JD Bancshares, Inc. Reports Increase in Q3 2022 Operating Earnings

Jennings, LA., October 20, 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 nine-month periods ended September 30, 2022.

Net income is $3,388,452 or $0.99 per share for the three-month period ended September 30, 2022 compared to $3,137,156 or $0.92 per share for the linked quarter ended June 30, 2022 and $3,539,845 or $1.03 per common share for the three-month period ended September 30, 2021. Pre-tax, pre-provision operating income for the current quarter is $4,261,659, reflecting a 26% increase compared to $3,373,737 for the linked quarter, and a 30% increase compared to $3,275,808 for the prior year quarter. Pre-tax, pre-provision operating income excludes taxes, provision for loan losses, gains or losses on the sale of other real estate owned, gains on the sale of investment securities, recognized origination fees earned from the Paycheck Protection Program (PPP) and other non-operating revenues and expenses. The increase in current quarter pre-tax, pre-provision operating income is primarily due to an increase in interest income on loans and investment securities.

For the nine-month period ended September 30, 2022, net income is $8,672,339 or $2.54 per share compared to $8,059,912 or $2.35 per share for the prior year comparative period. Pre-tax, pre-provision operating earnings for the current nine-month period is $9,975,321 reflecting a 25% increase over $7,971,657 for the prior year period.

Bruce W. Elder, President & CEO commented, "We are pleased to report strong operating earnings for both the quarter and year-to-date ended September 30, 2022. And while these results are attributable to our efforts, in part, to reposition our balance sheet from cash into higher yielding loans and investment securities, the Federal Reserve Bank's efforts to control inflation by raising short-term interest rates has also played a role. When the Federal Reserve makes changes to monetary policy, it typically takes twelve to eighteen months for those actions to achieve the desired effects. However, the magnitude and speed with which interest rate have been increased will more than likely result in a recession creating potential head winds in housing and employment. We will continue to pay close attention to signs that the economy is weakening and make prudent decisions to ensure we maintain a sound capital position."

Paycheck Protection Program Lending

During 2020 and 2021, the Company made 1,422 PPP loans totaling $110.4 million. As of September 30, 2022, there are two loans totaling $1.3 million that remain outstanding and $109.1 million have been repaid through SBA forgiveness and customer payments. The two remaining PPP borrowers have received partial forgiveness from the SBA and are in the process of appeal and/or are making payments on the loans. The Company continues to have the full guarantee of the SBA for the remaining PPP loans.

The Company received origination fees from the SBA for participating in the program. At origination, we recognized as interest income that portion of the fee estimated to be our internal cost of origination. The remainder is amortized 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 for the quarters ended September 30, 2022, June 30, 20221 and September 30, 2021 are $32,000, $367,000 and $799,000, respectively. Origination fees recognized for the two nine-month periods ended September 30, 20221 and 2021 are $605,000 and $2,185,000, respectively. These fee recognitions have been excluded from pre-tax, pre-provision operating income calculations.

Asset Quality

Loans past due 30 to 89 days as of September 30, 2022 total $2.0 million or 0.30% of total gross loans compared to $1.3 million or 0.21% at December 31, 2021. Past due loans remain at a manageable level at September 30, 2022, but inflation and the actions of the Federal Reserve Open Market Committee (FOMC) to combat inflation are anticipated to have a recessionary impact on both the national and local economy. Management is paying close attention to determine whether any adverse trends might develop in the near term.

