

PRESS RELEASE
October 22, 2020
JD Bancshares, Inc.

FOR IMMEDIATE RELEASE
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JD Bancshares, Inc. Reports Financial Results for Q3 2020

Jennings, LA., October 22, 2020 (ACCESSWIRE) – JD Bancshares, Inc. (the “Company”), (OTCQX: JDVB), the parent holding company of JD Bank (the “Bank”), reports its unaudited financial results for the three and nine-month periods ended September 30, 2020.

Net income is \$1,693,921 or \$1.09 per common share for the three-month period ended September 30, 2020 compared to \$1,648,996 or \$1.06 per share for the linked quarter ended June 30, 2020 and \$2,373,939 or \$1.52 per share for the prior year quarter ended September 30, 2019. Larger than anticipated loan loss provisions have been recorded for the 2020 quarters due to the uncertainty surrounding the economic impact on both our commercial and consumer loan customers resulting from the COVID-19 pandemic. For comparative purposes, pre-tax, pre-provision operating income provides greater insight into the financial performance of the Company. Pre-tax, pre-provision operating income for the current quarter is \$2,637,056 compared to \$2,847,642 for the linked quarter and \$2,963,064 for the comparative prior year quarter. Pre-tax, pre-provision operating income excludes taxes, provision for loan losses, losses on the sale of other real estate owned and gains on the sale of investment securities. The current quarter decline is due to a decrease in the amount of Small Business Administration (SBA) Paychecks Protection Program (PPP) origination fees recognized and lower yields on earning assets.

For the nine-month period ended September 30, 2020, net income was \$4,900,629 or \$3.14 per share compared to \$6,857,838 or \$4.40 per share for the prior year comparative period. Pre-tax, pre-provision operating earnings for the two comparative nine-month periods was \$7,986,946 and \$8,417,508, respectively.

Bruce W. Elder, President & CEO commented, “The Company continues to build its allowance for loan losses due to the uncertainties associated with not only the pandemic, but also the impactful hurricane season experienced in southwest Louisiana. Customer reaction and monetary responses to this pandemic have had an adverse effect on current year non-interest income associated with deposit accounts and caused a substantial decline in the yield on average earning assets. We have been able to reduce our non-interest expenses such that pre-tax, pre-provision operating income for the comparative nine-month periods remain relatively stable. This has allowed us to continue to reward shareholders with a quarterly dividend of \$0.59 per share.” Elder continued “Our Calcasieu and Jeff Davis Parish branches were impacted by two major hurricanes hitting southwest Louisiana occurring six weeks apart. Both storms caused widespread power outages in the affected areas; however, our business continuity preparedness allowed us to open offices and serve the needs of our customers and communities at 13 of our 14 offices located in those parishes within days of the events.”

COVID-19 Activities and Impact

Over the course of the second quarter of 2020, the Company made approximately 750 loans totaling \$73.6 million. These loans are for terms ranging from two to five years and carry an interest rate of 1%. The Company received approximately \$2.4 million in net fees from the SBA, of which \$254,000 were recognized as interest income during the current quarter compared to \$633,000 in the linked quarter. The remaining \$1.5 million in fees will be recognized over the remaining life of the loans.

As was mentioned at the end of the second quarter, we assisted existing loan customers who experienced challenges as a result of the pandemic by extending 90 day payment deferrals to approximately 1,200 customers with loans totaling \$208.6 million. The vast majority of those customers have returned to a normal payment cycle and while there has been a slight increase in past due loans, those borrowers who have returned to making

payments appear able and willing. As of September 30, 2020, we approved a second 90 day deferral for less than 100 customers with loans totaling approximately \$25.6 million. Loans on a COVID related deferral at June 30 accounted for approximately 31.14% of our total loan portfolio compared to approximately 3.87% at September 30, 2020.

Asset Quality

With the expiration of the first round of COVID related payment deferrals, the Company experienced a slight uptick in asset quality issues. As previously disclosed, past due loans of 89 days or less constituted 0.16% of the total portfolio at June 30, 2020. At September 30, total past due loans have increased to \$1.8 million or 0.28% of the total loan portfolio. Despite the linked quarter-to-quarter increase, past due loans are still below the \$3.3 million or 0.52% of total loans reported at December 31, 2019.

