



# HELPING LOCAL BUSINESSES GROW



THE Farmers Bancorp

THE FARMERS BANK 2017 ANNUAL REPORT



# Our Mission, Vision and Core Values

## OUR MISSION

The Farmers Bank will be a profitable, growing and independent locally-owned community bank meeting the financial needs of our customers and the communities we serve. We will bring great value to our shareholders, customers and communities. We will be the leader of community banks in Indiana.

## OUR VISION

“Every customer brings every account and all their friends.”

## OUR CORE VALUES

- Choose joy and spread fun
- Embrace change
- Everyone you touch knows you care
- Live your word
- Quiet competence

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# Letter to Shareholders

I am delighted to report that 2017 was an excellent year for The Farmers Bank in many respects. We had another record year in earnings, with net income topping \$7.2 million compared to last year's net income of \$6.7 million. The bank continues to grow in a safe and sound manner. Loans grew by \$24.8 million and deposits by \$10.6 million. Asset quality remains strong with very low charge-offs and delinquencies. We are pleased to have been named one of America's Top 200 Community Banks by American Banker magazine for the fourth year in a row.

Strong earnings enabled The Farmers Bank to pay a dividend of \$0.96 per share, resulting in a 2.5% dividend yield based on the June 30, 2017, stock price of \$39. On April 11, 2017, the bank executed a two-for-one stock split. The investor community has expressed strong confidence in the bank, and the stock price hit a 52-week high as of the end of the fiscal year.

This past year, The Farmers Bank continued to update and add to its suite of mobile products. We made CardValet® available to our customers, which provides customized alerts and the ability to set limits on debit cards using a mobile app. The app also provides fraud protection and puts the control in our customers' hands. We also rolled out mobile banking for businesses. More and more business owners are on the go and appreciate having access to their accounts at their fingertips.



Family-owned and small businesses make up a large and vitally important segment of the U.S. economy. They are a critical component of and major contributor to the strength of local economies as well, and it is a privilege to provide the necessary capital for them to operate. The Farmers Bank has helped many businesses get started, expand and prosper. We are pleased to feature just a few of the many businesses we are proud to partner with in this year's Annual Report. I hope you will enjoy reading about them and their success.

In a new initiative, The Farmers Bank partnered with the City of Frankfort and the Federal Home Loan Bank of Indianapolis to provide grants to help senior homeowners with large maintenance expenses. In its inaugural year, the program provided six homeowners with \$35,000 in grants to help replace roofs, windows, air conditioners, and build accessible bathrooms. We are happy to be a part of the program and to help our seniors age in place.

We are excited to be expanding and growing in Clinton County by adding a branch in Rossville. The new location is on the west side of Rossville and will open in early 2018. It takes a local bank to understand the local needs of our communities. We are looking forward to helping residents, farmers, businesses and organizations in Rossville with all of their financial needs.

I want to congratulate the Board of Directors, management and staff on high levels of customer service, extraordinary commitment to our communities and continued high performance. Thank you for your continued trust in us, which allows us to serve our customers and communities. The Farmers Bank...my bank for life!

With kind regards,  
Karen F. Gregerson  
President & CEO

# Financial Highlights

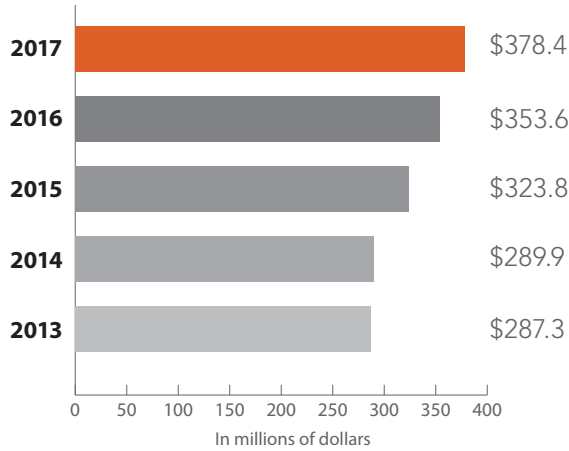
Dollar amounts in thousands, except per share data

