

quarter we strategically worked to reduce our indirect portfolio in light of funding costs, availability, and internal targets. Credit quality remains solid and well managed. Our commercial portfolio has performed well and we continue to carefully monitor the consumer portfolio for signs of household budgetary stress due to inflation and higher rates.

We expect to see further FOMC rate increases in the second half of the year as the Fed tries to rein in inflation and temper the labor market. We believe that JBT is well positioned and focused to navigate through this current cycle.

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 second quarter dividend of 24.5 cents per share for shareholders of record as of July 24, 2023, and payable on July 28, 2023. We are proud of our strong dividend history and happy to return a portion of profits to our shareholders. Your company produced six-month earnings of \$3,394,000 or \$1.39 per share, up from \$3,293,000 or \$1.35 per share in the prior year. This represents a 3.1% increase in earnings.

2023 has been a volatile year for the financial sector. Coming off the collapse of the crypto markets, followed by fluctuations in the stock market, continued rapid FOMC rate hikes, and climaxing with the failures of a few high-profile banks - the year has been anything but dull.

Even though the operating environment has been challenging, I can report to you that JBT remains a strong, well-capitalized, locally run institution. As you know, we are celebrating our 150th anniversary this year. On May 20th, the exact day 150 years after the Bank's founding, we held a community celebration at the Union Canal Tunnel Park. It is estimated that the event was attended by 1,750 to 2,000 people who enjoyed games, prizes, animals, and other festivities. We were honored by having one of our longest tenured clients, Betty Young, who at 99 years young has been banking at JBT for the past 80 yrs. It's fair to say that JBT has seen and survived many local, national, and global events in the past century and a half. We are reminded that regardless of the current day headlines, your company is built to last.

Funding and liquidity have been hot topics across the banking industry lately. Competition for deposits has escalated and this has pushed-up interest expense and compressed margins. Our overall deposit levels have remained stable since the beginning of the year. We have long believed that core consumer and business deposits, anchored by a checking account represent stable, profitable, and long-term client relationships. We remain focused on attracting new core relationships and retaining those we currently serve. Our strategies are working and we are growing new deposit relationships ahead of our expected targets.

After starting out the year with strong loan growth, the second quarter's lending activity cooled. Year-to-date growth stands at 2.5% – led by commercial lending production. During this

*Continued >*

## Balance Sheet

(Unaudited)  
(Dollars in thousands)

### Assets

	As of June 30,	
	2023	2022
Cash and due from banks	\$ 43,936	\$ 30,748
Securities	35,242	30,690
Loans, net of allowance	797,057	742,554
Premises/equipment, net	11,053	11,231
Other assets	25,856	22,428
<b>Total assets</b>	<b>\$ 913,144</b>	<b>\$ 837,651</b>

### Liabilities and Shareholders' Equity

#### Liabilities

Non-interest bearing deposits	\$ 140,584	\$ 130,132
Interest bearing deposits	600,762	611,664
<b>Total deposits</b>	<b>741,346</b>	<b>741,796</b>
Short-term borrowings	64,000	0
Long-term debt	29,035	22,719
Other liabilities	6,807	5,658
<b>Total liabilities</b>	<b>\$ 841,188</b>	<b>\$ 770,173</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	62,185	56,577
Accumulated other comprehensive income	(2,490)	(1,360)
<b>Total shareholders' equity</b>	<b>\$ 71,956</b>	<b>\$ 67,428</b>

<b>Total liabilities and shareholders' equity</b>	<b>\$ 913,144</b>	<b>\$ 837,651</b>
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## Income Statement

(Unaudited)  
(Dollars in thousands)

6 Months Ended June 30,  
2023 2022

### Interest Income

Loans receivable	\$ 19,722	\$ 14,300
Taxable securities	545	528
Tax-exempt securities	61	57
Other	527	82
<b>Total interest income</b>	<b>20,855</b>	<b>14,967</b>

### Interest Expense

Deposits	3,556	896
Short-term borrowings	1,458	0
Long-term debt	490	339
<b>Total interest expense</b>	<b>5,504</b>	<b>1,235</b>
<b>Net interest income</b>	<b>15,351</b>	<b>13,732</b>

Credit loss expense	1,141	720
<b>Net interest income after credit loss expense</b>	<b>14,210</b>	<b>13,012</b>

### Other Income

Service charges on deposits	882	760
Mortgage banking activities	67	112
Other income	1,302	1,070
<b>Total other income</b>	<b>2,251</b>	<b>1,942</b>

### Other Expenses

Salaries/employee benefits	6,280	5,794
Occupancy	745	690
Equipment	309	304
Marketing	578	294
Other operating expenses	4,371	3,799
<b>Total other expenses</b>	<b>12,283</b>	<b>10,881</b>
<b>Income before income taxes</b>	<b>4,178</b>	<b>4,073</b>
Federal income taxes	784	780
<b>Net income</b>	<b>\$ 3,394</b>	<b>\$ 3,293</b>

## SELECTED FINANCIAL DATA

June 30,	2023	2022
Return on assets	0.76%	0.79%
Return on equity	9.62%	9.95%
Book value per share	\$29.57	\$27.73
Earnings per share (basic and diluted)	\$1.39	\$1.35