Total nonperforming assets, including loans on non-accrual status, other real estate owned (OREO) and repossessed assets are \$10.1 million at September 30, 2020, up from \$8.7 million at December 31, 2019. Loans on non-accrual status increased to \$9.6 million from \$7.7 million at December 31, 2019. While loans migrate to and from non-accrual status during the past nine-months, one loan in the amount of \$1.4 million moving to non-accrual in June accounts for the majority of the increase. OREO decreased by \$564,000 to \$392,000 at September 30, 2020 from \$956,000 at the year-end December 31, 2019, reflecting foreclosure activity net of sales and write-downs of certain real estate properties. Management performs a quarterly evaluation of OREO properties and believes their adjusted carrying values are representative of their fair market values, although there is no assurance that the ultimate sales will be equal or greater than the carrying values.

The Bank recorded \$958,000 in provisions for credit losses in current quarter compared to \$897,000 for the linked quarter and \$90,000 for the prior year quarter ended September 30, 2019. The allowance for loan losses (ALLL) was \$9.1 million at September 30, 2020 or 1.37% of total loans compared to \$6.6 million at December 31, 2019 or 1.06% of total loans. Net charge offs are \$78,000 for 2020 year-to-date compared to \$297,000 for the prior year comparative period. Since March, the degree of uncertainty regarding the impact of the pandemic on asset quality has caused us to continually reassess our allowance for loan loss calculation. We believe that as of September 30, 2020, we have fine-tuned our methodology to account for that uncertainty to the best of our ability, given the information available. While we believe the current level of our ALLL is adequate, there is no assurance that regulators, increased risks in the loan portfolio, or changes in economic conditions will not require additional adjustments to the ALLL.

Net Interest Income

Net interest income for the current quarter is \$8.3 million, a decrease of \$421,000 compared to the \$8.7 million for the linked quarter, and is \$525,000 lower than the \$8.8 million reported for the prior year quarter ended September 30, 2019. The net interest margin for the current quarter was 3.61% and declined 44 basis points from 4.05% for the linked quarter and 96 basis points compared to 4.57% for the prior year period. The yield on earning assets for the current quarter was 4.11% compared to 4.60% and 5.16% for the two comparative periods, respectively. The cost of funds has declined slightly from 0.50% for current period compared to 0.54% for Q2 2020 and 0.60% from the prior year quarter.

Net margin has been significantly impacted by the sharp reduction in interest rates, the high volume of low priced PPP loans and a surge in deposit levels causing high levels of liquidity. As previously discussed, the Company originated approximately \$73.6 million in PPP loans priced at 1%. The origination of these loans was important for the well-being of small businesses in our communities, but had an adverse impact on net interest margin. The yield on loans is 4.93% for the current quarter, down 68 basis points from 5.61% for Q3 2019. The pandemic has resulted in a significant increase in deposits as businesses and individuals are holding large quantities of cash. Non-PPP loan demand has been soft and the excess cash has been deployed into short-term investments yielding lower rates of interest. The weighted average yield of interest-bearing deposits with banks

and investment securities for the quarter ended September 30, 2020 is 2.11% compared with 3.47% for the comparative period in 2019.

For the nine-month period ended September 30, 2020, net interest income is \$25.6 million, down \$705,000 from \$26.3 million for the comparative period ended September 30, 2019. Net interest margin declined during the current nine-month period to 4.20% from 4.49% for the prior year comparative period.

Non-Interest Income

Total non-interest income is \$2.8 million for the three-month period ended September 30, 2020 compared to \$2.3 million for the linked quarter and \$2.5 million for the prior year quarter. Service charges and fees associated with deposit accounts rebounded slightly from the June quarter to \$1.7 million from \$1.6 million, but remained below the level from the prior year quarter of \$1.8 million. NSF fees tend to reflect depositors spending habits given their opinions about economic conditions. After declining significantly in the June 30, 2020 quarter, NSF fees increased by \$144,000 to \$585,000 for the current quarter, but remain \$139,000 below the \$724,000 reported for the prior year period. Interchange fees on debit card transactions are \$882,000 for the current quarter, \$893,000 for the linked quarter and \$825,000 for the prior year quarter.

Despite the disruption in mortgage loans closings and sales resulting from the August 27 landfall of Hurricane Laura in southwest Louisiana, gains from the sale of mortgage loans in the current period are \$280,000, slightly better than the \$266,000 for the quarter ended June 30, 2020 and \$148,000 more than the \$132,000 reported for the prior year quarter. Mortgage rates remain at very attractive levels and both refinance and purchase money activity is robust. Other non-interest income was \$842,000 for the current quarter compared to \$484,000 for the quarter ended June 30, 2020 and \$535,000 for the prior year quarter. The current quarter included a \$252,000 gain on the sale of securities.