	2017	2016	% CHANGE
<b>EARNINGS</b>			
Net income	\$ 7,207	\$ 6,707	7.45%
Cash dividends paid	1,992	1,960	1.63
<b>PER COMMON SHARE</b>			
Earnings	\$ 3.46	\$ 3.22	7.45%
Cash dividends paid	0.96	0.94	2.13
Book value at year-end	28.27	25.91	9.11
<b>RATIOS</b>			
Return on average assets	1.40%	1.36%	2.94%
Return on average equity	12.78	13.03	(1.92)
<b>AT YEAR-END</b>			
Assets	\$ 533,086	\$ 507,126	5.12%
Securities	116,279	113,181	2.74
Total loans, including loans held for sale	378,374	353,553	7.02
Deposits and short-term borrowings	443,930	430,525	3.11
Shareholders' equity	58,944	54,026	9.10

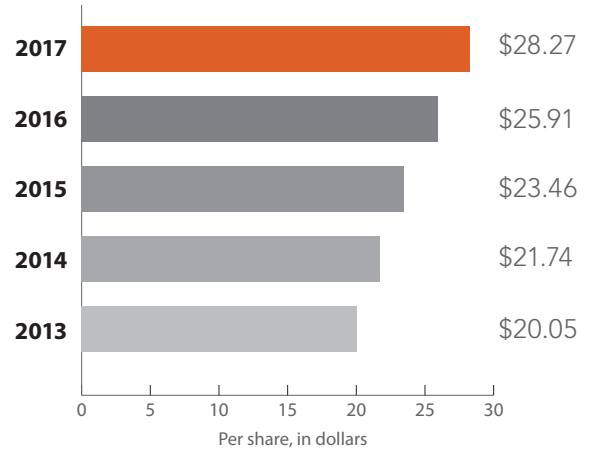
The complete set of audited financial statements is available online at [www.thefarmersbank.com](http://www.thefarmersbank.com).  
For a printed copy, please contact The Farmers Bank Finance Department at 765-654-8731.

