income

Loans receivable	\$ 30,223	\$ 22,669
Taxable securities	865	773
Tax-exempt securities	96	85
Other	1,248	237
<b>Total interest income</b>	<b>32,432</b>	<b>23,764</b>

### Interest Expense

Deposits	5,963	1,554
Short-term borrowings	2,372	31
Long-term debt	775	506
<b>Total interest expense</b>	<b>9,110</b>	<b>2,091</b>
<b>Net interest income</b>	<b>23,322</b>	<b>21,673</b>

Credit loss expense	1,071	1,108
<b>Net interest income after credit loss expense</b>	<b>22,251</b>	<b>20,565</b>

### Other Income

Service charges on deposits	1,349	1,164
Mortgage banking activities	98	192
Other income	1,779	1,891
<b>Total other income</b>	<b>3,226</b>	<b>3,247</b>

### Other Expenses

Salaries/employee benefits	9,440	8,753
Occupancy	1,099	1,023
Equipment	449	467
Marketing	761	529
Other operating expenses	6,673	5,886
<b>Total other expenses</b>	<b>18,422</b>	<b>16,658</b>
<b>Income before income taxes</b>	<b>7,055</b>	<b>7,154</b>
Federal income taxes	1,335	1,321
<b>Net income</b>	<b>\$ 5,720</b>	<b>\$ 5,833</b>

## SELECTED FINANCIAL DATA

September 30,	<u>2023</u>	<u>2022</u>
Return on assets	0.85%	0.93%
Return on equity	10.69%	11.59%
Book value per share	\$30.07	\$28.22
Earnings per share (basic and diluted)	\$2.35	\$2.40