Non-interest income for the nine-month period ended September 30, 2020 was \$7.5 million, a decline of \$52,000 from the \$7.6 million reported for the comparative 2019 period. Both periods included non-recurring gains on the sale of investment securities of \$252,000 for the current period and \$389,000 for the prior year period. An increase in gains on the sale of originated mortgages of \$231,000, more than offset lower service charge revenue.

Non-Interest Expense

Total non-interest expense is \$8.3 million for both the current and linked quarter and compares to \$8.4 million for the September 2019 quarter. Salary and benefits expense is the largest component of non-interest expenses and is stable at \$4.5 million for all three comparative periods. Personnel expenses for the current quarter reflect the additional expenses of staffing our newest office at 631 E. Admiral Doyle Drive in New Iberia, LA.

Occupancy expense has remained relatively stable at \$1.3 million for the current and linked quarters compared with \$1.4 million for the prior year quarter. Data processing expense is \$899,000 for the current quarter, \$918,000 for the linked quarter and \$761,000 from a year ago. The increase from the September 2019 quarter relates primarily to the outsourcing of our ATM fleet to a third party and an increase in account volume. Marketing, business development and public relations expenses total \$275,000 in the current quarter compared to \$349,000 for the June 2020 quarter and \$409,000 for the prior year quarter. The pandemic has limited the normal level of activity in these categories. Other non-interest expenses were \$1.2 million for both the current and linked quarter and \$1.3 million for the prior year quarter. Included in total other non-interest expenses are losses on the sale of OREO of \$3,000, \$41,000 and \$73,000 for the three comparative periods, respectively.

Non-interest expenses for the nine-month period ended September 30, 2020 are \$24.9 million, reflecting a \$342,000 decrease compared to \$25.3 million for the prior year. Decreases in salary and benefits, occupancy, marketing and business development, amortization of core deposit intangibles, professional fees and travel were partially offset by increases in data processing and audit fees. Losses on the sale of OREO for the current and prior nine-month periods are \$69,000 and \$220,000, respectively.

Income tax expense is \$234,000 for the current quarter compared to \$261,000 for the June 30, 2020 quarter and \$426,000 for the September 30, 2019 quarter. The decline was primarily due to a reduction in the effective tax rate to 12.13% compared to 13.66% for the linked quarter and 15.22% for the prior year quarter. The downward shift in the effective tax rate from 2019 to 2020 is due to the restructure of the investment portfolio in the second quarter of 2019 to a higher concentration of tax-exempt securities. Current year-to-date income tax expense was \$731,000 with an effective rate of 12.98% compared to \$1,368,000 and 16.63% for the prior year nine-month period.

Balance Sheet

Total assets are \$1.1 billion at September 30, 2020, reflecting a \$195.8 million or 22% increase over the \$885.0 million at December 31, 2019. Categories experiencing the largest increases include cash and interest-bearing deposits with banks up \$103.3 million, investment securities are up \$48.4 million and loans held for investment increased by \$41.6 million. As previously mentioned, the Company has originated \$73.6 million of PPP loans and the demand for non-PPP loans has been impacted by the economic conditions resulting from the pandemic. Southwest Louisiana experienced two hurricanes over a six week period resulting in significant property damages for both businesses and individuals. As recovery efforts progress, we believe the need for financing will begin to increase and provide opportunities for loan growth.

Total deposits are \$960.2 million at September 30, 2020, reflecting a \$188.1 million or 24% increase over the \$772.1 million reported at year end 2019. Non-interest bearing demand deposits increased by \$101.0 million or 38% since December 31, 2019. Balances in savings, interest-bearing demand, money market and time deposits have increased by \$41.1 million, \$23.3 million, \$17.1 million, and \$5.5 million, respectively. Both consumers and businesses are holding higher than normal amounts of cash in the face of COVID-19 pandemic.

Other liabilities increased by approximately \$1.9 million since year-end 2019. The primary drivers of the increase are our deferred tax liability and the accrual for ad valorem taxes.