# Financial Key Graphs

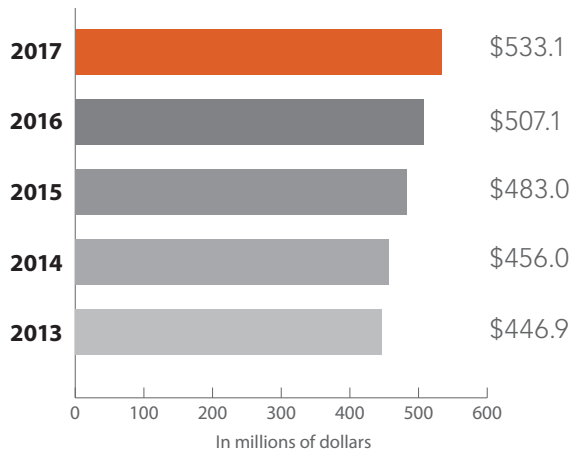
## TOTAL LOANS



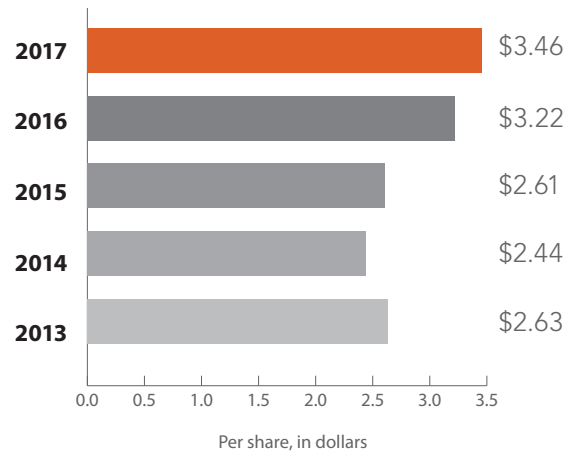
## BOOK VALUE



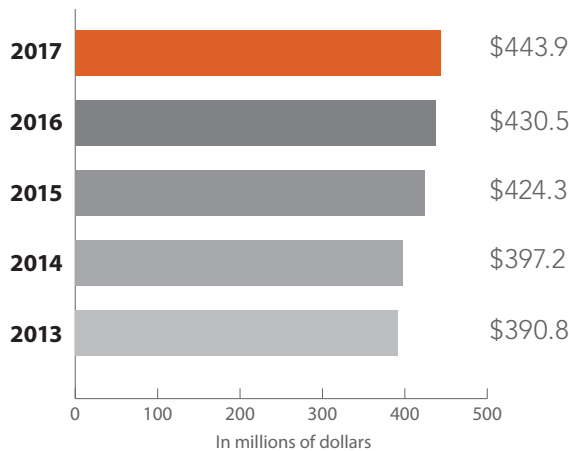
## TOTAL ASSETS



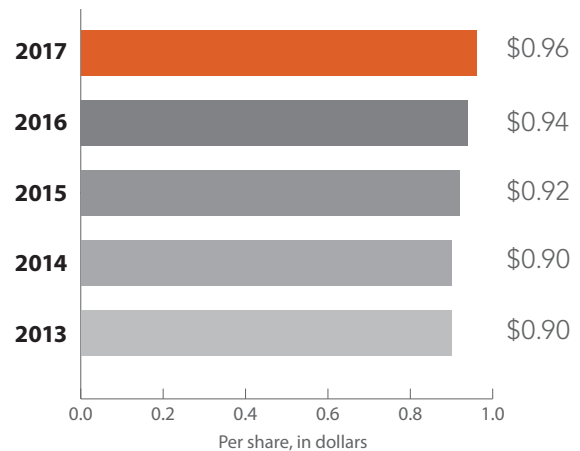
## DILUTED EARNINGS



## TOTAL DEPOSITS & SHORT-TERM BORROWINGS



## CASH DIVIDENDS PAID



# Supporting Local Business

The Farmers Bank is proud to be a supporter of community businesses for 140 years. We understand the importance of strong local commerce and strive to offer premium business banking and lending services, no matter the size or needs of your company.

This year, we helped dozens of local businesses with their financial needs and goals.

## The Whistler Group dba Jimmy John's

Thomas "Charles" Bookwalter



A former Green Beret in the US Army Special Forces, awarded a Bronze Star for combat action, Charles is a motivated businessman when it comes to his visions. When looking for opportunities to bring Jimmy John's

Gourmet Sandwiches to Frankfort, he turned to The Farmers Bank for a loan.

"We live and work locally and wanted to do business with those around us," explains Charles. "This is why many of the contractors and suppliers we have used have been local, and why we chose to partner with The Farmers Bank. From the day we presented our plan, we



knew we had a partner that was interested in our success and the future of our community. It is clear the bank emphasizes customer service."

## Shoup's Country Foods, Inc.

Carol, Cindy, Amy and Cheri Shoup



Since 1978, Shoup's Country Foods has produced quality meats and award-winning recipes. Starting as a local butcher shop, Shoup's quickly grew into a thriving retail operation, mail order business

and one of the premier caterers in Central Indiana. With award-winning products in grocery stores across Indiana and the surrounding states as well as being featured on QVC, Shoup's has graced the homes of individuals all over the country.

The Farmers Bank is proud to have been Shoup's banking partner throughout the growth and expansion of their business.



"The Farmers Bank has been with our family for over 50 years. We love dealing with our local hometown bank, and it is always nice to see familiar faces. They have been very supportive and helpful through our remodel process this past year. We look forward to our future with The Farmers Bank as our partner in local business." – Carol, Cindy, Amy and Cheri Shoup

## HydroTech Corp

Shirley Perry



HydroTech works with individuals, corporations and

municipalities to test and mitigate the effects of a variety of pollutants. As part of the original founding team in 1987, Shirley became the sole owner in 2013 and certified the corporation with the State of Indiana as a Woman-Owned Business Enterprise (WBE).