Total nonperforming assets, including loans on non-accrual status, other real estate owned (OREO) and repossessed assets are $4.4 million at September 30, 2022 compared to $5.2 million at December 31, 2021. As of September 30, 2022 and December 31, 2021, loans in non-accrual status are $3.5 million and $4.1 million, respectively; OREO is $903,000 compared to $1,054,000 and repossessed assets are $37,000 compared to $0 at the prior year end. 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 a $189,000 provision for credit losses in the current quarter compared to no provisions for the linked and prior year quarters. The allowance for loan losses (ALLL) is $8.7 million at September 30, 2022 or 1.30% of total loans compared to $8.6 million at December 31, 2021 or 1.36% of total loans. Net recoveries are $353,000 for the first nine months of 2022 compared to net charge-offs of $538,000 for the prior year comparative period. During a review of loan system parameters, it was noted that payments collected and applied to loans charged-off in prior periods 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. Had this correction not occurred, net charge-offs for the current year period would have been $135,000. 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 $10.5 million, reflecting an increase of $644,000 compared to $9.9 million for the linked quarter and an increase of $1.1 million compared to $9.5 million reported for the prior year quarter ended September 30, 2021. The net interest margin for the September 2022 quarter was 3.49% and improved by 22 basis points from 3.27% for the linked quarter and by 47 basis points compared to 3.02% for the prior year period. The yield on earning assets for the current quarter was 3.81% compared to 3.58% and 3.37% for the two comparative periods, respectively. The cost of funds is 0.32% for current period compared to 0.31% for Q2 2022 and 0.35% for Q3 2021.

For the nine-month period ended September 30, 2022, net interest income is $29.2 million or $2.4 million higher than the $26.8 million for the comparative period ended September 30, 2021. Net interest margin increased during the current nine-month period to 3.22% from 2.91% for the prior year comparative period. The yield on earning assets for the current year is 3.54% compared to 3.28% for the prior year nine-month period and the cost of funds is 0.32% compared to 0.37%.

During the Q2 2022, 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. As a result, both the three-month period ended June 30, 2022 and the nine-month period ended September 30, 2022 include $291,000 of non-recurring interest income.

Net margin has been positively impacted by strong loan and investment securities growth, a rising interest rate environment and our ability to control our cost of funds. The Company has experienced strong loan growth over the last nine months despite experiencing significant reductions in PPP loans. Pay downs on PPP loans over the past nine months have totaled $14.9 million. During that time, the loan portfolio has grown by $47.8 million. Therefore, we have experienced a net increase of $62.7 million in new current market rate loans over the first nine months of the year for an annualized percentage increase of 13%. The loan to deposit ratio has increased to 58.16% at September 30, 2022 from 51.82% at December 31, 2021. Although significantly impacted by the unrealized loss on available for sale securities, the amortized book value of the portfolio has increased by $38.9 million over the first nine months of 2022.

The FOMC began raising short-term interest rates on March 17, 2022 with a 25 basis points increase which moved the Wall Street Journal (WSJ) Prime Rate from 3.25% to 3.50%. There have been four additional rate hikes, the last of which occurred on September 21, 2022, which has pushed the WSJ Prime to 6.25%. The FOMC has signaled that they plan to aggressively continue to push rates higher in order to curb inflation. Inflation is currently at 8.2% and is at the highest level in 40 years. Many economists believe we will see another 125 basis points in rate hikes prior to the end of the year. This may move the WSJ Prime to a level of 7.50%. We believe that a recession in 2023 is very likely and could have an impact on both future loan demand as well as asset quality.

Finally, we have been able to control our cost of funds through these interest rate increases. But pressure is mounting and we would anticipate needing to increase interest rates on various deposit products. This will eventually result in an increase in the Company's overall cost of funds.

Non-Interest Income

Total non-interest income is $3.0 million for the three-month period ended September 30, 2022 compared to $3.1 million for the linked quarter and $3.8 million for the prior year quarter. Service charges and fees associated with deposit accounts are $2.4 million for the current quarter, up from $2.3 million at both June 30, 2022 and September 30, 2021. The largest component of service charges and fees is interchange income on debit card transactions. Interchange revenue is $1.2 million for the current quarter and $1.3 million for both the linked and prior year quarters. Revenue from NSF fees is $870,000 in the current quarter compared to $756,000 in the linked quarter and $665,000 in the prior year quarter.