Stockholders' equity increased by \$5.8 million to \$94.7 million at September 30, 2020 from \$88.9 million at December 31, 2019. The increase is primarily comprised of year-to-date net earnings of \$4.9 million, plus the increase in other comprehensive income of \$3.6 million, less the dividends paid to common shareholders of \$2.8 million. The tangible equity to assets ratio decreased to 7.95% at September 30, 2020 from 9.46% at December 31, 2019 due to our significant asset growth. There were 1,560,000 common shares outstanding at both September 30, 2020 and December 31, 2019. Tangible book value per common share increased to \$58.02 at September 30, 2020 compared to \$54.28 at December 31, 2019.

Key Performance Ratios

Return on average assets (ROA) declined slightly in the current quarter compared with linked and prior year periods. ROA is 0.65% for the current three-month period compared to 0.66% for the linked quarter and 1.09% for prior year quarter. Return on average equity (ROE) is 7.33%, 7.09% and 11.42% for the three comparative quarters ended September 2020, June 2020 and September 2019, respectively. ROA and ROE for both 2020 periods were significantly impacted by the large loan loss provisions recorded due to uncertainty related to the pandemic. ROA and ROE for the nine-month periods ended September 30, 2020 and 2019 were 0.70% and 1.05%, and 7.14% and 11.18%, respectively.

About JD Bancshares, Inc.

JD Bancshares, Inc. is the bank holding company of JD Bank, a state chartered bank headquartered in Jennings, Louisiana. JD Bank has been serving the citizens of southwest Louisiana since 1947 and offers a variety of personal and commercial lending and deposit products through both physical and digital delivery channels. The Bank also offers both trust and investment services. JD Bank operates through 22 full service branch offices located along the Interstate 10 corridor from Lake Charles to Lafayette, Louisiana. JD Bancshares, Inc. may be accessed on its website at www.jdbank.com/investor-relations.

JD Bancshares, Inc. (OTCQX: JDVB) trades on the OTCQX Best Market. Companies meet high financial standards, follow best practice corporate governance, demonstrate compliance with U.S. securities laws, and have a professional third-party sponsor introduction. Investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on www.otcm Markets.com.

Forward-Looking Statements

Statements contained in this release, which are not historical facts, are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors which include the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, the risks of changes in interest rates, the effects of competition, and including without limitation to other factors that could cause actual results to differ materially as discussed in documents filed by the Company with the Securities and Exchange Commission from time to time.

(More)

(OTCQX: JDVB)

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	Actual Sep 2020	Actual Dec 2019	\$ Variance	% Variance
Assets				
Cash and due from banks	61,099,998	30,370,742	30,729,256	101.2
Interest bearing deposits with banks	84,576,721	11,982,637	72,594,084	605.8
Investment Securities - Taxable	122,779,739	69,127,279	53,652,460	77.6
Investment Securities - Tax-exempt	95,539,962	100,803,434	(5,263,472)	(5.2)
Mortgage loans held for sale	1,424,363	1,041,433	382,929	36.8
Loans, net of unearned income	662,378,985	620,734,159	41,644,826	6.7
Less: Allowance for loan losses	(9,069,946)	(6,609,790)	(2,460,155)	(37.2)
Premises and equipment, net	23,864,646	24,335,806	(471,160)	(1.9)
Accrued interest receivable	4,515,362	3,456,611	1,058,751	30.6
Other real estate	392,434	955,977	(563,543)	(58.9)
Other assets	33,327,523	28,850,470	4,477,053	15.5
Total Assets	1,080,829,786	885,048,756	195,781,030	22.1
Liabilities				
Non-Interest Bearing Deposits	369,276,287	268,308,603	100,967,684	37.6
Interest bearing demand deposits	182,063,016	158,753,030	23,309,985	14.7
Savings and Money Market Deposits	289,060,613	230,802,149	58,258,464	25.2
Time Deposits - Retail	119,776,014	114,239,259	5,536,755	4.8
Total Deposits	960,175,930	772,103,042	188,072,889	24.4
Accrued expenses and other liabilities	5,538,600	3,582,138	1,956,463	54.6
FHLB Advances	2,825,985	3,011,367	(185,383)	(6.2)
Other Borrowings	17,602,634	17,490,445	112,189	0.6
Total Liabilities	986,143,150	796,186,992	189,956,158	23.9
Equity				
Common stock	9,750,000	9,750,000	0	-
Capital surplus	3,598,000	3,598,000	0	-
Retained earnings	71,831,338	65,644,694	6,186,644	9.4
Accumulated other comprehensive income (loss)	4,897,099	1,270,276	3,626,822	285.5
Less: Notes Receivable common stock	-290,430	-349,050	58,620	16.8
Net Income	4,900,629	8,947,844	(4,047,215)	(45.2)
Total Equity	94,686,637	88,861,765	5,824,872	6.6
Total Liabilities & Equity	1,080,829,786	885,048,756	195,781,030	22.1

