

•THE FARMERS BANCORP•

The Farmers Bancorp Frankfort Indiana Announces Fourth Quarter Earnings and Increased Dividend

July 29, 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 fourth quarter of fiscal 2025 of \$2.4 million, or earnings per common share of \$1.30 compared to the fourth quarter of fiscal 2024 of negative \$935,000, or earnings per common share of negative \$0.51. Return on average assets for the fourth quarter of fiscal 2025 was 0.90% on an annualized basis and return on average equity was 12.94% on an annualized basis compared to return on average assets of negative 0.39% on an annualized basis and return on average equity of negative 5.52% on an annualized basis in the fourth quarter of 2024, respectively.

Net income for the twelve months ended of fiscal 2025 of \$9.3 million, or earnings per common share of \$5.05, compared to the twelve months ended of fiscal 2024 of \$4.7 million, or earnings per common share of \$2.60. Return on average assets was 0.91% and return on average equity was 12.79% for fiscal 2025 compared to return on average assets of 0.50% and return on average equity of 7.27% for the same period of 2024, respectively.

Assets increased by \$114.8 million, or an increase of 11.6%, to \$1.1 billion as of June 30, 2025 compared to \$987.7 million as of June 30, 2024. The increase in assets was aided by an increase in gross loans of \$77.6 million, or an increase of 10.9%, to \$790.4 million as of June 30, 2025 compared to \$712.8 million as of June 30, 2024.

Total deposits increased \$92.3 million to \$851.3 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 \$35.9 million and time deposits of \$74.4 million. Included in the increase in time deposits is an increase of Brokered CDs of \$60.6 million. The increase in deposits was offset by a decrease of noninterest-bearing deposits of \$18 million. Federal Home Loan Bank advances have increased \$21.5 million compared to June 30, 2024. Stockholders’ equity increased by \$8 million compared to June 30, 2024 primarily due to the \$6.5 million increase in retained earnings. Book value at the end of the third quarter fiscal 2025 was \$41.10 while the closing stock price as of June 30, 2025, was \$40.00, indicating a price to book ratio of 97.3%.

Net income for the quarter was driven by increases in net interest income of \$1.6 million and non-interest income of \$899,000 when comparing the fourth quarter of fiscal 2025 to the fourth quarter of fiscal 2024. Also contributing to the increase in net income during the quarter is a decrease in provision expense of \$2.6 million. While net income did increase when comparing the fourth quarter of fiscal 2025 to the fourth quarter of 2024, these increases were partially offset by an increase in non-interest expense of \$672,000. Net income growth for the twelve months of fiscal 2025 was the result of net interest income increase of \$5.0 million, an increase of 18.2%, a decrease in provision expense of \$2.0 million, a decrease of 68.6%, and an increase in non-interest income of \$975,000, an increase of 16.6%. These increases were partially offset by an increase in non-interest expense of \$2.0 million, an increase of 7.8%, and income taxes of \$1.4 million. 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.

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“Our staff worked hard to accomplish the results for this fiscal year. Our ability to grow loans and deposits allowed us to finish the year over \$1 billion in assets for the first time in our bank’s rich 149-year history. I believe our future is bright in growth focused markets,” commented Christopher Cook, President and CEO of The Farmers Bank.

The Farmers Bancorp Board of Directors approved a 5.3% increase in dividend for common shareholders to \$0.40 compared to \$0.38 with a record date of July 29, 2025 and a pay date of August 15, 2025. Based on the closing price as of June 30, 2025 the dividend yield is 3.80%. President Cook stated, “We are pleased that our performance allows us to reward our shareholders with the increased 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 June 30, 2025

Balance Sheet (Unaudited):

