

• THE FARMERS BANCORP •

The Farmers Bancorp Frankfort Indiana Announces Second Quarter Earnings

January 24, 2025 - 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 second quarter of fiscal 2025 of \$2.8 million, or earnings per common share of \$1.53 compared to the second quarter of fiscal 2024 of \$2.1 million, or earnings per common share of \$1.15. Return on average assets for the second quarter of fiscal 2025 was 1.10% on an annualized basis and return on average equity was 15.19% on an annualized basis compared to return on average assets of 0.87% on an annualized basis and return on average equity of 13.78% on an annualized basis in the second quarter of 2024, respectively.

Net income for the six months ended of fiscal 2025 of \$4.9 million, or earnings per common share of \$2.66, compared to the six months ended of fiscal 2024 of \$3.5 million, or earnings per common share of \$1.95. Return on average assets for the current year-to-date period was 0.97% on an annualized basis and return on average equity was 13.46% on an annualized basis compared to return on average assets of 0.75% on an annualized basis and return on average equity of 11.29% on an annualized basis in the same period of 2024, respectively.

Assets increased by \$50.6 million, or an annualized increase of 10.2%, to \$1,038 million as of December 31, 2024 compared to \$987.7 million as of June 30, 2024. The increase in assets was aided by an increase in gross loans of \$59.5 million, or an annualized increase of 16.7%, to \$772.3 million as of December 31, 2024 compared to \$712.8 million as of June 30, 2024.

Total deposits decreased \$15.8 million to \$743.2 million compared to \$759.0 million as of June 30, 2024. This decrease was offset by an increase of \$66.6 million in Federal Home Loan Advances compared to June 30, 2024. Stockholders’ equity increased by \$3.2 million compared to June 30, 2024 primarily due to the increase in retained earnings. Book value at the end of the second quarter fiscal 2025 was \$38.78 while the closing stock price as of December 31, 2024 was \$38.48, indicating a price to book ratio of 99.2%.

Net income for the quarter was driven by an increase in net interest income of \$1.0 million and an increase of non-interest income of \$359,000 when comparing the second quarter of fiscal 2025 to the second quarter of fiscal 2024. These increases to net income were partially offset by an increase in non-interest expense of \$327,000 and income taxes of \$136,000. Net income growth for the first six months of fiscal 2025 was a result of net interest income increase of \$1.9 million, an increase of 14%, and an increase in non-interest income of \$423,000. These increases were partially offset by an increase in non-interest expense of \$700,000, or 5.6%, and income taxes of \$344,000.

“I am pleased with the performance in the first half of our fiscal 2025. Earnings have grown as our net interest income has improved. The Farmers Bank employees are working diligently to continue the current momentum and improved performance we have seen over last year,” commented Christopher Cook, President and CEO of The Farmers Bank.

The Farmers Bancorp Board of Directors approved a \$0.38 dividend for common stock shareholders with a record date of February 4, 2025 and a pay date of February 14, 2025. Based on the closing price as of

December 31, 2024, the dividend yield is 3.95%. President Cook stated, “We are happy to continue to reward our shareholders with this cash dividend.”

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 December 31, 2024

Balance Sheet (Unaudited):	December 31, 2024 (000s)	September 30, 2024 (000s)	June 30, 2024 (000s)
Assets			
Cash and cash equivalents	\$ 23,731	\$ 21,960	\$ 46,611
Investment securities - AFS	187,029	192,828	177,420
Loans held for sale	516	1,178	772
Loans, gross	772,298	730,345	712,787
Allowance for credit loss	(10,161)	(9,780)	(9,368)
Net loans	762,137	720,565	703,419
Premises and equipment, net	16,079	14,667	13,720
Right of use assets	2,588	2,664	2,739
FHLB stock	7,143	4,531	4,531
Cash value of life insurance	19,380	19,281	19,183
Accrued income and other assets	19,679	18,048	19,342
Total assets	<u>\$ 1,038,283</u>	<u>\$ 995,722</u>	<u>\$ 987,737</u>
Liabilities and Stockholders' Equity			
Demand deposits	\$ 244,783	\$ 247,574	\$ 246,378
Interest bearing transaction deposits	382,592	414,125	404,036
Time deposits	115,794	113,157	108,565
Total deposits	743,169	774,856	758,979
Repurchase agreements	43,213	44,938	45,613
Federal Home Loan Bank advances	155,000	75,000	88,450
Lease liability	2,588	2,664	2,739
Subordinated debentures	14,746	14,738	14,729
Accrued expenses and other liabilities	8,586	8,694	9,406
Total liabilities	967,303	920,890	919,916
Common stock/APIC	2,337	2,337	2,204
Retained earnings	90,682	88,579	87,212
Accumulated other comprehensive income (loss)	(22,039)	(16,084)	(21,595)
Total stockholders' equity	70,980	74,832	67,821
Total liabilities and stockholders' equity	<u>\$ 1,038,283</u>	<u>\$ 995,722</u>	<u>\$ 987,737</u>