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	QTD Actual Sep 2020	QTD Actual Jun 2020	\$ Variance	% Variance	QTD Actual Sep 2019	\$ Variance	% Variance
Interest Income							
Interest on Loans	8,216,991	8,729,051	(512,060)	(5.9)	8,767,549	(550,557)	(6.3)
Mortgage Loans Held For Sale	12,876	7,115	5,761	81.0	4,071	8,805	216.3
Interest on deposits with banks	77,917	85,381	(7,464)	(8.7)	152,965	(75,048)	(49.1)
Investment Securities - Taxable	462,296	405,179	57,117	14.1	324,113	138,183	42.6
Investment Securities - Tax-exempt	698,208	709,402	(11,194)	(1.6)	743,975	(45,766)	(6.2)
Total Interest Income	9,468,288	9,936,128	(467,839)	(4.7)	9,992,672	(524,384)	(5.2)
Interest Expense							
Interest bearing demand deposits	219,666	216,511	3,155	1.5	230,798	(11,132)	(4.8)
Savings and Money Market Deposits	164,187	173,370	(9,183)	(5.3)	206,106	(41,918)	(20.3)
Time Deposits - Retail	420,346	453,825	(33,479)	(7.4)	393,794	26,552	6.7
Total Interest Expense on Deposits	804,199	843,706	(39,507)	(4.7)	830,697	(26,498)	(3.2)
FHLB Advances	29,887	36,892	(7,005)	(19.0)	32,827	(2,940)	(9.0)
Interest on other borrowings	338,534	338,534	1	-	308,399	30,135	9.8
Total Interest Expense	1,172,621	1,219,132	(46,511)	(3.8)	1,171,924	697	0.1
Net Interest Income	8,295,668	8,716,996	(421,328)	(4.8)	8,820,749	(525,081)	(6.0)
Provision for loan losses	958,000	897,000	61,000	6.8	90,000	868,000	964.4
Net In. Inc. After Prov. for Loan Losses	7,337,668	7,819,996	(482,328)	(6.2)	8,730,749	(1,393,081)	(16.0)
Non Interest Income							
Service charges and fees	1,732,995	1,599,294	133,701	8.4	1,840,733	(107,738)	(5.9)
Mortgage loan and related fees	280,115	266,170	13,945	5.2	132,053	148,062	112.1
Other noninterest income	841,934	483,734	358,200	74.0	534,807	307,127	57.4
Total Non Interest Income	2,855,043	2,349,197	505,846	21.5	2,507,592	347,451	13.9
Non Interest Expense							
Salaries and employee benefits	4,543,931	4,537,459	6,471	0.1	4,533,705	10,226	0.2
Occupancy	1,321,475	1,267,802	53,674	4.2	1,399,177	(77,702)	(5.6)
Advertising and public relations	274,592	348,689	(74,097)	(21.3)	408,588	(133,996)	(32.8)
Data Processing	899,379	917,778	(18,399)	(2.0)	760,848	138,531	18.2
Other noninterest expense	1,225,544	1,187,492	38,052	3.2	1,335,988	(110,444)	(8.3)
Total Non Interest Expense	8,264,921	8,259,220	5,701	0.1	8,438,306	(173,385)	(2.1)
Income Before Taxes	1,927,790	1,909,973	17,817	0.9	2,800,035	(872,244)	(31.2)
Income taxes	233,869	260,977	(27,108)	(10.4)	426,096	(192,227)	(45.1)
Net Income	1,693,921	1,648,996	44,925	2.7	2,373,939	(680,018)	(28.6)

Per common share data:

Earnings	\$ 1.09	\$ 1.06	\$ 1.52
Weighted average number of shares outstanc	1,560,000	1,560,000	1,559,156