The rise in interest rates on home mortgages during 2022 has had a detrimental impact on new mortgage loan originations. Gains on the sale of originated mortgages is $222,000 for the current quarter compared to $280,000 for Q2 2022 and $430,000 for Q3 2021. We anticipate that mortgage originations, and thus our gains on the sale of loans, to remain at or below current levels into the foreseeable future. Other non-interest income is $424,000 for the current quarter compared to $463,000 for the quarter ended June 30, 2022 and $1.1 million for the prior year quarter. Revenues from trust and brokerage activities comprise the largest components of other non-interest income. While trust revenue has remained relatively stable over the three periods, brokerage revenue has declined to $71,000 for the current quarter from $84,000 for the linked quarter and $208,000 for the prior year quarter. The September 30, 2021 quarter included a gain on a real estate swap of $364,000.

Non-interest income for the nine-month period ended September 30, 2022 is $8.8 million, compared to $9.6 million for the prior year period. Service charges and fees are currently $6.9 million compared to $6.4 million, gains on sale of originated mortgage loans is $741,000 compared to $1.3 million and other non-interest income is $1.1 million compared to $1.9 million. Recognized market fluctuations for an equity investment had a negative impact on both nine-month periods with a $286,000 loss recorded in the current period versus an $80,000 loss recorded in the prior year period. The nine-month period ended September 30, 2021 included two non-operating items; $7,000 in gains on the sale of investment securities and the aforementioned $364,000 gain on a real estate swap.

Non-Interest Expense

Total non-interest expense is $9.3 million for the September 30, 2022 quarter compared to $9.2 million for the linked quarter and $9.0 million for the prior year quarter. Salary and benefits expense is the largest component of non-interest expenses and is $4.7 million for the current and linked period and $4.5 million for the prior year period. We anticipate personnel related expenses to increase in future periods as we look to add bankers to our team and execute our expansion plans in Baton Rouge and Mandeville, LA.

Occupancy expense is $1.3 million for the current quarter compared to $1.2 million for the linked quarter and $1.4 million for the prior year quarter. Two components of occupancy expense that have increased over both the linked and prior year quarters are utilities and lease expense. Energy prices have been impacted by inflation and we have leased additional space in Lafayette, Baton Rouge and Mandeville, LA. Data processing expense is relatively consistent at $1.0 million for the current quarter, $1.1 million in the linked quarter and $1.0 million for the prior year. Marketing, business development and public relations expenses total $387,000 in the current quarter compared to $390,000 for the June 2022 quarter and $269,000 for the prior year quarter. Other non-interest expenses were $1.8 million for Q3 2022, $1.7 million for Q2 2022 and $1.8 million for Q3 2021. Included in total other non-interest expenses are net losses on the sale of OREO of $41,000 for the current quarter and net gains on the sale of OREO of $29,000 for the prior year quarter. We also incurred a $200,000 pre-payment penalty on the repayment of a Federal Home Loan Bank advance during Q3 2021.

Non-interest expenses for the nine-month period ended September 30, 2022 are $27.5 million, reflecting a $1.0 million increase compared to $26.5 million for the prior year. Increases in salaries and employee benefits, data processing, advertising and public relations, other fraud losses and professional fees are partially offset by a decline in FDIC insurance expense. Losses on the sale of OREO for the current and prior nine-month periods are $42,000 and $378,000, respectively. Additionally, we incurred the pre-payment penalty noted above.

Income tax expense is $675,000 for the current quarter compared to $613,000 for the linked quarter and $728,000 for the September 30, 2021 quarter. The effective tax rate is 16.61% compared to 16.34% for the linked quarter and 17.05% for the prior year quarter. Current year-to-date income tax expense is $1.7 million with an effective rate of 16.27% compared to $1.6 million and 16.21% for the prior year nine-month period.

Balance Sheet

Total assets are $1.2 billion at September 30, 2022 compared to $1.3 billion at December 31, 2021. The $121.2 million decrease represents a 9% decline since December 31, 2021. The decline is due to using cash to fund a decrease in deposits and the repayment of subordinated debt originally issued in 2017. Total assets was also impacted by the impact of rising interest rates on our available for sale investment portfolio.