Selected Financial Information
The Farmers Bancorp Frankfort Indiana
As of December 31, 2024

	Three Months Ended December 31, 2024 (000s)	Three Months Ended September, 30 2024 (000s)	Three Months Ended December 31, 2023 (000s)	Six Months Ended December 31, 2024	Six Months Ended December 31, 2023
<u>Income Statement (Unaudited):</u>					
Total interest income	\$ 13,796	\$ 13,605	\$ 12,471	\$ 27,400	\$ 23,861
Total interest expense	5,784	6,156	5,478	11,941	10,302
Net interest income	8,011	7,449	6,993	15,460	13,559
Provision for loan losses	-	281	(200)	281	320
Net interest income after provision for loan losses	8,011	7,168	7,193	15,178	13,239
<u>Non-interest income</u>					
Trust fees	512	468	417	980	788
Service charges and fees on deposit accounts	298	286	282	584	564
Gain on sale of loans	109	199	142	308	201
Gain (loss) on sale of securities	0	-	-	0	-
Increase in cash value of life insurance	101	102	92	203	184
Interchange income	436	451	440	888	913
Other	507	129	230	635	524
Total non-interest income	1,962	1,635	1,603	3,597	3,174
<u>Non-interest expense</u>					
Salaries and employee benefits	3,743	3,872	3,999	7,615	7,875
Occupancy	348	437	330	785	632
Equipment	222	233	187	455	341
Data processing	735	724	726	1,460	1,431
FDIC premiums	114	113	111	227	210
Other	1,539	1,013	1,022	2,552	1,905
Total non-interest expense	6,702	6,392	6,375	13,094	12,394
Income before taxes	3,271	2,411	2,421	5,681	4,019
Income tax expense	473	348	337	821	477
Net income	\$ 2,798	\$ 2,063	\$ 2,084	\$ 4,860	\$ 3,542

Selected Financial Information
The Farmers Bancorp Frankfort Indiana
As of December 31, 2024

	(Unaudited) Three Months Ended December 31, 2024	(Unaudited) Three Months Ended September 30, 2024	(Unaudited) Three Months Ended December 31, 2023	(Unaudited) Six Months Ended December 31, 2024	(Unaudited) Six Months Ended December 31, 2023
<u>Selected Financial Ratios and Other Financial Data:</u>					
Share and per share data:					
Average Common shares outstanding:					
Basic					
Diluted					
Per common share:					
Basic and Diluted earnings	\$ 1.53	\$ 1.13	\$ 1.15	\$ 2.66	\$ 1.95
Dividends	\$ 0.38	\$ 0.38	\$ 0.36	\$ 0.76	\$ 0.72
Dividend payout ratio	25%	34%	31%	29%	37%
Performance Ratios:					
Return on average assets	1.10%	0.84%	0.87%	0.97%	0.75%
Return on average equity	15.19%	11.66%	13.78%	13.46%	11.29%
Net interest margin	3.38%	3.26%	3.38%	3.30%	3.30%
Efficiency ratio	67.20%	70.37%	74.16%	68.71%	74.07%
Allowance for credit losses:					
Balance, beginning of the period	\$ 9,780	\$ 9,368	\$ 8,601	\$ 9,368	\$ 7,361
Total net charge offs (recoveries)	(381)	-	(76)	(381)	(65)
Adjustment for ASC 326	-	-	-	-	731
Provision for loan losses	-	411	(200)	411	320
Balance, end of the period	\$ 10,161	\$ 9,780	\$ 8,477	\$ 10,161	\$ 8,477
Net loan charge-offs to average loans	-0.05%	0.00%	-0.01%		
Nonperforming assets (000s)					
Total non-accrual loans	\$ 1,448	\$ 1,524	\$ 1,606		
Accruing loans past due 90 days or more	796	102	711		
Total nonperforming loans	2,244	1,626	2,317		
Real estate owned	-	-	-		
Other repossessed assets	-	-	-		
Total nonperforming assets	\$ 2,244	\$ 1,626	\$ 2,317		
Asset Quality Ratios:					
Nonperforming assets to total assets	0.22%	0.16%	0.23%		
Nonperforming loans to total loans	0.29%	0.22%	0.33%		
Allowance for credit losses to nonperforming loans	452.75%	601.46%	404.32%		
Allowance for credit losses to loans receivable	1.32%	1.34%	1.31%		
Other Information:					
Total shares outstanding	1,830,312	1,830,312	1,826,389		
Tangible book value per common share	\$ 38.78	\$ 40.88	\$ 37.13		
Tangible common equity to tangible assets	6.84%	7.52%	6.87%		