After the 2008 recession, Shirley needed financial assistance to keep HydroTech in business. She was referred to The Farmers Bank by her CPA and received help from a Small Business Administration (SBA) loan, and later an SBA-backed line of credit. With the help of The Farmers Bank, Shirley and HydroTech have not only survived but thrived. Shirley was invited to the White House to meet with President Trump and other women business owners to discuss SBA loan programs and the importance of community banks like The Farmers Bank.



"Today, I think of The Farmers Bank and its wonderful staff as partners in my business," says Shirley.

## Fallen Rock RV Parke & Campground

Mark and Connie Brown



Located in Brazil, Indiana, Fallen Rock RV Parke & Campground is a popular place to enjoy the great outdoors. The Farmers Bank has worked with Fallen Rock RV Parke to ensure continued access to the beautiful wooded trails, fishing pond and picturesque scenery for locals and tourists alike. A few years ago, the park came under new ownership and has undergone many improvements with the help of lending programs from The Farmers Bank.



## IGH Steel Fabrication

Scott and Penny Nirider



Scott and Penny worked for many years in the manufacturing and metal fabrication industry before the economy slowed in 2009. Penny had already been laid off, and

Scott's company was moving toward total liquidation. They considered their combined experience and what they would do differently had the companies they worked for been their own.

When starting their own steel fabrication business, the Niriders decided that their business model would be to offer a fair price and use the best products, while keeping equipment and employee skills current and making on-time delivery the highest priority. They prayed through the entire process and overcame many obstacles by daily placing their company "In God's Hands" – so they called their business "IGH" Steel Fabrication, Inc. Their goal is to be a blessing to their employees, customers, vendors and community.

The Farmers Bank offered an affordable SBA loan to help Scott and Penny get IGH off the ground, and they have had nothing but great things to say about their experience.

"We talked to a few 'big banks' about getting an SBA loan," say the Niriders. "All of them discouraged us from moving ahead. We are so grateful that The Farmers Bank took the time to get to know us and help us realize our dream.

"We were surprised that a 'hometown bank' could provide all the bells and whistles of the large 'too big to fail' banks, while

maintaining integrity and excellent personal service. They tailored their products and services to our specific needs, nothing more and nothing less."



## Zionsville Country Vet

Drs. Shari and Rick Lyons

When Drs. Shari and Rick Lyons of Zionsville Country Veterinary Clinic decided to pursue their dream of a "Fear Free" veterinary clinic, the design was the first clinic in the nation built from the ground up using the new Fear Free guidelines.

To minimize fear and create a calm veterinary experience for every pet, they knew they were going to need more space. The clinic combines individualized patient care and advanced care options with the concept of Fear Free design, which includes separate dog and cat wings, larger exam rooms, a lot of natural light, non-slip flooring, noise control, calming patient accommodations and more.

The Lyons contacted The Farmers Bank to discuss their needs related to the new clinic and started working with Kendra Price, Commercial Loan Officer/Manager of Small Business and SBA Lending.



"It was a real blessing when Kendra proposed the SBA loan," say the Lyons. "The process

was simple from the beginning and it allowed us to create something so unique and beautiful that it has stimulated business beyond what we expected!"

# Directors and Officers

## DIRECTORS OF THE FARMERS BANK AND THE FARMERS BANCORP

Thomas D. Crawford  
*Retired Administrator/CEO,  
St. Vincent Frankfort Hospital*

Karen F. Gregerson  
*President and Chief Executive  
Officer, The Farmers Bank*

Warren K. Johnson  
*President, S-Mart Holdings, Inc.*

James D. Moore  
*Attorney, Ryan, Moore, Cook  
& Triplett*

Jack W. Ransom  
*President, Kramer Brothers Lumber  
Company, Inc.*

Stephen G. Rothenberger  
*Retired Farmer and Investment  
Officer, The Farmers Bank*

