

PRESS RELEASE
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JD Bancshares, Inc.

FOR IMMEDIATE RELEASE
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JD Bancshares, Inc. Announces Solid Financial Results for Q2 2022

Jennings, LA., July 21, 2022 (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 six-month periods ended June 30, 2022.

Net income for the three-month period ended June 30, 2022 is \$3,137,156 or \$0.92 per common share compared to \$2,108,163 or \$0.62 per common share for the linked quarter ended March 31, 2022 and \$2,593,570 or \$0.76 per share for the prior year quarter ended June 30, 2021. Net income for the current period increased by 49% and 21% over the linked and prior year periods, respectively. Pre-tax, pre-provision operating income for the quarter ended June 30, 2022 is \$3,373,737, reflecting a 47% increase over the \$2,291,078 for the March 31, 2022 quarter and 27% over the \$2,650,453 for the quarter ended June 30, 2021. Pre-tax, pre-provision operating income excludes taxes, provision for loan losses, net gains or losses on the sale of other real estate owned (“OREO”), net gains on the sale of investment securities, recognized origination fees earned from the Paycheck Protection Program (“PPP”) and other non-recurring items. The increase in current period earnings compared to both the linked and prior year periods is driven primarily by stronger net interest income resulting from transitioning earning assets from lower yielding categories into loans and investment securities.

For the six-month period ended June 30, 2022, net income is up 16% to \$5,245,223 or \$1.53 per share compared to \$4,513,549 or \$1.32 per share for the prior year comparative period. Pre-tax, pre-provision operating earnings for the two comparative six-month periods is \$5,664,719 and \$4,689,331, respectively.

Bruce Elder, President and CEO, commented, “We are very pleased to report our second quarter 2022 financial results. The Company has experienced nice growth in our loan portfolio over the past six and twelve months. While point to point growth in the loan portfolio is \$31.2 million for the six-month period since December 31, 2021 and \$21.1 million over the twelve-month period since June 30, 2021, when factoring in the PPP paydowns over those periods of \$14.2 million and \$45.7 million, respectively, actual net growth of non-PPP loans is \$45.4 million for the past six months and \$66.8 million over the last twelve months. This has driven solid increases in net interest income both on a quarterly and year-to-date basis.”

Elder continued by commenting, “Current economic conditions and inflationary pressures could have an impact on loan demand and increase the Company’s operating costs. Additionally, we are preparing to embark on an exciting plan to broaden the Bank’s presence down the Interstate 10 corridor to Baton Rouge and the Mandeville, Louisiana areas. While those efforts will have an adverse impact on near-term profitability, the long-term results will enhance shareholder value into the future.”

Paycheck Protection Program Lending

Over the course of 2020 and 2021, the Company made 1,422 PPP loans totaling \$110.4 million. As of June 30, 2022, there are 21 loans remaining totaling just under \$2.0 million. At December 31, 2021, we had \$16.2 million in outstanding PPP loans and have received \$14.2 million in payments during the first six months of 2022. Of the remaining 21 loans outstanding, there are two loans with remaining balances totaling \$1.4 million originated in 2020 that were partially forgiven by the Small Business Administration (“SBA”) and the borrower is making payments. The other 19 loans were originated in 2021 totaling \$610,000 and we anticipate the SBA to make a forgiveness decision prior to the end of the third quarter.

The Company received origination fees from the SBA for participating in the program. We recognize a portion of the origination fee as interest income, in an amount estimated to be our internal cost of origination, in the period in which the loan is made and amortize the remainder over the contractual life of the loan. If the loan is forgiven or repaid early, the remaining unamortized portion is recognized as interest income in the month of repayment. Amounts recognized as interest income include \$367,000, \$206,000 and \$572,000 for the quarters ended June 30, 2022, March 31, 2022 and June 30, 2021, respectively. Origination fees recognized for the two six-month periods ended June 30, 2022 and 2021 were \$573,000 and \$1,386,000, respectively. As of June 30, 2022, we had approximately \$33,000 in deferred PPP origination fees to be recognized in future periods.