Total cash decreased by $142.6 million between December 31, 2021 and September 30, 2022. Approximately $48.9 million in cash was used to fund a net decrease in total deposits and in January 2022, we redeemed $17.5 million of subordinated debt. The loan and investment portfolios experienced net new loans and securities of $47.8 million and $38.9 million, respectively. Due to the significant increase in interest rates since late March, the investment portfolio shows a point to point decline of $36.2 million due to a gross unrealized loss of $75.1 million. The unrealized loss on investment securities resulted in a $15.4 million increase in our deferred income tax asset.

As mentioned above, total deposits decreased by $48.9 million or 4% from December 31, 2021. Money market accounts experienced the largest decline at $20.3 million, followed by interest-bearing demand at $14.9 million, time deposits at $13.1 million and savings at $10.6 million. These declines are partially offset by a $10.0 million increase in non-interest bearing demand balances. The increase in interest rates has played a role in the decline in our time deposit portfolio. We pride ourselves on developing long-term relationships and attempt to keep our time deposit rates at or above the peer average, but there are several outlier banks in our markets that offer rates that cause customers to move deposits. Between the period February 28, 2020 and December 31, 2021, our deposits increased by $422.0 million or 54%. The increase was the result of significant government stimulus in the form of direct payments to individuals and PPP loans. Additionally, southwest Louisiana was hit with two major hurricanes in the fall of 2020 and we experienced a large influx of insurance proceeds that we escrowed for borrowers to effectuate repairs. Due to supply chain and labor shortage issues, many of those proceeds are just now being disbursed in 2022.

Other borrowings decreased by approximately $17.4 million since year-end 2021. In January 2022, we redeemed a tranche of subordinated debt that was originally issued in 2017.

Stockholders' equity decreased by $53.8 million to $47.4 million at September 30, 2022 from $101.2 million at December 31, 2021. The decrease is comprised of a change in the accumulated other comprehensive loss of

$59.3 million, dividends paid to common shareholders of $2.6 million, the repurchase of stock of $651,000 and is partially offset by year-to-date earnings of $8.7 million. Tangible book value per common share is $12.69 at September 30, 2022 compared to $28.29 at December 31, 2021.

Key Performance Ratios
Return on average assets (ROA) increased to 1.07% for the current quarter compared to 0.97% for the linked quarter and 1.04% for the prior year quarter. Return on average equity (ROE) is 20.61%, 15.67% and 13.91% for the three comparative quarters ended September 2022, June 2022 and September 2021, respectively. ROA and ROE for the nine-month periods ended September 30, 2022 and 2021 are 0.90% and 0.80%, and 14.10% and 11.06%, 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 south 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 and two Loan Production/Deposit Production offices located along the Interstate 10/12 corridor from Lake Charles to Mandeville, 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 otcmarkets.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.

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JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	Actual Sep 2022	Actual Dec 2021	$ Variance	% Variance
Assets				
Cash and due from banks	24,551,346	18,552,783	5,998,563	32.3
Interest bearing deposits with banks	27,104,067	175,657,295	(148,553,228)	(84.6)
Investment Securities - Taxable	316,963,593	354,300,423	(37,336,830)	(10.5)
Investment Securities - Tax-exempt	132,181,663	131,081,611	1,100,052	0.8
Mortgage loans held for sale	861,303	705,950	155,353	22.0
Loans, net of unearned income	670,358,946	622,565,024	47,793,922	7.7
Less: Allowance for loan losses	(8,731,652)	(8,189,747)	(541,905)	6.6
Premises and equipment, net	20,487,784	23,160,984	(2,673,200)	(11.5)
Accrued interest receivable	4,139,334	4,492,037	(352,703)	(7.9)
Other real estate	902,657	1,053,698	(151,041)	(14.3)
Other assets	46,534,801	33,196,334	13,338,467	40.2
Total Assets	**1,235,353,842**	**1,356,576,392**	**(121,222,550)**	**(8.9)**
Liabilities				
Non-Interest Bearing Deposits	429,058,395	419,021,687	10,036,708	2.4
Interest bearing demand deposits	226,170,995	241,045,730	(14,874,735)	(6.2)
Savings and Money Market Deposits	394,774,813	425,749,299	(30,974,486)	(7.3)
Time Deposits - Retail	102,523,177	115,623,464	(13,100,287)	(11.3)
Total Deposits	1,152,527,380	1,201,440,180	(48,912,800)	(4.1)
Accrued expenses and other liabilities	5,661,953	6,703,008	(1,041,055)	(15.5)
Other Borrowings	29,762,214	47,203,745	(17,441,531)	(36.9)
Total Liabilities	**1,187,951,547**	**1,255,346,933**	**(67,395,386)**	**(5.4)**
Equity				
Common stock	21,294,125	21,437,875	(143,750)	(0.7)
3,407,060 shares outstanding at 9.30.22				
3,430,060 shares outstanding at 12.31.21				
Capital surplus	10,018,895	10,525,694	(506,799)	(4.8)
Retained earnings	74,272,746	68,164,751	6,107,995	9.0
Accumulated other comprehensive income (loss)	(58,077,410)	1,271,641	(59,349,051)	(4,667.1)
Less: Notes receivable common stock	(106,061)	(170,502)	64,441	(37.8)
Total Equity	**47,402,295**	**101,229,459**	**(53,827,164)**	**(53.2)**
Total Liabilities & Equity	**1,235,353,842**	**1,356,576,392**	**(121,222,550)**	**(8.9)**

