

•THE FARMERS BANCORP•

The Farmers Bancorp Frankfort Indiana Announces Third Quarter Earnings & Dividend Declaration

April 25, 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 third quarter of fiscal 2025 of \$2 million, or earnings per common share of \$1.10 compared to the third quarter of fiscal 2024 of \$2.1 million, or earnings per common share of \$1.17. Return on average assets for the third quarter of fiscal 2025 was 0.80% on an annualized basis and return on average equity was 11.31% on an annualized basis compared to return on average assets of 0.89% on an annualized basis and return on average equity of 12.63% on an annualized basis in the third quarter of 2024, respectively.

Net income for the nine months ended of fiscal 2025 of \$6.9 million, or earnings per common share of \$3.76, compared to the nine months ended of fiscal 2024 of \$5.7 million, or earnings per common share of \$3.11. Return on average assets for the current year-to-date period was 0.91% on an annualized basis and return on average equity was 12.74% on an annualized basis compared to return on average assets of 0.80% on an annualized basis and return on average equity of 11.75% on an annualized basis in the same period of 2024, respectively.

Assets increased by \$60.5 million, or an annualized increase of 8.2%, to \$1,048 million as of March 31, 2025 compared to \$987.7 million as of June 30, 2024. The increase in assets was aided by an increase in gross loans of \$59.7 million, or an annualized increase of 11.2%, to \$772.5 million as of March 31, 2025 compared to \$712.8 million as of June 30, 2024.

Total deposits increased \$51.0 million to \$810.0 million compared to \$759.0 million as of June 30, 2024. The increase is the result of an increase in interest bearing transaction deposits of \$20.2 and time deposits of \$40.3 million. Included in the increase in time deposits is an increase of Brokered CDs of \$33.1 million. The increase in deposits was offset by a decrease of noninterest-bearing deposits of \$9.5 million. Federal Home Loan Bank advances increased \$6.5 million compared to June 30, 2024. Stockholders’ equity increased by \$6.2 million compared to June 30, 2024 primarily due to the increase in retained earnings. Book value at the end of the third quarter fiscal 2025 was \$40.30 while the closing stock price as of March 31, 2025 was \$37.50, indicating a price to book ratio of 93.1%.

Net income for the quarter was driven by an increase in net interest income of \$1.5 million when comparing the third quarter of fiscal 2025 to the third quarter of fiscal 2024. The increase in net interest income was offset by increases in provision expense of \$635,000 and in non-interest expense of \$634,000, along with a decrease in non-interest income of \$336,000. During the quarter, the Bank recognized \$615,000 in non-recurring non-interest expenses from consulting expenses with our core contract negotiations. Net income growth for the first nine months of fiscal 2025 was the result of net interest income increase of \$3.4 million, an increase of 17%, and an increase in non-interest income of \$77,000. These increases were partially offset by an increase in non-interest expense of \$1.3 million, an increase of 7%, and income taxes of \$321,000. During fiscal year 2025 the Bank has recognized \$1.1 million in non-recurring non-interest expenses from consulting expenses with our core contract negotiations.

“I am pleased with our net interest margin expansion. This has provided an additional boost to earnings along with managing our core expenses. We continue to see strong loan pipelines and we are diligently

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paying attention to geopolitical risks that may impact our industry and our clients,” 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 April 29, 2025 and a pay date of May 15, 2025. Based on the closing price as of March 31, 2025 the dividend yield is 4.05%.

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 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 March 31, 2025

Balance Sheet (Unaudited):

Assets

	March 31, 2025 (000s)	December 31, 2024 (000s)	September 30, 2024 (000s)	June 30, 2024 (000s)
Cash and cash equivalents	\$ 30,241	\$ 23,731	\$ 21,960	\$ 46,611
Investment securities - AFS	190,553	187,029	192,828	177,420
Loans held for sale	-	516	1,178	772
Loans, gross	772,476	772,298	730,345	712,787
Allowance for credit loss	(10,086)	(10,161)	(9,780)	(9,368)
Net loans	762,390	762,137	720,565	703,419
Premises and equipment, net	16,899	16,079	14,667	13,720
Right of use assets	2,511	2,588	2,664	2,739
FHLB stock	7,143	7,143	4,531	4,531
Cash value of life insurance	19,472	19,380	19,281	19,183
Accrued income and other assets	19,075	19,679	18,048	19,342
Total assets	\$ 1,048,284	\$ 1,038,283	\$ 995,722	\$ 987,737

Liabilities and Stockholders' Equity

Demand deposits	\$ 236,804	\$ 244,783	\$ 247,574	\$ 246,378
Interest bearing transaction deposits	424,258	382,592	414,125	404,036
Time deposits	148,916	115,794	113,157	108,565
Total deposits	809,977	743,169	774,857	758,979
Repurchase agreements	43,580	43,213	44,938	45,613
Federal Home Loan Bank advances	95,000	155,000	75,000	88,450
Lease liability	2,511	2,588	2,664	2,739
Subordinated debentures	14,755	14,746	14,738	14,729
Accrued expenses and other liabilities	8,450	8,586	8,694	9,406
Total liabilities	974,273	967,303	920,890	919,916
Common stock/APIC	2,399	2,337	2,337	2,204
Retained earnings	92,008	90,682	88,579	87,212
Accumulated other comprehensive income (loss)	(20,396)	(22,039)	(16,084)	(21,595)
Total stockholders' equity	74,011	70,980	74,832	67,821
Total liabilities and stockholders' equity	\$ 1,048,284	\$ 1,038,283	\$ 995,722	\$ 987,737