Asset Quality

Loans past due 30 to 89 days are \$1.6 million representing 0.24% of the total loan portfolio at June 30, 2022 compared to \$1.3 million or 0.21% at December 31, 2021. Total nonperforming assets, including loans on non-accrual status and OREO decreased to \$5.8 million at June 30, 2022 from \$6.1 million at December 31, 2021. Loans on non-accrual status declined to \$4.9 million from \$5.1 million at year end 2021. OREO decreased slightly to \$944,000 from \$960,000. There are no repossessed assets at either of those dates. 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 no provision for credit loss expense in the current and linked quarters compared to \$165,000 in the prior year quarter. The allowance for loan losses (“ALLL”) is \$8.5 million at June 30, 2022 or 1.31% of total loans compared to \$8.2 million at December 31, 2021 or 1.32% of total loans. During a review of loan system parameters, it was noted that payments collected and applied to loans previously charged-off, were not properly accounted for as recoveries. This issue was corrected in Q2 2022 resulting in an addition to the ALLL of approximately \$488,000. Net recoveries are \$342,000 for the first six months of 2022 compared to net charge offs of \$511,000 for the comparative 2021 period. 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

For the quarter ended June 30, 2022, net interest income is \$9.9 million, reflecting a \$1.1 million or 13% increase over the \$8.8 million for the linked March quarter and a \$980,000 or 11% increase over the \$8.9 million reported for the prior year period. The net interest margin for the three-month period ended June 30, 2022 is 3.27% compared to 2.91% for the linked quarter and 2.85% for the comparative prior year quarter. When comparing the current quarter net interest margin to both comparative quarters, the increase was due to a transition from lower yielding assets into investment securities and loans, a reduction in interest-bearing liabilities and higher short-term interest rates resulting from actions of the Federal Open Market Committee (“FOMC”) of the Federal Reserve Bank.

Compared to the linked quarter, average balances of investment securities increased by \$31.9 million and loans by \$19.4 million. These increases were funded through a reduction in average interest-earning deposits at correspondent banks. This shift resulted in an increase in the yield on earning assets of 34 basis point to 3.58% from 3.24%. Average balances of interest-bearing liabilities dropped by \$22.8 million comprised of a \$19.8 million decline in interest-bearing deposits and a \$3.0 million decrease in borrowed funds. The cost of interest-bearing funds declined by 3 basis points to 0.31% from 0.34%.

Compared to the prior year quarter ended June 30, 2021, average balances of investment securities increased by \$65.8 million and loans by \$11.9 million. The yield on earning assets improved by 37 basis points from 3.21%. Interest-bearing deposits declined by \$23.4 million. Although average borrowed funds increased by \$9.4 million, the cost of those borrowing declined from 7.16% to 4.19%. The cost of interest-bearing liabilities declined 5 basis points from 0.36%.

The FOMC raised short-term interest rates on March 17, 2022 by 25 basis points which moved the Wall Street Journal Prime Rate to 3.50% from 3.25%. Two additional rate hikes of 50 basis points on May 5, 2022 and 75 basis points on June 16, 2022 have raised the Prime Rate to 4.75%. Approximately 27% of the Company's loan portfolio is variable rate. Due to the timing of the 2022 rate increases, only the first increase of 25 basis points is fully reflected in the June 30, 2022 quarter. The second rate increase came about halfway through the quarter and the third with just less than half a month remaining. It is widely anticipated that the FOMC will raise short-term interest rates again at the conclusion of its July 27, 2022 meeting. While we believe our net interest margin will continue to increase, we do anticipate an increase in deposit rates will cause an increase in the cost of interest-bearing liabilities and therefore, slow the pace of margin increase.

Net interest income is \$18.7 million for the six-month period ended June 30, 2022 compared to \$17.3 million for the prior year period ended June 30, 2021. Net interest margin for the current six-month period is 3.08% compared to 2.86% for the comparative 2021 period. The total yield on earning assets increased to 3.41% from 3.24% due to the increase in higher yielding assets. The cost of funds declined by 5 basis points from 0.38% to 0.33%.

During the second quarter, the Company became aware of a loan system setting which affected the accounting for loan payments collected in prior years and applied to loans previously charged-off and in non-accrual status. The setting adjustment resulted in the recognition of \$291,000 in interest income. The adjustment positively impacted the net interest margin for the current quarter by 8 basis points and for the six-month period by 5 basis points.