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	QTD Actual Sep 2022	QTD Actual Jun 2022	$ Variance	% Variance	QTD Actual Sep 2021	$ Variance	% Variance
Interest Income							
Interest on Loans	8,704,143	8,509,661	194,482	2.3	8,541,665	162,478	1.9
Mortgage Loans Held For Sale	10,009	11,180	(1,171)	(10.5)	9,043	966	10.7
Interest on deposits with banks	254,078	172,285	81,793	47.5	70,501	183,577	260.4
Investment Securities - Taxable	1,726,262	1,334,136	392,126	29.4	1,166,788	559,474	47.9
Investment Securities - Tax-exempt	812,774	806,146	6,628	0.8	795,120	17,654	2.2
Total Interest Income	11,507,266	10,833,408	673,858	6.2	10,583,117	924,149	8.7
Interest Expense							
Interest bearing demand deposits	215,821	210,783	5,038	2.4	219,322	(3,501)	(1.6)
Savings and Money Market Deposits	253,011	197,234	55,777	28.3	225,446	27,565	12.2
Time Deposits - Retail	179,686	210,505	(30,819)	(14.6)	296,849	(117,163)	(39.5)
Total Interest Expense on Deposits	648,518	618,522	29,996	4.8	741,617	(93,099)	(12.6)
FHLB Advances	-	-	-	-	24,572	(24,572)	(100.0)
Interest on other borrowings	314,788	314,787	1	0.0	338,534	(23,746)	(7.0)
Total Interest Expense	963,306	933,309	29,997	3.2	1,104,723	(141,417)	(12.8)
Net Interest Income	**10,543,960**	**9,900,099**	**643,861**	**6.5**	**9,478,394**	**1,065,566**	**11.2**
Provision for loan losses	189,000	-	189,000	-	-	189,000	-
Net In. Inc. After Prov. for Loan Losses	**10,354,960**	**9,900,099**	**454,861**	**4.6**	**9,478,394**	**876,566**	**9.2**
Non Interest Income							
Service charges and fees	2,354,001	2,322,238	31,763	1.4	2,272,365	81,636	3.6
Mortgage loan and related fees	221,542	280,959	(59,417)	(21.1)	429,548	(208,006)	(48.4)
Other noninterest income	423,536	462,603	(39,067)	(8.4)	1,072,424	(648,888)	(60.5)
Total Non Interest Income	2,999,079	3,065,800	(66,721)	(2.2)	3,774,337	(775,258)	(20.5)
Non Interest Expense							
Salaries and employee benefits	4,743,698	4,728,034	15,664	0.3	4,507,170	236,528	5.2
Occupancy	1,343,839	1,236,639	107,200	8.7	1,357,694	(13,855)	(1.0)
Advertising and public relations	387,039	389,976	(2,937)	(0.8)	269,098	117,941	43.8
Data Processing	1,039,588	1,126,778	(87,190)	(7.7)	1,046,492	(6,904)	(0.7)
Other noninterest expense	1,776,588	1,734,796	41,792	2.4	1,804,638	(28,050)	(1.6)
Total Non Interest Expense	9,290,752	9,216,223	74,529	0.8	8,985,092	305,660	3.4
Income Before Taxes	**4,063,287**	**3,749,676**	**313,611**	**8.4**	**4,267,639**	**(204,352)**	**(4.8)**
Income taxes	674,835	612,520	62,315	10.2	727,794	(52,959)	(7.3)
Net Income	**3,388,452**	**3,137,156**	**251,296**	**8.0**	**3,539,845**	**(151,393)**	**(4.3)**