Selected Financial Information
The Farmers Bancorp Frankfort Indiana
As of March 31, 2025

Income Statement (Unaudited):

	Three Months Ended March 31, 2025 (000s)	Three Months Ended December 31, 2024 (000s)	Three Months Ended September, 30 2024 (000s)	Three Months Ended March 31, 2024 (000s)	Nine Months Ended March 31, 2025 (000s)	Nine Months Ended March 31, 2024 (000s)
Total interest income	\$ 13,944	\$ 13,796	\$ 13,605	\$ 12,670	\$ 41,344	\$ 36,531
Total interest expense	5,643	5,784	6,156	5,842	17,583	16,144
Net interest income	8,301	8,011	7,449	6,828	23,761	20,387
Provision for loan losses	274	-	281	(361)	556	(41)
Net interest income after provision for loan losses	8,027	8,011	7,168	7,189	23,205	20,428
<u>Non-interest income</u>						
Trust fees	482	512	468	925	1,462	1,712
Service charges and fees on deposit accounts	282	298	286	258	856	822
Gain on sale of loans	113	109	199	101	421	303
Gain (loss) on sale of securities	-	-	-	-	-	-
Increase in cash value of life insurance	94	101	102	96	297	280
Interchange income	407	436	451	437	1,294	1,347
Other	200	507	129	97	835	623
Total non-interest income	1,578	1,962	1,635	1,914	5,164	5,088
<u>Non-interest expense</u>						
Salaries and employee benefits	3,890	3,743	3,872	3,979	11,505	11,854
Occupancy	419	348	437	410	1,204	1,042
Equipment	246	222	233	192	701	533
Data processing	775	735	724	712	2,235	2,143
FDIC premiums	124	114	113	115	351	325
Other	1,793	1,539	1,013	1,207	4,335	3,112
Total non-interest expense	7,248	6,702	6,392	6,614	20,332	19,009
Income before taxes	2,356	3,271	2,411	2,488	8,038	6,507
Income tax expense	332	473	348	356	1,154	833
Net income	\$ 2,024	\$ 2,798	\$ 2,063	\$ 2,132	\$ 6,884	\$ 5,674

Selected Financial Information
The Farmers Bancorp Frankfort Indiana
As of March 31, 2025

	(Unaudited) Three Months Ended March 31, 2025	(Unaudited) Three Months Ended December 31, 2024	(Unaudited) Three Months Ended September 30, 2024	(Unaudited) Three Months Ended March 31, 2024	(Unaudited) Nine Months Ended March 31, 2025	(Unaudited) Nine Months Ended March 31, 2024
<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	\$ 1.10	\$ 1.53	\$ 1.13	\$ 1.17	\$ 3.76	\$ 3.11
Dividends	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.36	\$ 1.14	\$ 1.08
Dividend payout ratio	34%	25%	34%	31%	30%	35%
Performance Ratios:						
Return on average assets	0.80%	1.10%	0.84%	0.89%	0.91%	0.80%
Return on average equity	11.31%	15.19%	11.65%	12.63%	12.74%	11.75%
Net interest margin	3.53%	3.42%	3.27%	3.34%	3.44%	3.26%
Efficiency ratio	73.37%	67.20%	70.36%	75.67%	70.29%	74.62%
Allowance for credit losses:						
Balance, beginning of the period	\$ 10,161	\$ 9,780	\$ 9,368	\$ 8,477	\$ 9,368	\$ 7,361
Total net charge offs (recoveries)	290	(381)	-	(8)	(91)	-
Adjustment for ASC 326	-	-	-	-	-	731
Provision for loan losses	215	-	411	(635)	626	(243)
Balance, end of the period	\$ 10,086	\$ 10,161	\$ 9,780	\$ 7,849	\$ 10,086	\$ 7,849
Net loan charge-offs to average loans	0.04%	-0.05%	0.00%	0.00%	-0.01%	0.00%
Nonperforming assets (000s)						
Total non-accrual loans	\$ 2,979	\$ 1,448	\$ 1,524	\$ 1,606		
Accruing loans past due 90 days or more	783	796	102	711		
Total nonperforming loans	3,762	2,244	1,627	2,317		
Real estate owned	-	-	-	-		
Other repossessed assets	-	-	-	-		
Total nonperforming assets	\$ 3,762	\$ 2,244	\$ 1,627	\$ 2,317		
Asset Quality Ratios:						
Nonperforming assets to total assets	0.36%	0.22%	0.16%	0.23%		
Nonperforming loans to total loans	0.49%	0.29%	0.22%	0.33%		
Allowance for credit losses to nonperforming loans	268.11%	452.75%	601.23%	404.32%		
Allowance for credit losses to loans receivable	1.31%	1.32%	1.34%	1.31%		
Other Information:						
Total shares outstanding	1,836,722	1,830,312	1,830,312	1,826,389		
Tangible book value per common share	\$ 40.30	\$ 38.78	\$ 40.88	\$ 37.13		
Tangible common equity to tangible assets	7.06%	6.84%	7.52%	6.87%		