Non-Interest Income

Total non-interest income is \$3.1 million for the current quarter compared to \$2.7 million for the linked March quarter and \$3.2 million for the prior year quarter. Service charges and fees associated with deposit accounts accounted for the largest category of non-interest income and is \$2.3 million in the current quarter compared to \$2.2 million for both the March 2022 and June 2021 quarters. Interchange revenue from debit card usage is \$1.3 million in both the current and linked quarters compared to \$1.4 million in the prior year period. NSF fees totaled \$756,000 for the June 2022 quarter compared to \$704,000 for the linked quarter and \$523,000 for the quarter ended June 30, 2021. Due primarily to the stimulus injected into the economy by the government in response to the COVID-19 pandemic, NSF fees had dropped significantly over the past several years. As the stimulus has subsided, NSF fee levels are moving to more normalized levels. Service charges on deposit accounts is relatively flat over the three comparative periods at \$226,000, \$246,000 and \$238,000, respectively.

Revenue from the sale of mortgage loans has been adversely impacted by the increase in interest rates. Although gains from the sale of originated mortgages in the current quarter are \$281,000, up from \$239,000 from the March 2022 quarter, they declined by 44% or \$217,000 from the \$498,000 reported for the prior year period. Despite the increase in mortgage rates, inventory remains low in southwest Louisiana due to the 2020 hurricanes, and as a result, demand for housing remains strong. Other non-interest income is \$463,000 for the current quarter, \$201,000 for the linked quarter and \$470,000 for the prior year quarter. Other non-interest income for the quarter ended March 31, 2022 included \$237,000 in fair market value losses on certain equity investments. The quarter ended June 30, 2021 included gains on the sale of investment securities of \$5,000.

Non-interest income for the six-month period ended June 30, 2022 is \$5.7 million compared to \$5.8 million for the prior year six-month period. As previously noted, NSF fees have returned to a more normalized level following the conclusion of government stimulus and increased over 46% to \$1.5 million compared to \$1.0 million. That increase was more than offset by a \$315,000 decline in gains on the sale of originated mortgage loans and a \$183,000 reduction in other non-interest income. The decline in other non-interest income is due to a market value loss recorded on certain equity investments of \$286,000 compared to losses of \$61,000 for the prior year period. Gains on the sale of investment securities are \$7,000 for the prior year period with no sales occurring in the current period.

Non-Interest Expense

Total non-interest expense is \$9.2 million for the quarter ended June 30, 2022 compared to \$9.0 million and \$8.8 million for the March 2022 and June 2021 quarters, respectively. Salary and employee benefits expense for the current quarter is \$4.7 million, \$4.6 million for the linked quarter and \$4.5 million for the prior year quarter. As we expand the Company's footprint to the Baton Rouge and Mandeville markets, we anticipate salaries and employee benefits expense to increase through the end of 2022 and into 2023.

Occupancy expense, data processing, and advertising and public relations expenses have remained relatively stable over the three comparative periods. Occupancy expense is \$1.2 million in current and linked quarters and \$1.3 million in the prior year quarter; data processing is \$1.1 million, \$1.2 million and \$1.1 million, respectively; and advertising and public relations expense is \$390,000, \$342,000 and \$376,000, respectively. We anticipate all of these non-interest expense categories to increase as we execute our expansion plans.

Other non-interest expenses are \$1.7 million for the current quarter and linked quarter compared to \$1.5 million for the prior year quarter. The largest components of non-interest expenses are comprised of professional fees, FDIC insurance assessments, telecommunication expenses, accruals for ad valorem taxes and losses due to fraud. The three-month period ended June 30, 2022 includes \$283,000 of losses associated with the sale of a building formerly used as a bank branch. Additionally, the linked quarter ended March 31, 2022 includes a \$1,000 loss on the sale of other real estate owned.

Total non-interest expenses for the six-month period ended June 30, 2022 are \$18.2 million, up \$697,000 or 4% from \$17.5 million for the prior year. Increases in salaries and employee benefits, data processing and other non-interest expenses of \$441,000, \$165,000 and \$181,000 are partially offset by a decline in occupancy expense of \$93,000. Non-recurring expenses include \$283,000 in losses associated with the disposal of a former bank building in the current year period and \$407,000 in losses on the disposal of other real estate owned in the prior year period.