Per common share data:							
Earnings	**$ 0.99**	**$ 0.92**			**$ 1.03**		
Weighted average number of shares outstanding	**3,416,740**	**3,420,677**			**3,430,060**		

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	YTD Actual Sep 2022	YTD Actual Sep 2021	$ Variance	% Variance
Interest Income				
Interest on Loans	24,906,796	24,728,828	177,968	0.7
Mortgage Loans Held For Sale	27,855	28,716	(861)	(3.0)
Interest on deposits with banks	508,870	196,738	312,132	158.7
Investment Securities - Taxable	4,307,283	2,891,265	1,416,018	49.0
Investment Securities - Tax-exempt	2,409,936	2,402,010	7,926	0.3
Total Interest Income	32,160,740	30,247,557	1,913,183	6.3
Interest Expense				
Interest bearing demand deposits	631,897	695,505	(63,608)	(9.1)
Savings and Money Market Deposits	662,718	652,234	10,484	1.6
Time Deposits - Retail	628,196	987,957	(359,761)	(36.4)
Total Interest Expense on Deposits	1,922,811	2,335,696	(412,885)	(17.7)
FHLB Advances	-	85,263	(85,263)	(100.0)
Interest on other borrowings	993,485	1,015,859	(22,374)	(2.2)
Total Interest Expense	2,916,296	3,436,818	(520,522)	(15.1)
Net Interest Income	**29,244,444**	**26,810,739**	**2,433,705**	**9.1**
Provision for loan losses	189,000	330,000	(141,000)	(42.7)
Net In. Inc. After Prov. for Loan Losses	**29,055,444**	**26,480,739**	**2,574,705**	**9.7**
Non Interest Income				
Service charges and fees	6,900,872	6,421,663	479,209	7.5
Mortgage loan and related fees	741,412	1,264,203	(522,791)	(41.4)
Other noninterest income	1,135,589	1,918,434	(782,845)	(40.8)
Total Non Interest Income	8,777,873	9,604,300	(826,427)	(8.6)
Non Interest Expense				
Salaries and employee benefits	14,067,912	13,391,189	676,723	5.1
Occupancy	3,783,808	3,889,778	(105,970)	(2.7)
Advertising and public relations	1,119,048	997,174	121,874	12.2
Data Processing	3,317,376	3,159,747	157,629	5.0
Other noninterest expense	5,187,174	5,027,608	159,566	3.2
Total Non Interest Expense	27,475,318	26,465,496	1,009,822	3.8
Income Before Taxes	**10,357,999**	**9,619,543**	**738,456**	**7.7**
Income taxes	1,685,660	1,559,631	126,029	8.1
Net Income	**8,672,339**	**8,059,912**	**612,427**	**7.6**

Per common share data:

	Sep 2022	Sep 2021
Earnings	**$ 2.54**	**$ 2.35**
Weighted average number of shares outstanding	**3,416,740**	**3,430,060**