	June 30, 2025 (000s)	March 31, 2025 (000s)	December 31, 2024 (000s)	September 30, 2024 (000s)	June 30, 2024 (000s)
Assets					
Cash and cash equivalents	\$ 66,242	\$ 30,241	\$ 23,731	\$ 21,960	\$ 46,611
Investment securities - AFS	190,132	190,553	187,029	192,828	177,420
Loans held for sale	-	-	516	1,178	772
Loans, gross	790,354	772,476	772,298	730,345	712,787
Allowance for credit loss	(10,306)	(10,086)	(10,161)	(9,780)	(9,368)
Net loans	780,048	762,390	762,137	720,565	703,419
Premises and equipment, net	16,852	16,899	16,079	14,667	13,720
Right of use assets	2,924	2,511	2,588	2,664	2,739
FHLB stock	7,143	7,143	7,143	4,531	4,531
Cash value of life insurance	19,569	19,472	19,380	19,281	19,183
Accrued income and other assets	19,583	19,075	19,679	18,048	19,342
Total assets	\$ 1,102,492	\$ 1,048,284	\$ 1,038,283	\$ 995,722	\$ 987,737
Liabilities and Stockholders' Equity					
Demand deposits	\$ 228,352	\$ 236,804	\$ 244,783	\$ 247,574	\$ 246,378
Interest bearing transaction deposits	439,966	424,258	382,592	414,125	404,036
Time deposits	182,998	148,916	115,794	113,157	108,565
Total deposits	851,316	809,977	743,169	774,857	758,979
Repurchase agreements	39,320	43,580	43,213	44,938	45,613
Federal Home Loan Bank advances	110,000	95,000	155,000	75,000	88,450
Lease liability	2,924	2,511	2,588	2,664	2,739
Subordinated debentures	14,764	14,755	14,746	14,738	14,729
Accrued expenses and other liabilities	8,370	8,450	8,586	8,694	9,406
Total liabilities	1,026,693	974,273	967,303	920,890	919,916
Common stock/APIC	2,420	2,399	2,337	2,337	2,204
Retained earnings	93,694	92,008	90,682	88,579	87,212
Accumulated other comprehensive income (loss)	(20,315)	(20,396)	(22,039)	(16,084)	(21,595)
Total stockholders' equity	75,799	74,011	70,980	74,832	67,821
Total liabilities and stockholders' equity	\$ 1,102,492	\$ 1,048,284	\$ 1,038,283	\$ 995,722	\$ 987,737

Selected Financial Information
The Farmers Bancorp Frankfort Indiana
As of June 30, 2025

	Three Months Ended June 30, 2025 (000s)	Three Months Ended March 31, 2025 (000s)	Three Months Ended December 31, 2024 (000s)	Three Months Ended September, 30 2024 (000s)	Three Months Ended June 30, 2024 (000s)	Twelve Months Ended June 30, 2025 (000s)	Twelve Months Ended June 30, 2024 (000s)
<u>Income Statement (Unaudited):</u>							
Total interest income	\$ 14,643	\$ 13,944	\$ 13,796	\$ 13,605	\$ 13,047	\$ 55,987	\$ 49,578
Total interest expense	5,995	5,643	5,784	6,156	6,003	23,578	22,147
Net interest income	8,648	8,301	8,011	7,449	7,044	32,409	27,431
Provision for loan losses	346	274	-	281	2,910	902	2,869
Net interest income after provision for loan losses	8,302	8,027	8,011	7,168	4,134	31,507	24,562
<u>Non-interest income</u>							
Trust fees	494	482	512	468	421	1,956	2,133
Service charges and fees on deposit accounts	290	282	298	286	278	1,146	1,100
Gain on sale of loans	121	113	109	199	83	541	386
Gain (loss) on sale of securities	-	-	-	-	(681)	-	(681)
Increase in cash value of life insurance	99	94	101	102	100	396	381
Interchange income	457	407	436	451	457	1,751	1,804
Other	216	200	507	129	119	1,051	743
Total non-interest income	1,677	1,578	1,962	1,635	778	6,841	5,866
<u>Non-interest expense</u>							
Salaries and employee benefits	4,266	3,890	3,743	3,872	3,730	15,771	15,584
Occupancy	409	419	348	437	180	1,613	1,223
Equipment	303	246	222	233	213	1,004	746
Data processing	735	775	735	724	763	2,970	2,905
FDIC premiums	124	124	114	113	119	476	445
Other	1,317	1,793	1,539	1,013	1,476	5,652	4,588
Total non-interest expense	7,154	7,248	6,702	6,392	6,482	27,486	25,491
Income before taxes	2,825	2,356	3,271	2,411	(1,570)	10,862	4,937
Income tax expense	440	332	473	348	(635)	1,594	198
Net income	\$ 2,384	\$ 2,024	\$ 2,798	\$ 2,063	\$ (935)	\$ 9,268	\$ 4,739