Income tax expense is \$613,000 for the current quarter compared to \$388,000 for the March 2022 quarter and \$470,000 for the June 2021 quarter. The increase is primarily due to growth in pre-tax income. The effective tax rate is 16.34% in the current quarter compared to 15.54% for the linked quarter and 15.34% in the prior year quarter. A smaller percentage of total pre-tax income in the current quarter is from tax-exempt sources than a year ago. Year-to-date, income tax expense was \$1.0 million with an effective rate of 16.02% compared to \$832,000 and 15.56% for the prior year six-month period.

Balance Sheet

Total assets are \$1.3 billion at June 30, 2022, reflecting an \$83.1 million or 6% decrease over the \$1.4 billion at December 31, 2021. Loans held for investment constitutes the largest asset category at \$653.8 million and has increased by \$31.2 million from \$622.6 million reported at the prior year end. The increase in loans is comprised of a net increase of \$45.4 million in non-PPP loans and a net decline in PPP loans of \$14.2 million. Investment securities declined by \$10.1 million to \$475.2 million from \$485.4 million at December 31, 2021. The decline was the net result of new investments of \$40.9 million less a \$51.0 million drop in the fair market value of the portfolio. Other assets increased by \$6.1 million as a result of a \$10.4 million increase in the deferred tax asset less a \$5.1 million decrease in equity investments. Cash and interest bearing deposits with banks declined by \$107.4 million and was used to fund deposit outflows and the increases in higher yielding assets.

Over the past six months, total deposits decreased by \$26.2 million or 2% and are \$1.2 billion at both June 30, 2022 and December 31, 2021. Over the past two years, deposit levels have increased significantly due to US government stimulus directed at both consumers and small businesses. Additionally, many customers received insurance proceeds for hurricane damage sustained in the fall of 2020. The end of government stimulus, pent up demand from easing pandemic restrictions and inflationary pressures on the food and energy sectors have caused customers to spend more money. Money market account balances are down \$17.8 million year-to-date.

One account is responsible for \$16.1 million of that decline as the business was acquired and the funds were transferred and consolidated at the acquirer's bank. Savings accounts, time deposits and interest-bearing demand deposits are down \$8.2 million, \$7.4 million and \$2.7 million, respectively. Non-interest bearing demand deposits have increased by \$9.9 million, totaling \$428.9 million or 36% of total deposits.

The total of all other liabilities decreased by \$19.7 million to \$34.2 million from \$53.9 million at December 31, 2021. The Company issued \$30.0 million in subordinated debt in December 2021 and used \$17.5 million of those proceeds to repay a tranche of subordinated debt issued in January 2017.

Stockholders' equity decreased by \$37.2 million to \$64.0 million at June 30, 2022 from \$101.2 million at December 31, 2021. The rapid increase in interest rates has negatively impacted the fair market value of the Company's available for sale investment security portfolio. The impact of the decline, net of deferred tax benefits, is \$40.3 million. The Company has bought back 16,300 shares of stock totaling \$464,000 and paid \$1.7 million in dividends in 2022. These decreases are partially offset by \$5.2 million in net income. Total shares outstanding at June 30, 2022 are 3,413,760 compared to 3,430,060 at December 31, 2021. Tangible book value per share is currently \$17.53 compared to \$28.29 at December 31, 2021. The decline in tangible book value is due to the accumulated other comprehensive loss ("AOCL") for the six month period.

Key Performance Ratios

Return on average assets ("ROA") is 0.97% for the current quarter compared to 0.64% for the linked quarter and 0.76% for the prior year quarter. ROA for the six-month periods ended June 30, 2022 is 0.81% compared to 0.68% for the prior year period. Return on average equity ("ROE") is 15.67% for the current three-month period, 8.42% for the linked period and 11.11% for the prior year period. ROE for the six-month period ended June 30, 2022 is 11.64% compared to 9.51% for the prior year period. ROA for the three-month period and six-month periods ended June 30, 2022 reflect higher levels of net income over the comparative periods. ROE for the current periods is positively impacted by higher levels of net income and lower book equity levels due to the AOCL.

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 23 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 jdbank.com.