R. Kent Ryan, Jr.  
*Retired Attorney, Ryan, Moore,  
Cook & Triplett*

Edwin C. Sahn  
*President, Sahn's Companies*

Stanley K. Smith  
*President, Gill Construction  
Management, Inc.*

## OFFICERS OF THE FARMERS BANCORP

R. Kent Ryan, Jr.  
*Chairman of the Board*

Karen F. Gregerson  
*President*

Bradley S. Cunningham  
*Vice President and Secretary*

Chad Kozuch  
*Treasurer*

Stanley K. Smith  
*Secretary to the Board*

## DIRECTORS EMERITUS OF THE FARMERS BANK AND THE FARMERS BANCORP

Fred K Agnew  
*Past President, The Farmers Bank*

Tom Rohrabough  
*Past President, The Farmers Bank*

## OFFICERS OF THE FARMERS BANK

ADMINISTRATION  
Karen F. Gregerson  
*President/Chief Executive Officer*

Bradley S. Cunningham  
*Senior Vice President of  
Commercial Lending*

Chad Kozuch  
*Senior Vice President/Chief Financial  
Officer/Information Security Officer*

Mark S. Novak  
*Senior Vice President/  
Chief Credit Officer*

## ACCOUNTING / FUNDS MANAGEMENT

Stephanie Buntin  
*Comptroller*

Steve Davis  
*Senior Financial Analyst*

AUDIT / COMPLIANCE / SECURITY  
Carroll Valentino  
*Risk Management Officer*

Tammy J. Dunham  
*Compliance Officer/CRA Officer*

Kathleen W. Knoll  
*Internal Auditor*

Phyllis Egemo  
*Security Officer/Bank Secrecy  
Act Officer*

COLLECTIONS  
Donald H. Elliott, Jr.  
*Credit Manager*

Vicki Sherwood  
*Retail Credit Manager*

COMMERCIAL LENDING  
Allison Bramblett  
*Treasury Management Officer*

Brian Carroll  
*Vice President/Commercial Lender*

Andrew V. Cripe  
*Agricultural Loan Officer*

Mary Dowling  
*Vice President/Commercial Lender*

Tracy Mosson  
*Senior Credit Analyst*



Thomas D.  
Crawford



Karen F.  
Gregerson



Warren K.  
Johnson



James D.  
Moore



Jack W.  
Ransom



# Directors and Officers

Alan Oyler  
*Vice President/Commercial Lender*

Dwain Pitzer  
*Vice President/Senior Commercial Lender*

Kendra A. Price  
*Commercial Loan Officer/Manager of Small Business & SBA Lending*

