

# Community **FIRST** Bank of Indiana

Dear Shareholders and Friends,

I am, once again, pleased to present you with a financial statement that continues to show growth and improvement at Community First Bank of Indiana. In reviewing the bank's June 30, 2019 performance, there are several items to make note of:

- While total assets grew slightly over 3%, net loan balances increased over 12%. This represents a shift in assets from lower yielding cash and investments to higher yielding loans.
- Premises and fixed assets increased by approximately \$5.7 million, primarily driven by our Hamilton County expansion.
- Deposits growth was slower than we would have liked, at roughly 2%. However, this does not yet fully reflect the impact of our new Westfield branches, nor have we yet realized the full benefits of our recently introduced deposit initiatives.
- Shareholders Equity increased by over 13.5%, due to a combination of retained earnings and new capital raised.
- Unadjusted Book Value Per Share increased by \$2.73, or 13.5%.
- Net Interest Income increased by 14.5%. CFB continues to rank near the top of our peers in terms of net interest margin.
- Non-interest income was stagnant, due mostly to fewer loans sold into the secondary market. Part of the cause for fewer secondary market sales was the introduction of a new, portfolio product, which has proven to be very successful, resulting in growing mortgage loan balances.
- Service Charges on Deposit Accounts increased by over 33%, reflecting the early success of our deposit initiative.
- Non-Interest Expense increased by slightly over \$1 million, reflecting our increased investment in people, equipment, real estate and advertising. These increases were planned and will allow us to continue our growth strategies, ultimately resulting in increased earnings and increased shareholder value.
- Net income was lower by approximately \$85,000. While we don't rejoice in seeing a lower net income, when considered with the growth of the bank, increased staffing levels and expansion into new markets, our year-to-date performance should be considered a success.

The banking industry continues to see a rather brisk pace of mergers and acquisitions, reducing the overall number of banks and, in particular, community banks. Conversely, 2018 and 2019 have also seen more new bank charter activity than anytime over the previous 10 years, as investors see opportunity for new community banks to provide a level of service that is superior to "the bigs."

Our management team and board of directors believe by continuing to strategically grow and providing a high level of customer experience, CFB will continue to play a vital role in our communities, allow our customers to prosper, provide a great working environment and ultimately provide a desirable return to our investors. I thank you for the opportunity to lead a tremendous team. Ultimately, it is our people who make the difference and I am convinced that we have the best throughout our organization.

As always, please feel free to stop by, email, mail or call with any questions or comments.



Robb Blume  
CEO & President

# Community **FIRST** Bank of Indiana

## Balance Sheets June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and due from banks	\$ 6,131,966	\$ 5,160,043
Interest Bearing Checking Accounts	\$ 17,858,348	38,353,301
Federal funds sold	60,001	50,001
Cash and cash equivalents	24,050,314	43,563,345
Available-for-sale securities	7,518,974	9,654,952
Loans, net of allowance for loan losses of \$4,323,814 and \$4,532,436	230,213,601	204,986,607
Premises and fixed assets	11,955,028	6,265,390
Other Real Estate Owned	95,148	635,158
Federal Home Loan Bank stock	250,400	242,000
Interest receivable and other assets	9,024,508	9,371,662
Total assets	<u>\$ 283,107,974</u>	<u>\$ 274,719,114</u>
<b>Liabilities</b>		
Deposits:		
Demand	\$ 41,650,885	\$ 44,316,962
Savings, NOW and money market	138,303,682	136,478,035
Time	69,152,466	63,671,966
Total deposits	249,107,033	244,466,963
Other borrowings	595,000	1,025,000
Interest payable and other liabilities	2,688,123	2,177,857
Total liabilities	<u>252,390,156</u>	<u>247,669,821</u>
<b>Stockholders' Equity</b>		
Common stock, \$1 par value; authorized 10,000,000 shares; 1,342,653 and 1,288,102 shares issued and outstanding	1,342,653	1,288,102
Additional paid-in capital	12,830,180	11,686,334
Accumulated earnings	14,924,507	12,578,057
CFFC Investment in CFB	1,625,000	1,625,000
Unrealized Securities Gains (Losses)	(4,521)	(128,199)
Total stockholders' equity	<u>30,717,818</u>	<u>27,049,294</u>
Total liabilities and stockholders' equity	<u>\$ 283,107,974</u>	<u>\$ 274,719,114</u>
<b>Book Value Per Share</b>	\$ 22.88	\$ 20.15
<b>Book Value Per Share, Net of Unrealized Securities Gains (Losses)</b>	\$ 22.88	\$ 20.24

**Statements of Income**  
**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Interest Income</b>		
Loans	\$ 6,469,346	\$ 5,457,004
Securities	316,034	251,436
Federal funds sold	19,993	13,796
Total interest income	<u>6,805,374</u>	<u>5,722,236</u>
<b>Interest Expense</b>		
Deposits	1,300,073	916,263
Other borrowings	8,012	5,835
Total interest expense	<u>1,308,085</u>	<u>922,098</u>
<b>Net Interest Income</b>	5,497,289	4,800,138
Provision for Loan Losses	75,000	350,000
<b>Net Interest Income After Provision for Loan Losses</b>	5,422,289	4,450,138
<b>Noninterest Income</b>		
Service charges on deposit accounts	190,693	143,352
Fees on loans sold	145,837	224,695
Net realized losses on sales of available-for-sale securities	-	-
Other	734,168	727,717
Total noninterest income	<u>1,070,698</u>	<u>1,095,764</u>
<b>Noninterest Expense</b>		
Salaries and employee benefits	3,100,145	2,310,291
Net occupancy expense	218,239	169,885
Equipment expense	250,537	156,641
Data processing fees	493,254	438,909
Professional fees	75,320	155,952
Advertising expense	195,093	84,820
Printing and office supplies	64,163	30,679
Other	567,275	556,087
Total noninterest expense	<u>4,964,025</u>	<u>3,903,263</u>
<b>Net Income (Loss) Before Taxes</b>	\$ 1,528,962	\$ 1,642,639
Income Taxes	384,271	413,051
<b>Net Income</b>	<u>\$ 1,144,691</u>	<u>\$ 1,229,588</u>
<b>Net Income Per Share</b>	\$ 0.85	\$ 0.92