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 otcmarts.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 Jun 2022	Actual Dec 2021	\$ Variance	% Variance
Assets				
Cash and due from banks	23,990,323	18,552,783	5,437,540	29.3
Interest bearing deposits with banks	62,795,636	175,657,295	(112,861,659)	(64.3)
Investment Securities - Taxable	341,523,601	354,300,423	(12,776,822)	(3.6)
Investment Securities - Tax-exempt	133,709,285	131,081,611	2,627,674	2.0
Mortgage loans held for sale	1,079,163	705,950	373,213	52.9
Loans, net of unearned income	653,772,974	622,565,024	31,207,950	5.0
Less: Allowance for loan losses	(8,532,042)	(8,189,747)	(342,295)	4.2
Premises and equipment, net	20,561,172	23,160,984	(2,599,812)	(11.2)
Accrued interest receivable	4,352,335	4,492,037	(139,702)	(3.1)
Other real estate	944,057	1,053,698	(109,641)	(10.4)
Other assets	39,267,714	33,196,334	6,071,380	18.3
Total Assets	1,273,464,218	1,356,576,392	(83,112,174)	(6.1)
Liabilities				
Non-Interest Bearing Deposits	428,942,590	419,021,687	9,920,903	2.4
Interest bearing demand deposits	238,360,140	241,045,730	(2,685,590)	(1.1)
Savings and Money Market Deposits	399,727,969	425,749,299	(26,021,330)	(6.1)
Time Deposits - Retail	108,185,087	115,623,464	(7,438,377)	(6.4)
Total Deposits	1,175,215,786	1,201,440,180	(26,224,394)	(2.2)
Accrued expenses and other liabilities	4,484,498	6,703,008	(2,218,510)	(33.1)
Other Borrowings	29,728,717	47,203,745	(17,475,028)	(37.0)
Total Liabilities	1,209,429,001	1,255,346,933	(45,917,932)	(3.7)
Equity				
Common stock				
3,413,760 shares outstanding at 6.30.22				
3,430,060 shares outstanding at 12.31.21	21,336,000	21,437,875	(101,875)	(0.5)
Capital surplus	10,163,269	10,525,694	(362,425)	(3.4)
Retained earnings	71,698,395	68,164,751	3,533,644	5.2
Accumulated other comprehensive income (loss)	(39,056,386)	1,271,641	(40,328,027)	(3,171.3)
Less: Notes receivable common stock	(106,061)	(170,502)	64,441	(37.8)
Total Equity	64,035,217	101,229,459	(37,194,242)	(36.7)
Total Liabilities & Equity	1,273,464,218	1,356,576,392	(83,112,174)	(6.1)

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	QTD Actual Jun 2022	QTD Actual Mar 2022	\$ Variance	% Variance	QTD Actual Jun 2021	\$ Variance	% Variance
Interest Income							
Interest on Loans	8,509,661	7,692,991	816,670	10.6	8,119,069	390,592	4.8
Mortgage Loans Held For Sale	11,180	6,666	4,514	67.7	11,093	87	0.8
Interest on deposits with banks	172,285	82,507	89,778	108.8	65,640	106,645	162.5
Investment Securities - Taxable	1,334,136	1,246,884	87,252	7.0	1,060,427	273,709	25.8
Investment Securities - Tax-exempt	806,146	791,016	15,130	1.9	806,077	69	0.0
Total Interest Income	10,833,408	9,820,064	1,013,344	10.3	10,062,306	771,102	7.7
Interest Expense							
Interest bearing demand deposits	210,783	205,294	5,489	2.7	231,346	(20,563)	(8.9)
Savings and Money Market Deposits	197,234	212,474	(15,240)	(7.2)	215,488	(18,254)	(8.5)
Time Deposits - Retail	210,505	238,005	(27,500)	(11.6)	326,831	(116,326)	(35.6)
Total Interest Expense on Deposits	618,522	655,773	(37,251)	(5.7)	773,665	(155,143)	(20.1)
FHLB Advances	-	-	-	-	30,435	(30,435)	(100.0)
Interest on other borrowings	314,787	363,909	(49,122)	(13.5)	338,533	(23,746)	(7.0)
Total Interest Expense	933,309	1,019,682	(86,373)	(8.5)	1,142,633	(209,324)	(18.3)
Net Interest Income	9,900,099	8,800,382	1,099,717	12.5	8,919,673	980,426	11.0
Provision for loan losses	-	-	-	-	165,000	(165,000)	(100.0)
Net In. Inc. After Prov. for Loan Losses	9,900,099	8,800,382	1,099,717	12.5	8,754,673	1,145,426	13.1
Non Interest Income							
Service charges and fees	2,322,238	2,224,632	97,606	4.4	2,188,293	133,945	6.1
Mortgage loan and related fees	280,959	238,911	42,048	17.6	497,890	(216,931)	(43.6)
Other noninterest income	462,603	200,507	262,096	130.7	470,484	(7,881)	(1.7)
Total Non Interest Income	3,065,800	2,664,050	401,750	15.1	3,156,667	(90,867)	(2.9)
Non Interest Expense							
Salaries and employee benefits	4,728,466	4,596,179	132,287	2.9	4,546,180	182,286	4.0
Occupancy	1,236,207	1,203,330	32,877	2.7	1,291,573	(55,366)	(4.3)
Advertising and public relations	389,976	342,034	47,942	14.0	376,300	13,676	3.6
Data Processing	1,126,778	1,151,010	(24,232)	(2.1)	1,135,337	(8,559)	(0.8)
Other noninterest expense	1,734,796	1,675,690	59,106	3.5	1,498,273	236,523	15.8
Total Non Interest Expense	9,216,223	8,968,243	247,980	2.8	8,847,663	368,560	4.2
Income Before Taxes	3,749,676	2,496,189	1,253,487	50.2	3,063,677	686,001	22.4
Income taxes	612,520	388,026	224,494	57.9	470,107	142,413	30.3
Net Income	3,137,156	2,108,163	1,028,993	48.8	2,593,570	543,588	21.0

