

The Farmers Bancorp Frankfort Indiana Announces First Quarter Earnings

October 25, 2024 - Frankfort, IN (OTCPINK: FABP) – The Farmers Bancorp Frankfort Indiana (“Farmers”), the parent holding company of The Farmers Bank, Frankfort, Indiana (the “Bank”), announced today net income for the first quarter of fiscal 2025 of \$2.1 million, or earnings per common share of \$1.13 compared to the first quarter of fiscal 2024 of \$1.7 million, or earnings per common share of \$0.80. Return on average assets for the first quarter of fiscal 2025 was 0.84% on an annualized basis and return on average equity was 11.66% on an annualized basis compared to return on average assets of 0.64% on an annualized basis and return on average equity of 8.99% on an annualized basis in the first quarter of 2024, respectively.

Assets increased by \$8.0 million, or an annualized increase of 3.2%, to \$995.7 million compared to \$987.7 million as of June 30, 2024. The increase in assets was aided by an increase in gross loans of \$17.6 million, or an annualized increase of 9.9%, to \$730.3 million compared to \$712.8 million as of June 30, 2024. Along with the increase in loans, investments increased by \$15.4 million as unrealized losses in the investment portfolio declined and excess cash as of year-end 2024 was used to purchase new securities as part of a repositioning transaction at the end of fiscal 2024.

Total deposits increased \$15.9 million, or an annualized increase of 8.4%, to \$774.9 million compared to \$759.0 million as of June 30, 2024. Stockholders’ equity increased by \$7.0 million compared to June 30, 2024 as accumulated other comprehensive losses due to the investment portfolio declined, increasing stockholders equity by \$5.5 million, and retained earnings increased by \$1.4 million. Book value at the end of the first quarter fiscal 2025 was \$40.88 while the closing stock price as of September 30, 2024 was \$33.00, indicating a price to book ratio of 80.7%.

Net income was driven by an increase in net interest income of \$883,000, a reduction in provision for credit losses of \$239,000, and an increase of non-interest income of \$64,000 when comparing the first quarter of fiscal 2025 to the first quarter of fiscal 2024. These increases to net income were partially offset by an increase in non-interest expense of \$373,000 and income taxes of \$209,000.

“The Farmers Bank has been in existence for over 148 years and continues to provide products and services to meet the needs of its communities. Our first quarter was stronger than expected and I believe we have momentum to grow earnings as we continue to make investments in our footprint,” commented Christopher Cook, President and CEO of The Farmers Bank.

Farmers operates as the financial holding company for the Bank. Founded in 1876, the Bank is a full-service financial institution based in Clinton County, Indiana. In addition to its main office at 9 East Clinton Street, Frankfort, Indiana, the Bank operates a loan production office in Carmel and branches in Fishers, Frankfort, Kirklin, Lebanon, Michigantown, Mulberry, Noblesville, Rossville, Sheridan, and Westfield.

This press release contains certain forward-looking statements that are based on assumptions and may describe future plans, strategies and expectations of Farmers. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like “believe,” “expect,” “anticipate,” “estimate” and “intend” or future or conditional verbs such as “will,” “would,” “should,” “could” or “may.” Certain factors that could cause actual results to differ materially from expected results include the COVID-19 pandemic, changes in the interest rate environment, changes in general economic conditions, legislative and regulatory changes that adversely

affect the business of Farmers and the Bank, and changes in the securities markets. Except as required by law, Farmers does not undertake any obligation to update any forward-looking statements to reflect changes in belief, expectations or events.

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Selected Financial Information
The Farmers Bancorp Frankfort Indiana
As of September 30, 2024

Balance Sheet (Unaudited):	September 30, 2024 (000s)	June 30, 2024 (000s)	September 30, 2023 (000s)
Assets			
Cash and cash equivalents	\$ 21,960	\$ 46,611	\$ 68,870
Investment securities - AFS	192,828	177,420	173,287
Loans held for sale	1,178	772	2,542
Loans, gross	730,345	712,787	651,957
Allowance for loan loss	(9,780)	(9,368)	(7,361)
Net loans	720,565	703,419	644,596
Premises and equipment, net	14,667	13,720	9,945
Right of use assets	2,664	2,739	984
FHLB stock	4,531	4,531	4,531
Cash value of life insurance	19,281	19,183	18,910
Accrued income and other assets	18,048	19,342	25,150
Total assets	\$ 995,722	\$ 987,737	\$ 948,815
Liabilities and Stockholders' Equity			
Demand deposits	\$ 247,574	\$ 246,378	\$ 238,479
Interest bearing transaction deposits	414,125	404,036	368,772
Time deposits	113,157	108,565	93,026
Total deposits	774,856	758,979	700,277
Repurchase agreements	44,938	45,613	67,727
Federal Home Loan Bank advances	75,000	88,450	96,450
Lease liability	2,664	2,739	984
Subordinated debentures	14,738	14,729	14,700
Accrued expenses and other liabilities	8,694	9,406	9,024
Total liabilities	920,890	919,916	889,162
Common stock/APIC	2,337	2,204	2,205
Retained earnings	88,579	87,212	85,902
Accumulated other comprehensive income (loss)	(16,084)	(21,595)	(28,453)
Total stockholders' equity	74,832	67,821	59,654
Total liabilities and stockholders' equity	\$ 995,722	\$ 987,737	\$ 948,816

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As of September 30, 2024

	Three Months Ended September 30, 2024 (000s)	Three Months Ended June 30, 2024 (000s)	Three Months Ended September 30, 2023 (000s)
Income Statement (Unaudited):			
Total interest income	\$ 13,605	\$ 13,047	\$ 11,390
Total interest expense	6,156	6,003	4,824
Net interest income	7,449	7,044	6,566
Provision for loan losses	281	2,910	520
Net interest income after provision for loan losses	7,168	4,134	6,046
Non-interest income			
Trust fees	468	421	371
Service charges and fees on deposit accounts	286	278	282
Gain on sale of loans	199	83	59
Gain (loss) on sale of securities	-	(681)	-
Increase in cash value of life insurance	102	100	92
Interchange income	451	457	473
Other	129	119	294
Total non-interest income	1,635	777	1,571
Non-interest expense			
Salaries and employee benefits	3,872	3,730	3,876
Occupancy	437	180	302
Equipment	233	213	154
Data processing	724	763	700
FDIC premiums	113	119	99
Other	1,013	1,476	888
Total non-interest expense	6,392	6,481	6,019
Income before taxes	2,411	(1,570)	1,598
Income tax expense	348	(635)	139
Net income	\$ 2,063	\$ (935)	\$ 1,459

Selected Financial Information
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As of September 30, 2024

	(Unaudited) Three Months Ended September 30, 2024	(Unaudited) Three Months Ended June 30, 2024	(Unaudited) Three Months Ended September 30, 2023
<u>Selected Financial Ratios and Other Financial Data:</u>			
Share and per share data:			
Per common share:			
Basic and Diluted earnings	\$ 1.13	\$ (0.51)	\$ 0.80
Dividends	\$ 0.38	\$ 0.36	\$ 0.36
Dividend payout ratio	34%	n/a	45%
Performance Ratios:			
Return on average assets	0.84%	-0.39%	0.64%
Return on average equity	11.66%	-5.51%	8.99%
Net interest margin	3.26%	3.23%	3.24%
Efficiency ratio	70.37%	82.87%	73.97%
Other Information:			
Total shares outstanding	1,830,312	1,826,389	1,817,140
Tangible book value per common share	\$ 40.88	\$ 37.13	\$ 32.82
Tangible common equity to tangible assets	7.52%	6.87%	6.29%