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	YTD Actual Sep 2020	YTD Actual Sep 2019	\$ Variance	% Variance
Interest Income				
Interest on Loans	25,590,044	25,969,560	(379,516)	(1.5)
Mortgage Loans Held For Sale	26,329	15,800	10,528	66.6
Funds Transfer Interest	0	98	(98)	(100.0)
Interest on deposits with banks	222,139	600,821	(378,683)	(63.0)
Investment Securities - Taxable	1,321,964	1,681,828	(359,863)	(21.4)
Investment Securities - Tax-exempt	2,127,922	1,630,025	497,897	30.5
Total Interest Income	29,288,398	29,898,132	(609,734)	(2.0)
Interest Expense				
Interest bearing demand deposits	663,757	697,573	(33,816)	(4.8)
Savings and Money Market Deposits	549,721	552,528	(2,807)	(0.5)
Time Deposits - Retail	1,346,357	1,067,952	278,405	26.1
Total Interest Expense on Deposits	2,559,835	2,318,053	241,782	10.4
FHLB Advances	121,292	350,163	(228,871)	(65.4)
Interest on other borrowings	1,009,984	927,271	82,713	8.9
Total Interest Expense	3,691,111	3,595,487	95,624	2.7
Net Interest Income	25,597,287	26,302,645	(705,358)	(2.7)
Provision for loan losses	2,538,000	360,000	2,178,000	605.0
Net In. Inc. After Prov. for Loan Losses	23,059,287	25,942,645	(2,883,358)	(11.1)
Non Interest Income				
Service charges and fees	5,078,768	5,244,457	(165,689)	(3.2)
Mortgage loan and related fees	680,684	449,196	231,488	51.5
Other noninterest income	1,745,681	1,863,682	(118,001)	(6.3)
Total Non Interest Income	7,505,133	7,557,336	(52,202)	(0.7)
Non Interest Expense				
Salaries and employee benefits	13,704,093	13,761,192	(57,099)	(0.4)
Occupancy	3,883,582	3,987,774	(104,192)	(2.6)
Advertising and public relations	991,430	1,273,443	(282,013)	(22.1)
Data Processing	2,775,196	2,269,409	505,787	22.3
Other noninterest expense	3,578,248	3,982,300	(404,052)	(10.1)
Total Non Interest Expense	24,932,549	25,274,118	(341,569)	(1.4)
Income Before Taxes	5,631,871	8,225,862	(2,593,992)	(31.5)
Income taxes	731,241	1,368,024	(636,783)	(46.5)
Net Income	4,900,629	6,857,838	(1,957,209)	(28.5)

Per common share data:

Earnings	\$	3.14	\$	4.40
Weighted average number of shares outstan		1,560,000		1,559,156

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	QTD	QTD	Change	QTD	QTD	Change	QTD	QTD	Change
	Actual	Actual		Actual	Actual		Actual	Actual	
	Sep 2020	Jun 2020		Sep 2020	Jun 2020		Sep 2020	Jun 2020	
Earning Assets									
Loans	4.93	5.25	(0.32)	663,035,980	668,932,880	(5,896,900)	8,216,991	8,729,051	(512,060)
Loan fees	0	0	-	0	0	-	0	0	-
Loans with fees	4.93	5.25	(0.32)	663,035,980	668,932,880	(5,896,900)	8,216,991	8,729,051	(512,060)
Mortgage loans held for sale	3.2	2.78	0.42	1,609,449	1,024,414	585,035	12,876	7,115	5,761
Deposits with banks	0.44	0.72	(0.28)	70,630,360	47,708,728	22,921,632	77,917	85,381	(7,464)
Investment securities - taxable	1.79	2.34	(0.55)	103,530,798	69,226,938	34,303,860	462,296	405,179	57,117
Investment securities - tax-exempt	3.68	3.69	(0.01)	96,064,395	97,464,172	(1,399,776)	698,208	709,402	(11,194)
Total Earning Assets	4.11	4.6	(0.49)	934,870,983	884,357,132	50,513,851	9,468,288	9,936,128	(467,839)
Interest bearing liabilities									
Interest bearing demand	0.52	0.52	-	167,885,293	165,954,419	1,930,874	219,666	216,511	3,155
Savings and Money Market	0.23	0.26	(0.03)	280,009,740	271,545,940	8,463,800	164,187	173,370	(9,183)
Time deposits - Retail	1.4	1.55	(0.15)	119,330,425	117,666,743	1,663,682	420,346	453,825	(33,479)
Total interest bearing deposits	0.56	0.61	(0.05)	567,225,457	555,167,102	12,058,355	804,199	843,706	(39,507)
Federal home Loan Bank advances	4.1	1.47	2.63	2,854,283	9,919,082	(7,064,799)	29,887	36,892	(7,005)
Other borrowings	7.53	7.64	(0.11)	17,580,872	17,540,168	40,703	338,534	338,534	1
Total borrowed funds	7.05	5.41	1.64	20,435,155	27,459,250	(7,024,096)	368,421	375,426	(7,004)
Total interest-bearing liabilities	0.79	0.84	(0.05)	587,660,612	582,626,353	5,034,260	1,172,621	1,219,132	(46,511)
Net interest rate spread	3.32	3.76	(0.44)						
Effect of non-interest bearing deposits	(0.29)	(0.30)	0.01	346,974,631	324,018,573	22,956,057			
Cost of funds	0.5	0.54	(0.04)						
Net interest margin	3.61	4.05	(0.44)						