Susan M. Ruch  
*Small Business Lender*

Mary Ann Stockberger  
*Merchant Services Manager*

**HUMAN RESOURCES**  
Cindy L. Swope  
*Vice President/Director of Human Resources*

Robin S. Davis  
*Training Coordinator*

**LOAN ADMINISTRATION**  
Theda Anderson  
*Loan Operations Manager*

Erin Matz  
*Loan Operations Officer*

**MARKETING**  
Lisa L. Ferguson  
*Director of Marketing*

**MORTGAGE LENDING**  
Heather Foster  
*Mortgage Loan Officer*

Andrea Jarrett  
*Home Loan Specialist*

**OPERATIONS**  
Kim Compton  
*Vice President of Information Technology/Operations*

Denisa D. Stetler  
*Deposit Operations Officer*

**RETAIL BANKING**  
Russell Doyle  
*Consumer Loan Portfolio Manager*

Leota Walker  
*Manager of Branch Administration*

**FISHERS OFFICE**  
Tom Pietrzak  
*Assistant Vice President/Small Business Banker/Market Manager*

Nick Jefferis  
*Assistant Branch Manager*

**FRANKFORT OFFICE**  
Lorita Pearson  
*Branch Manager*

Leah Fulton  
*Customer Service Representative/Loan Officer*

**KIRKLIN OFFICE**  
Donald E. Rusk  
*Vice President/Branch Manager*

**LEBANON OFFICE**  
Yvonne Baird  
*Branch Manager*

Lori Allen  
*Assistant Branch Manager*

Luanne Lewis  
*Consumer Loan Officer*

**MICHIGANTOWN OFFICE**  
Donald E. Rusk  
*Vice President/Branch Manager*

**MULBERRY OFFICE**  
Lee Randolph  
*Branch Manager*

**NOBLESVILLE OFFICE**  
Sydney S. Loomis  
*Assistant Vice President/Small Business Banker/Market Manager*

Ashley Roose  
*Assistant Branch Manager*

**SHERIDAN OFFICE**  
Jeffrey K. Davis  
*Branch Manager/Mortgage Loan Officer*

**TRUST SERVICES**  
Tamara S. Moss  
*Vice President and Manager of Trust Services*

Greg Clapp  
*Trust Investment Officer*

Lori S. Davis  
*Trust Administration Officer*

Matthew A. Wyman  
*Personal Trust Officer*



Stephen G.  
Rothenberger



R. Kent  
Ryan, Jr.



Edwin C.  
Sahn



Stanley K.  
Smith



Fred K.  
Agnew



Tom  
Rohrbaugh

# Corporate Information



## **INDEPENDENT AUDITORS**

BKD, LLP  
201 North Illinois Street  
Suite 700  
P.O. Box 44998  
Indianapolis, IN 46244-0998  
317-383-4000

## **EMAIL ADDRESS**

[contactus@thefarmersbank.com](mailto:contactus@thefarmersbank.com)

## **WEBSITE**

[www.thefarmersbank.com](http://www.thefarmersbank.com)

## **ANNUAL MEETING**

The annual meeting of the shareholders of The Farmers Bancorp will be held Thursday, October 12, 2017, at 2:00 p.m. in the auditorium of the Main Office, 9 East Clinton Street, Frankfort, Indiana 46041-0129. A formal notice of this meeting, together with a proxy statement, is mailed to shareholders. Shareholders are urged to sign and return their proxies promptly to assure that the stock of the corporation will be represented as fully as possible at the meeting.

## **TRANSFER AGENT**

The Farmers Bancorp  
9 East Clinton Street  
P.O. Box 129  
Frankfort, IN 46041-0129  
765-654-8731

## **STOCK INFORMATION**

Persons interested in buying or selling our stock (ticker symbol: FABP) should contact:

## **BOENNING & SCATTERGOOD**

9922 Brewster Lane  
Powell, OH 43065  
866-326-8113

# Locations of The Farmers Bank



## FRANKFORT OFFICE

9 East Clinton Street  
P.O. Box 129  
Frankfort, IN 46041-0129  
765-654-8731



## NOBLESVILLE OFFICE

16940 Clover Road  
Noblesville, IN 46060-3643  
317-773-3100



## FISHERS OFFICE

7126 East 116th Street  
Fishers, IN 46038-1729  
317-841-5960



## ROSSVILLE OFFICE

5450 West State Road 26  
Rossville, IN 46065-9478



## KIRKLIN OFFICE

110 North Main Street  
P.O. Box 188  
Kirklin, IN 46050-0188  
765-279-8351



## SHERIDAN OFFICE

987 South White Avenue  
P.O. Box 211  
Sheridan, IN 46069-0211  
317-758-9620



## LEBANON OFFICE

2304 North Lebanon Street  
Lebanon, IN 46052-1110  
765-482-4556



## WESLEY MANOR OFFICE

1555 North Main Street  
Frankfort, IN 46041-1167  
765-654-6719



## MICHIGANTOWN OFFICE

219 Main Street  
P.O. Box 298  
Michigantown, IN 46057-0298  
765-249-2216



## MULBERRY OFFICE

145 East Jackson Street  
P.O. Box 280  
Mulberry, IN 46058-0280  
765-296-3733



9 East Clinton Street  
P.O. Box 129  
Frankfort, IN 46041-0129  
765-654-8731

[www.thefarmersbank.com](http://www.thefarmersbank.com)



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