Per common share data:**

Earnings	\$ 0.92	\$ 0.62	\$ 0.76
Weighted average number of shares outstanding	3,420,677	3,426,160	3,429,060

** Prior period shares outstanding adjusted for a 2-for-1 stock split

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	YTD Actual Jun 2022	YTD Actual Jun 2021	\$ Variance	% Variance
Interest Income				
Interest on Loans	16,202,653	16,187,163	15,490	0.1
Mortgage Loans Held For Sale	17,846	19,673	(1,827)	(9.3)
Interest on deposits with banks	254,793	126,563	128,230	101.3
Investment Securities - Taxable	2,581,021	1,724,477	856,544	49.7
Investment Securities - Tax-exempt	1,597,162	1,606,890	(9,728)	(0.6)
Total Interest Income	20,653,475	19,664,766	988,709	5.0
Interest Expense				
Interest bearing demand deposits	416,077	476,182	(60,105)	(12.6)
Savings and Money Market Deposits	409,708	426,788	(17,080)	(4.0)
Time Deposits - Retail	448,510	691,108	(242,598)	(35.1)
Total Interest Expense on Deposits	1,274,295	1,594,078	(319,783)	(20.1)
FHLB Advances	-	60,691	(60,691)	(100.0)
Interest on other borrowings	678,696	677,325	1,371	0.2
Total Interest Expense	1,952,991	2,332,094	(379,103)	(16.3)
Net Interest Income	18,700,484	17,332,672	1,367,812	7.9
Provision for loan losses	-	330,000	(330,000)	(100.0)
Net In. Inc. After Prov. for Loan Losses	18,700,484	17,002,672	1,697,812	10.0
Non Interest Income				
Service charges and fees	4,546,870	4,149,298	397,572	9.6
Mortgage loan and related fees	519,871	834,656	(314,785)	(37.7)
Other noninterest income	663,110	846,009	(182,899)	(21.6)
Total Non Interest Income	5,729,851	5,829,963	(100,112)	(1.7)
Non Interest Expense				
Salaries and employee benefits	9,324,646	8,884,019	440,627	5.0
Occupancy	2,439,537	2,532,084	(92,547)	(3.7)
Advertising and public relations	732,009	728,075	3,934	0.5
Data Processing	2,277,788	2,113,255	164,533	7.8
Other noninterest expense	3,410,586	3,229,817	180,769	5.6
Total Non Interest Expense	18,184,566	17,487,250	697,316	4.0
Income Before Taxes	6,245,769	5,345,385	900,384	16.8
Income taxes	1,000,546	831,836	168,710	20.3
Net Income	5,245,223	4,513,549	731,674	16.2