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	QTD	QTD	Change	QTD	QTD	Change	QTD	QTD	Change
	Actual	Actual		Actual	Actual		Actual	Actual	
	Sep 2020	Sep 2019		Sep 2020	Sep 2019		Sep 2020	Sep 2019	
Earning Assets									
Loans	4.93	5.61	(0.68)	663,035,980	619,769,542	43,266,438	8,216,991	8,767,549	(550,557)
Loan fees	0	0	-	0	0	-	0	0	-
Loans with fees	4.93	5.61	(0.68)	663,035,980	619,769,542	43,266,438	8,216,991	8,767,549	(550,557)
Mortgage loans held for sale	3.2	4.03	(0.83)	1,609,449	404,034	1,205,415	12,876	4,071	8,805
Deposits with banks	0.44	2.99	(2.55)	70,630,360	20,270,729	50,359,631	77,917	152,965	(75,048)
Investment securities - taxable	1.79	3.01	(1.22)	103,530,798	43,142,132	60,388,666	462,296	324,113	138,183
Investment securities - tax-exempt	3.68	3.76	(0.08)	96,064,395	100,281,436	(4,217,041)	698,208	743,975	(45,766)
Total Earning Assets	4.11	5.16	(1.05)	934,870,983	783,867,873	151,003,110	9,468,288	9,992,672	(524,384)
Interest bearing liabilities									
Interest bearing demand	0.52	0.64	(0.12)	167,885,293	142,331,351	25,553,941	219,666	230,798	(11,132)
Savings and Money Market	0.23	0.35	(0.12)	280,009,740	231,262,701	48,747,039	164,187	206,106	(41,918)
Time deposits - Retail	1.4	1.39	0.01	119,330,425	112,797,714	6,532,711	420,346	393,794	26,552
Total interest bearing deposits	0.56	0.68	(0.12)	567,225,457	486,391,767	80,833,691	804,199	830,697	(26,498)
Federal home Loan Bank advances	4.1	4.15	(0.05)	2,854,283	3,096,839	(242,556)	29,887	32,827	(2,940)
Other borrowings	7.53	6.86	0.67	17,580,872	17,602,928	(22,056)	338,534	308,399	30,135
Total borrowed funds	7.05	6.45	0.60	20,435,155	20,699,768	(264,613)	368,421	341,226	27,195
Total interest-bearing liabilities	0.79	0.91	(0.12)	587,660,612	507,091,534	80,569,078	1,172,621	1,171,924	697
Net interest rate spread	3.32	4.25	(0.93)				8,295,668	8,820,749	(525,081)
Effect of non-interest bearing deposits	(0.29)	(0.31)	0.02	346,974,631	263,486,765	83,487,866			
Cost of funds	0.5	0.6	(0.10)						
Net interest margin	3.61	4.57	(0.96)						