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	QTD Actual Sep 2022	QTD Actual Sep 2021	Change	QTD Actual Sep 2022	QTD Actual Sep 2021	Change	QTD Actual Sep 2022	QTD Actual Sep 2021	Change
Earning Assets									
Loans	5.25	4.87	0.38	656,500,196	629,252,122	27,248,074	8,672,115	7,742,463	929,652
PPP fee recognition	0.01	0.52	(0.51)	-	-	-	32,028	799,202	(767,174)
Loans with fees	5.26	5.39	(0.13)	656,500,196	629,252,122	27,248,074	8,704,143	8,541,665	162,478
Mortgage loans held for sale	5.93	3.05	2.88	675,460	1,186,987	(511,527)	10,009	9,043	965
Deposits with banks	2.27	0.18	2.09	44,337,345	153,548,401	(109,211,056)	254,078	70,501	183,577
Investment securities - taxable	1.78	1.30	0.48	388,791,156	360,274,862	28,516,295	1,726,262	1,166,788	559,474
Investment securities - tax-exempt	3.11	3.17	(0.06)	132,442,096	126,808,971	5,633,125	812,774	795,120	17,654
Total Earning Assets	**3.81**	**3.37**	**0.44**	**1,222,746,253**	**1,271,071,341**	**(48,325,089)**	**11,507,266**	**10,583,117**	**924,149**
Interest bearing liabilities									
Interest bearing demand	0.38	0.38	-	223,906,301	227,435,076	(3,528,775)	215,821	219,322	(3,502)
Savings and Money Market	0.25	0.21	0.04	398,283,640	427,513,155	(29,229,515)	253,011	225,446	27,564
Time deposits - Retail	0.69	0.97	(0.28)	104,048,520	121,862,817	(17,814,297)	179,686	296,849	(117,163)
Total interest bearing deposits	0.35	0.38	(0.03)	726,238,461	776,811,048	(50,572,587)	648,517	741,618	(93,101)
Federal home Loan Bank advances	-	4.99	(4.99)	-	1,925,469	(1,925,469)	-	24,572	(24,572)
Other borrowings	4.12	7.46	(3.34)	29,886,370	17,750,631	12,135,738	314,788	338,534	(23,745)
Total borrowed funds	4.12	7.22	(3.10)	29,886,370	19,676,100	10,210,270	314,788	363,106	(48,318)
Total interest-bearing liabilities	**0.50**	**0.55**	**(0.05)**	**756,124,831**	**796,487,148**	**(40,362,317)**	**963,306**	**1,104,724**	**(141,418)**
Net interest rate spread	**3.31**	**2.82**	**0.49**				**10,543,960**	**9,478,393**	**1,065,567**
Effect of non-interest bearing deposits	(0.18)	(0.20)	0.02	429,702,344	451,873,451	(22,171,107)			
Cost of funds	0.32	0.35	(0.03)						
Net interest margin	**3.49**	**3.02**	**0.47**						

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	YTD Actual Sep 2022	YTD Actual Sep 2021	Change	YTD Actual Sep 2022	YTD Actual Sep 2021	Change	YTD Actual Sep 2022	YTD Actual Sep 2021	Change
Earning Assets									
Loans	5.07	4.79	0.28	641,563,408	628,423,932	13,139,476	24,301,299	22,543,348	1,757,951
PPP fee recognition	0.12	0.47	(0.35)	-	-	-	605,497	2,185,480	(1,579,983)
Loans with fees	5.19	5.26	(0.07)	641,563,408	628,423,932	13,139,476	24,906,796	24,728,828	177,968
Mortgage loans held for sale	4.64	2.82	1.82	801,199	1,357,863	(556,663)	27,855	28,716	(862)
Deposits with banks	0.82	0.13	0.69	82,701,022	195,637,496	(112,936,474)	508,870	196,738	312,132
Investment securities - taxable	1.51	1.25	0.26	380,463,866	307,821,481	72,642,386	4,307,283	2,891,265	1,416,018
Investment securities - tax-exempt	3.08	3.25	(0.17)	131,951,669	124,792,398	7,159,271	2,409,936	2,402,010	7,927
Total Earning Assets	**3.54**	**3.28**	**0.26**	**1,237,481,165**	**1,258,033,170**	**(20,552,005)**	**32,160,740**	**30,247,557**	**1,913,183**
Interest bearing liabilities									
Interest bearing demand	0.36	0.40	(0.04)	231,582,607	233,803,049	(2,220,443)	631,897	695,505	(63,608)
Savings and Money Market	0.22	0.22	-	408,669,264	405,065,171	3,604,094	662,718	652,235	10,484
Time deposits - Retail	0.77	1.06	(0.29)	109,647,492	124,753,579	(15,106,087)	628,196	987,957	(359,761)
Total interest bearing deposits	0.34	0.41	(0.07)	749,899,363	763,621,799	(13,722,437)	1,922,812	2,335,696	(412,884)
Federal home Loan Bank advances	-	4.61	(4.61)	-	2,440,502	(2,440,502)	-	85,263	(85,263)
Other borrowings	4.26	7.54	(3.28)	30,762,438	17,761,981	13,000,458	993,485	1,015,859	(22,374)
Total borrowed funds	4.26	7.19	(2.93)	30,762,438	20,202,483	10,559,956	993,485	1,101,122	(107,637)
Total interest-bearing liabilities	**0.50**	**0.58**	**(0.08)**	**780,661,801**	**783,824,282**	**(3,162,481)**	**2,916,297**	**3,436,819**	**(520,522)**
Net interest rate spread	**3.04**	**2.70**	**0.34**				**29,244,444**	**26,810,739**	**2,433,705**
Effect of non-interest bearing deposits	(0.18)	(0.21)	0.04	425,481,542	455,450,677	(29,969,135)			
Cost of funds	0.32	0.37	(0.05)						
Net interest margin	**3.22**	**2.91**	**0.31**						