Selected Financial Information
The Farmers Bancorp Frankfort Indiana
As of June 30, 2025

	(Unaudited) Three Months Ended June 30, 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 June 30, 2024	(Unaudited) Twelve Months Ended June 30, 2025	(Unaudited) Twelve Months Ended June 30, 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	\$ 1.30	\$ 1.10	\$ 1.53	\$ 1.13	\$ (0.51)	\$ 5.05	\$ 2.60
Dividends	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.36	\$ 1.52	\$ 1.44
Dividend payout ratio	29%	34%	25%	34%	-71%	30%	55%
Performance Ratios:							
Return on average assets	0.90%	0.80%	1.10%	0.84%	-0.39%	0.91%	0.50%
Return on average equity	12.94%	11.31%	15.19%	11.65%	-5.52%	12.79%	7.27%
Net interest margin	3.44%	3.45%	3.34%	3.19%	3.23%	3.36%	3.25%
Efficiency ratio	69.29%	73.37%	67.20%	70.36%	82.87%	70.03%	76.56%
Allowance for credit losses:							
Balance, beginning of the period	\$ 10,086	\$ 10,161	\$ 9,780	\$ 9,368	\$ 8,476	\$ 9,368	\$ 7,361
Total net charge offs (recoveries)	34	290	(381)	-	1,786	(57)	1,795
Adjustment for ASC 326	-	-	-	-	-	-	734
Provision for loan losses	254	215	-	411	2,678	881	3,068
Balance, end of the period	\$ 10,306	\$ 10,086	\$ 10,161	\$ 9,780	\$ 9,368	\$ 10,306	\$ 9,368
Net loan charge-offs to average loans	0.00%	0.04%	-0.05%	0.00%	0.25%	-0.01%	0.28%
Nonperforming assets (000s)							
Total non-accrual loans	\$ 2,763	\$ 2,979	\$ 1,448	\$ 1,524	\$ 1,606		
Accruing loans past due 90 days or more	5	783	796	102	711		
Total nonperforming loans	2,767	3,762	2,244	1,627	2,317		
Real estate owned	-	-	-	-	-		
Other repossessed assets	-	-	-	-	-		
Total nonperforming assets	\$ 2,767	\$ 3,762	\$ 2,244	\$ 1,627	\$ 2,317		
Asset Quality Ratios:							
Nonperforming assets to total assets	0.25%	0.36%	0.22%	0.16%	0.23%		
Nonperforming loans to total loans	0.35%	0.49%	0.29%	0.22%	0.33%		
Allowance for credit losses to nonperforming loans	372.45%	268.11%	452.75%	601.23%	404.32%		
Allowance for credit losses to loans receivable	1.30%	1.31%	1.32%	1.34%	1.31%		
Other Information:							
Total shares outstanding	1,844,075	1,836,722	1,836,722	1,830,312	1,826,389		
Tangible book value per common share	\$ 41.10	\$ 40.30	\$ 38.65	\$ 40.88	\$ 37.13		
Tangible common equity to tangible assets	6.88%	7.06%	6.84%	7.52%	6.87%		