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	YTD	YTD	Change	YTD	YTD	Change	YTD	YTD	Change
	Actual	Actual		Actual	Actual		Actual	Actual	
	Sep 2020	Sep 2019		Sep 2020	Sep 2019		Sep 2020	Sep 2019	
Earning Assets									
Loans	5.55	5.59	(0.04)	615,621,547	621,156,646	(5,535,099)	25,590,044	25,969,560	(379,516)
Loan fees	0	0	-	0	0	-	0	98	(98)
Loans with fees	5.55	5.59	(0.04)	615,621,547	621,156,646	(5,535,099)	25,590,044	25,969,658	(379,614)
Mortgage loans held for sale	3.04	4.34	(1.30)	1,154,007	485,976	668,030	26,329	15,800	10,528
Deposits with banks	0.63	2.95	(2.32)	47,264,461	27,205,148	20,059,313	222,139	600,821	(378,683)
Investment securities - taxable	2.32	2.8	(0.48)	75,978,643	80,165,087	(4,186,445)	1,321,965	1,681,828	(359,863)
Investment securities - tax-exempt	3.91	4.12	(0.21)	91,861,042	66,803,555	25,057,487	2,127,922	1,630,025	497,897
Total Earning Assets	4.79	5.09	(0.30)	831,879,699	795,816,412	36,063,288	29,288,398	29,898,132	(609,734)
Interest bearing liabilities									
Interest bearing demand	0.57	0.64	(0.07)	154,895,286	146,313,511	8,581,775	663,757	697,573	(33,816)
Savings and Money Market	0.29	0.33	(0.04)	249,302,596	227,253,495	22,049,101	549,721	552,528	(2,807)
Time deposits - Retail	1.62	1.26	0.36	110,923,156	113,527,657	(2,604,500)	1,346,357	1,067,952	278,405
Time Deposits - Wholesale	0	0	-	0	-99	99	0	0	-
Total interest bearing deposits	0.66	0.64	0.02	515,121,039	487,094,563	28,026,476	2,559,835	2,318,053	241,782
Federal home Loan Bank advances	2.12	2.79	(0.67)	7,506,558	16,564,914	(9,058,356)	121,292	350,163	(228,871)
Other borrowings	7.57	6.92	0.65	17,521,824	17,675,322	(153,499)	1,009,984	927,271	82,713
Total borrowed funds	5.94	4.92	1.02	25,028,381	34,240,236	(9,211,855)	1,131,276	1,277,434	(146,158)
Total interest-bearing liabilities	0.91	0.92	(0.01)	540,149,420	521,334,799	18,814,621	3,691,111	3,595,487	95,624
Net interest rate spread	3.88	4.18	(0.29)				25,597,287	26,302,645	(705,358)
Effect of non-interest bearing deposits	(0.32)	(0.31)	(0.01)	296,467,171	263,055,546	33,411,625			
Cost of funds	0.59	0.61	(0.02)						
Net interest margin	4.2	4.49	(0.29)						

JD BANCSHARES, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION

Financial Ratios

	For the Qtr Ended September 30, 2020	For the Qtr Ended June 30, 2020	For the Qtr Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Performance Ratios					
Return on Average Assets	0.65%	0.66%	1.09%	0.70%	1.05%
Return on Average Equity	7.33%	7.09%	11.42%	7.14%	11.18%
Earnings per Share	\$ 1.09	\$ 1.06	\$ 1.52	\$ 3.14	\$ 4.40
Net Interest Margin	3.61%	4.05%	4.57%	4.20%	4.50%
Efficiency Ratio **	74.56%	73.38%	73.87%	74.61%	74.54%
Non-Interest Income as a % of Avg. Assets**	1.00%	0.91%	1.12%	1.03%	1.06%
Non-Interest Expense as a % of Avg. Assets	3.18%	3.27%	3.90%	3.59%	3.87%

	As of September 30, 2020	As of December 31, 2019
Capital		
Tier 1 Leverage Ratio	7.98%	9.51%
Common Equity Tier 1 Ratio	13.49%	13.04%
Tier 1 Risk-Based Capital Ratio	13.49%	13.04%
Total Risk-Based Capital Ratio	14.92%	14.07%
Tangible Equity / Total Assets	7.95%	9.46%
Tangible Book Value per Share	\$58.02	\$54.28

Reconciliation of GAAP to Pre-tax, Pre-Provision Operating Income:

	For the Qtr Ended September 30, 2020	For the Qtr Ended June 30, 2020	For the Qtr Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Net Income (GAAP)	\$ 1,693,921	\$ 1,648,996	\$ 2,373,939	\$ 4,900,629	\$ 6,857,838
Provision for Loan Losses	958,000	897,000	90,000	2,538,000	360,000
Net Loss on OREO	3,223	40,669	73,029	69,032	220,044
Less: Net Gain on Securities	(251,957)	-	-	(251,957)	(388,398)
Income Tax Expense	233,869	260,977	426,096	731,241	1,368,024
Pre-tax, Pre-Provision Operating Income	<u>\$ 2,637,056</u>	<u>\$ 2,847,642</u>	<u>\$ 2,963,064</u>	<u>\$ 7,986,945</u>	<u>\$ 8,417,508</u>

** Non-recurring items are eliminated for this ratio