JD BANCSHARES, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION

Financial Ratios

	For the Qtr Ended September 30, 2022	For the Qtr Ended June 30, 2022	For the Qtr Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Performance Ratios					
Return on Average Assets (ROA)	1.07%	0.97%	1.04%	0.90%	0.80%
ROA based on Pre-tax, pre-provision operating income	1.35%	1.05%	0.96%	1.03%	0.79%
Return on Average Equity (ROE)	20.61%	15.67%	13.91%	14.10%	11.06%
ROE based on Pre-tax, pre-provision operating income	25.92%	16.85%	12.88%	16.22%	10.94%
Earnings per Share	$0.99	$0.92	$1.03	$2.54	$2.35
Net Interest Margin	3.49%	3.27%	3.02%	3.22%	2.91%
Efficiency Ratio **	67.22%	67.78%	67.21%	70.22%	70.57%
Non-Interest Income as a % of Avg. Assets**	0.95%	0.95%	1.00%	0.91%	0.96%
Non-Interest Expense as a % of Avg. Assets**	2.92%	2.78%	2.57%	2.81%	2.58%

	As of September 30, 2022	As of December 31, 2021
Bank Level Capital Ratios:		
Tier 1 Leverage Ratio	9.83% (Est.)	9.04%
Common Equity Tier 1 Ratio	16.04% (Est.)	16.07%
Tier 1 Risk-Based Capital Ratio	16.04% (Est.)	16.07%
Total Risk-Based Capital Ratio	17.15% (Est.)	17.17%
Company:		
Tangible Equity / Total Assets	3.50%	7.15%
Tangible Book Value per Share	$ 12.69	$ 28.29

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

	For the Qtr Ended September 30, 2022	For the Qtr Ended June 30, 2022	For the Qtr Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Net Income (GAAP)	$ 3,388,452	$ 3,137,156	$ 3,539,845	$ 8,672,339	$ 8,059,912
Provision for Loan Lossess	189,000	-	-	189,000	330,000
Net (Gain) Loss on OREO	41,400	(418)	(28,535)	41,985	378,370
Net (Gain) Loss on Securities	-	-	-	-	(6,682)
Non-recurring Revenue	-	(291,127)	(363,750)	(291,127)	(363,750)
Non-recurring Expenses	-	282,961	199,656	282,961	199,656
Nonrecurring Revenue - PPP origination fees	(32,028)	(367,355)	(799,202)	(605,497)	(2,185,480)
Income Tax Expense	674,835	612,520	727,794	1,685,660	1,559,631
Pre-tax, Pre-Provision Operating Income	$ 4,261,659	$ 3,373,737	$ 3,275,808	$ 9,975,321	$ 7,971,657

** Non-recurring items are eliminated for this ratio