Per common share data:**

Earnings	\$ 1.53	\$ 1.32
Weighted average number of shares outstanding	3,420,677	3,429,060

** Prior period shares outstanding adjusted for a 2-for-1 stock split

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	
	Jun 2022	Jun 2021		Jun 2022	Jun 2021		Jun 2022	Jun 2021	
Earning Assets									
Loans	5.08	4.78	0.30	643,629,504	631,722,987	11,906,517	8,142,306	7,546,807	595,499
PPP fee recognition	0.22	0.38	(0.16)	-	-	-	367,355	572,262	(204,907)
Loans with fees	5.30	5.16	0.14	643,629,504	631,722,987	11,906,517	8,509,661	8,119,069	390,592
Mortgage loans held for sale	4.62	2.73	1.89	967,685	1,626,938	(659,253)	11,180	11,093	87
Deposits with banks	1.00	0.14	0.86	69,405,399	192,397,277	(122,991,878)	172,285	65,640	106,645
Investment securities - taxable	1.36	1.27	0.09	391,082,609	333,067,386	58,015,223	1,334,136	1,060,427	273,709
Investment securities - tax-exempt	3.08	3.27	(0.19)	132,696,414	124,923,272	7,773,142	806,146	806,077	69
Total Earning Assets	3.58	3.21	0.37	1,237,781,611	1,283,737,860	(45,956,249)	10,833,408	10,062,306	771,102
Interest bearing liabilities									
Interest bearing demand	0.36	0.39	(0.03)	235,149,433	239,369,603	(4,220,170)	210,783	231,346	(20,563)
Savings and Money Market	0.19	0.21	(0.02)	406,573,873	410,979,581	(4,405,708)	197,234	215,488	(18,254)
Time deposits - Retail	0.77	1.05	(0.28)	110,347,902	125,124,844	(14,776,942)	210,505	326,831	(116,326)
Total interest bearing deposits	0.33	0.40	(0.07)	752,071,208	775,474,028	(23,402,820)	618,522	773,665	(155,143)
Federal home Loan Bank advances	-	4.51	(4.51)	-	2,669,211	(2,669,211)	-	30,435	(30,435)
Other borrowings	4.19	7.56	(3.37)	29,730,636	17,708,780	12,021,856	314,787	338,533	(23,746)
Total borrowed funds	4.19	7.16	(2.97)	29,730,636	20,377,991	9,352,645	314,787	368,968	(54,181)
Total interest-bearing liabilities	0.48	0.57	(0.09)	781,801,844	795,852,019	(14,050,175)	933,309	1,142,633	(209,324)
Net interest rate spread	3.10	2.64	0.46				9,900,099	8,919,673	980,426
Effect of non-interest bearing deposits	(0.17)	(0.21)	0.04	424,595,554	467,574,966	(42,979,412)			
Cost of funds	0.31	0.36	(0.05)						
Net interest margin	3.27	2.85	0.42						

