

RICHMOND, Indiana. February 28, 2019 - West End Indiana Bancshares, Inc. (the "Company"), the holding company for West End Bank, S.B. (the "Bank"), announces net income of \$727,000, or \$0.70 per diluted share, for the year ended December 31, 2019, a decrease of \$656,000, or 47.4%, as compared to \$1.4 million net income, or \$1.34 per diluted share, for the year ended December 31, 2018. The decrease in net income resulted primarily from an increase in other expense of \$705,000, an increase in interest expense of \$435,000 and a decrease in other income of \$373,000, offset by a decrease in the provision for loan losses of \$653,000, a decrease to the provision for income tax of \$144,000, and an increase in interest income of \$60,000.

For the year ended December 31, 2019, net interest income decreased \$375,000, or 3.2%, to \$11.5 million from \$11.9 million for the year ended December 31, 2018. The decrease was primarily a result of an increase of \$435,000 in interest expense driven by the increase in interest expense on deposits of \$392,000 offset by the increase in interest income of \$60,000.

The provision for loan losses was \$1.3 million for the year ended December 31, 2019, compared to \$1.9 million for the year ended December 31, 2018, a decrease of \$653,000, or 33.5%. The decrease to the provision was based on management's quarterly analyses of the loan portfolio and credit quality indicators including charge-off trends and qualitative factors, including a shift in the portfolio mix and overall reduction in the risk profile. The change to the mix was a result of tightening of underwriting standards in consumer loans.

Noninterest income decreased \$373,000, or 20.7%, to \$1.4 million for the year ended December 31, 2019, from \$1.8 million for the year ended December 31, 2018. The decrease was driven by a decrease in value of loan servicing assets of \$193,000 along with a decrease to other income of \$141,000. The decrease in value of loan servicing assets was due to decreasing market rates and the increased prepayment speeds on our sold mortgages. The decrease to other income was due to a one-time recognition to a reimbursable expense and interest due from the SBA for a foreclosed commercial property that was sold in the fourth quarter of 2017 and recognized in the 3<sup>rd</sup> quarter of 2018.

For the year ended December 31, 2019, noninterest expense increased \$705,000, or 7.0%, to \$10.7 million, from \$10.0 million for the year ended December 31, 2018. The increase was partially due to increases in professional fees of \$630,000 resulting primarily from our announced Purchase and Assumption Agreement with Three Rivers Federal Credit Union, salaries and employee benefits of \$107,000, and data processing fees of \$78,000 offset by a decrease in FDIC Insurance premiums of \$103,000.

The provision for income taxes decreased \$144,000 to \$176,000 for period ended December 31, 2019 as compared to \$320,000 for year ended December 31, 2018, reflecting the decrease in pretax income. Our effective tax rates were 19.5% and 18.8% for 2019 and 2018, respectively.

Total assets decreased \$11.9 million, or 4.0%, to \$288.3 million at December 31, 2019 from \$300.2 million at December 31, 2018. The decrease was primarily the result of decreases in investment securities available for sale of \$5.5 million, total loans of \$2.8 million, cash and cash equivalents of \$2.6 million, and bank owned life insurance of \$902,000.

Total Equity increased \$1.1 million to \$31.3 million at December 31, 2019 from \$30.2 million at December 31, 2018. The increase was primarily the result of net income of \$727,000 for 2019, increases in change in accumulated other comprehensive income of \$507,000, and ESOP shares earned of \$56,000, offset in part by dividends of \$278,000.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	(In Thousands)	
SELECTED FINANCIAL CONDITION DATA:		
Total assets	\$ 288,261	\$ 300,151
Total cash and cash equivalents	7,357	9,935
Investment in available for sale securities, at fair value	14,304	19,796
Loans held for sale	1,057	133
Loans, net	242,116	244,955
Bank-owned life insurance	6,234	7,136
Premises and equipment	8,461	8,898
Foreclosed real estate held for sale	-	16
Federal Home Loan Bank of Indianapolis, at cost	2,633	2,436
Deposits	203,874	217,914
Borrowings	51,500	50,500
Total Equity	31,281	30,161
Total stockholders' equity less maximum cash obligation related to ESOP shares	30,377	29,371
ASSET quality ratios: <sup>1</sup>		
Nonperforming loans to total loans	1.40%	0.60%
Nonperforming assets to total assets	1.29%	0.62%
Net charge-offs annualized (recoveries) to average loans outstanding	0.71%	0.67%
Allowance for loan losses to non-performing loans	76.09%	204.99%
Allowance for loan losses to total loans	1.06%	1.23%
Selected Financial Ratios:		
Interest rate spread	3.97%	4.08%
Net interest margin	4.17%	4.22%
Noninterest expense to average assets	3.54%	3.28%
Efficiency ratio	83.02%	73.33%

<sup>1</sup> Bank-only ratios

	For the Year Ended	
	<u>2019</u>	<u>2018</u>
	(In Thousands, except per share amounts)	
SELECTED FINANCIAL CONDITION DATA:		
Interest income	\$ 15,080	\$ 15,020
Interest expense	3,571	3,136
Net interest income	11,509	11,884
Provision for loan losses	1,295	1,948
Net interest income after provision for loan losses	10,214	9,936
Noninterest income	1,432	1,805
Noninterest expense	10,743	10,038
Income before income tax expense	903	1,703
Income tax expense	176	320
Net income	727	1,383
Basic earnings per share	\$ 0.73	\$ 1.40
Diluted earnings per share	0.70	1.34
Dividends per share	0.28	0.27