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	
	Jun 2022	Jun 2021		Jun 2022	Jun 2021		Jun 2022	Jun 2021	
Earning Assets									
Loans	4.98	4.74	0.24	633,971,229	628,002,974	5,968,255	15,629,184	14,800,885	828,299
PPP fee recognition	0.17	0.46	(0.29)	-	-	-	573,469	1,386,278	(812,809)
Loans with fees	5.15	5.20	(0.05)	633,971,229	628,002,974	5,968,255	16,202,653	16,187,163	15,490
Mortgage loans held for sale	4.13	2.72	1.41	865,111	1,444,717	(579,606)	17,846	19,673	(1,827)
Deposits with banks	0.50	0.12	0.38	102,200,792	217,030,849	(114,830,057)	254,793	126,563	128,229
Investment securities - taxable	1.37	1.23	0.14	376,231,210	281,160,093	95,071,117	2,581,021	1,724,477	856,544
Investment securities - tax-exempt	3.07	3.29	(0.22)	131,702,392	123,767,400	7,934,992	1,597,162	1,606,890	(9,727)
Total Earning Assets	3.41	3.24	0.17	1,244,970,734	1,251,406,033	(6,435,299)	20,653,475	19,664,766	988,709
Interest bearing liabilities									
Interest bearing demand	0.36	0.41	(0.05)	235,484,375	237,039,809	(1,555,434)	416,077	476,183	(60,106)
Savings and Money Market	0.20	0.22	(0.02)	413,948,145	393,655,146	20,293,000	409,708	426,788	(17,080)
Time deposits - Retail	0.80	1.10	(0.30)	112,493,378	126,222,916	(13,729,539)	448,510	691,108	(242,597)
Total interest bearing deposits	0.34	0.42	(0.08)	761,925,898	756,917,871	5,008,027	1,274,295	1,594,079	(319,784)
Federal home Loan Bank advances	-	4.47	(4.47)	-	2,702,287	(2,702,287)	-	60,691	(60,691)
Other borrowings	4.33	7.58	(3.25)	31,207,733	17,767,749	13,439,984	678,696	677,325	1,371
Total borrowed funds	4.33	7.17	(2.84)	31,207,733	20,470,036	10,737,697	678,696	738,016	(59,320)
Total interest-bearing liabilities	0.50	0.60	(0.10)	793,133,631	777,387,907	15,745,723	1,952,991	2,332,095	(379,103)
Net interest rate spread	2.91	2.63	0.28						
Effect of non-interest bearing deposits	(0.17)	(0.22)	0.05	423,336,162	457,268,935	(33,932,773)			
Cost of funds	0.33	0.38	(0.05)						
Net interest margin	3.08	2.86	0.22				18,700,484	17,332,671	1,367,812

JD BANCSHARES, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION

Financial Ratios

	For the Qtr Ended June 30, 2022	For the Qtr Ended March 31, 2022	For the Qtr Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Performance Ratios					
Return on Average Assets (ROA)	0.97%	0.64%	0.76%	0.81%	0.68%
ROA based on Pre-tax, pre-provision operating income	1.05%	0.70%	0.78%	0.87%	0.71%
Return on Average Equity (ROE)	15.67%	8.42%	11.11%	11.64%	9.51%
ROE based on Pre-tax, pre-provision operating income	16.85%	9.15%	11.35%	12.57%	9.88%
Earnings per Share***	\$0.92	\$0.62	\$0.76	\$1.53	\$1.32
Net Interest Margin	3.27	2.91%	2.85%	3.09%	2.86%
Efficiency Ratio **	67.78%	76.81%	72.03%	72.02%	72.43%
Non-Interest Income as a % of Avg. Assets**	0.95%	0.81%	0.93%	0.88%	0.88%
Non-Interest Expense as a % of Avg. Assets**	2.78%	2.73%	2.61%	2.75%	2.58%

	As of June 30, 2022	As of December 31, 2021
Bank Level Capital Ratios:		
Tier 1 Leverage Ratio	9.14% (Est.)	9.04%
Common Equity Tier 1 Ratio	16.24% (Est.)	16.07%
Tier 1 Risk-Based Capital Ratio	16.24% (Est.)	16.07%
Total Risk-Based Capital Ratio	17.40% (Est.)	17.17%
Company:		
Tangible Equity / Total Assets	4.70%	7.15%
Tangible Book Value per Share***	\$ 17.53	\$ 28.29

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

	For the Qtr Ended June 30, 2022	For the Qtr Ended March 31, 2022	For the Qtr Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Net Income (GAAP)	\$ 3,137,156	\$ 2,108,163	\$ 2,593,570	\$ 5,245,223	\$ 4,513,549
Provision for Loan Losses	-	-	165,000	-	330,000
Net (Gain) Loss on OREO	(418)	1,003	(1,454)	585	406,906
Net (Gain) Loss on Securities	-	-	(4,508)	-	(6,682)
Non-recurring Revenue	(291,127)	-	-	(291,127)	-
Non-recurring Expenses	282,961	-	-	282,961	-
Nonrecurring Revenue - PPP origination fees	(367,355)	(206,114)	(572,262)	(573,469)	(1,386,278)
Income Tax Expense	612,520	388,026	470,107	1,000,546	831,836
Pre-tax, Pre-Provision Operating Income	\$ 3,373,737	\$ 2,291,078	\$ 2,650,453	\$ 5,664,719	\$ 4,689,331

** Non-recurring items are eliminated for this ratio

*** Prior period shares outstanding adjusted for 10% stock dividend and stock split