AMB Financial Corp.

7880 Wicker Ave.
St. John, Indiana 46373

Financial Report
For The Three Months Ended
March 31, 2018

Note: This report is intended to be read in conjunction with our Annual Report to Stockholders for the year ended December 31, 2017, copies of which are included on this website. This report is dated March 31, 2018 and should not be read to cover any subsequent periods. We specifically disclaim any obligation to update this report even if the contents thereof should become misleading.

This report has not been prepared in accordance with Securities and Exchange Commission rules applicable to public companies and is not intended to comply with such rules.

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AMB Financial Corp. and Subsidiaries
Consolidated Balance Sheets

Assets	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Cash and amounts due from depository institutions	$ 2,125,702	$ 1,920,212
Interest-bearing deposits	11,452,707	18,015,343
Total cash and cash equivalents	13,578,409	19,935,555
Mortgage backed securities, available for sale, at fair value	2,918,505	3,158,984
Stock in Federal Home Loan Bank of Indianapolis, at cost	949,700	949,700
Loans held for sale	-	748,849
Loans receivable (net of allowance for loan losses: $1,968,861 at March 31, 2018 and $1,957,133 at December 31, 2017)	177,897,642	168,760,014
Other real estate owned	137,350	137,350
Investment in limited partnership	319,770	329,070
Accrued interest receivable	634,742	624,003
Office properties and equipment- net	9,682,038	9,717,281
Bank owned life insurance	4,251,875	4,232,804
Prepaid expenses and other assets	1,466,204	1,539,741
Total assets	$211,836,235	$210,133,351
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$178,994,820	$180,240,077
Borrowed money	10,486,900	7,006,934
Junior subordinated debentures	3,093,000	3,093,000
Other liabilities	1,848,717	2,626,656
Total liabilities	$194,423,437	$192,966,667
Stockholders' Equity		
Common Stock, $.01 par value; authorized 1,900,000 shares; 1,683,641 shares issued and 981,638 shares outstanding at March 31, 2018 and December 31, 2017	$ 16,837	$ 16,837
Additional paid-in capital	11,582,617	11,564,353
Retained earnings	13,622,760	13,373,981
Accumulated other comprehensive income (loss), net of tax	(48,573)	(27,644)
Treasury stock, at cost (702,003 shares at March 31, 2018 and December 31, 2017)	(7,760,843)	(7,760,843)
Total stockholders' equity	$ 17,412,798	$ 17,166,684
Total liabilities and stockholders' equity	$211,836,235	$210,133,351

See accompanying notes to audited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Consolidated Statements of Income
(unaudited)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Interest income		
Interest on Loans	$ 1,961,131	$ 1,828,426
Interest on mortgage-backed securities	15,036	19,117
Interest on interest-bearing deposits	58,274	37,174
Dividends on Federal Home Loan Bank stock	15,937	9,952
Total interest income	$ 2,050,378	$ 1,894,669
Interest expense		
Interest on deposits	$ 303,492	$ 209,085
Interest on borrowings	69,143	67,119
Total interest expense	$ 372,635	$ 276,204
Net interest income	$ 1,677,743	$ 1,618,465
Provision for loan losses	30,000	-
Net interest income after provision for loan losses	$ 1,647,743	$ 1,618,465
Non-interest income:		
Loan fees and service charges	$ 98,992	$ 96,105
Deposit related fees	73,533	69,147
Other fee income	22,864	18,444
Rental Income	86,251	103,374
Gain on sale of loans	42,202	39,071
Loss from limited partnership	(9,300)	(9,300)
Increase in cash surrender value of life insurance	19,071	21,099
Other income	16,990	16,062
Total non-interest income	$ 350,603	$ 354,002
Non-interest expense:		
Staffing costs	$ 906,933	$ 865,265
Advertising	47,264	98,382
Occupancy and equipment expense	222,094	160,237
Data processing	168,420	160,563
Professional fees	62,276	80,864
Federal deposit insurance premiums	32,964	29,448
Insurance expense	27,878	26,345
Other operating expenses	195,523	162,214
Total non-interest expense	$ 1,663,352	$ 1,583,318
Income before income taxes	$ 334,994	$ 389,149
Income tax expense	86,215	144,126
Net income available to common shareholders	248,779	245,023
Earnings per common share:		
Basic	$ 0.25	$ 0.25
Diluted	$ 0.25	$ 0.25

See accompanying notes to audited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended March 31,	
	2018	2017
Net income	$ 248,779	$ 245,023
Other comprehensive (loss) income, net of tax:		
Unrealized gains on securities		
available for sale--		
Unrealized holding (loss) gain arising during the period	(20,929)	9,852
Other comprehensive income, net of tax	(20,929)	9,852
Total comprehensive income	$ 227,850	$ 254,875

AMB Financial Corp. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Three Months Ended March 31, 2018 and 2017
(unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2016	$ 16,837	$ 11,533,912	$ 12,436,828	$ (15,428)	$ (7,760,843)	$ 16,211,306
Net income			245,023			245,023
Other comprehensive income, net of tax				9,852		9,852
Balance at March 31, 2017	$ 16,837	$ 11,533,912	$ 12,681,851	$ (5,576)	$ (7,760,843)	$ 16,466,181

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2017	$ 16,837	$ 11,564,353	$ 13,373,981	$ (27,644)	$ (7,760,843)	$ 17,166,684
Net income			248,779			248,779
Other comprehensive income, net of tax				(20,929)		(20,929)
Stock-based compensation expense		18,264				18,264
Balance at March 31, 2018	$ 16,837	$ 11,582,617	$ 13,622,760	$ (48,573)	$ (7,760,843)	$ 17,412,798

See accompanying notes to audited consolidated financial statements.

AMB Financial Corp. and Subsidiaries

Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2018	2017
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 248,779	$ 245,023
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	101,586	91,118
Amortization of premiums and accretion of discounts	8,824	12,425
Proceeds from sale of loans originated for sale	2,843,004	2,021,440
Loans originated for sale	(2,819,060)	(1,995,750)
Gain on sale of loans	(42,202)	(39,071)
Provision for loan losses	30,000	-
Loss from limited partnership	9,300	9,300
Net change in:		
Increase in cash surrender value of life insurance	(19,071)	(21,099)
Increase in deferred yield adjustments on loans	39,961	4,886
Increase in prepaid and deferred income taxes	(129,043)	(165,333)
Increase in accrued interest receivable	(10,739)	(26,278)
Decrease in other assets	119,044	165,800
(Decrease) increase in other liabilites	(668,059)	13,058
Net cash (used) provided by operating activities	(287,676)	315,519
Cash flows from investing activities:		
Proceeds from repayments of mortgage-backed securities	202,640	273,047
Change in loans held for sale	748,849	-
Net increase in loans	(9,207,589)	3,591,703
Property and equipment expenditures, net	(66,343)	(1,222,401)
Net cash used for investing activities	(8,322,443)	2,642,349
Cash flows from financing activities:		
Net increase in deposits	(1,641,173)	1,742,070
Proceeds from borrowed money	5,000,000	-
Repayment of borrowed money	(1,520,034)	(27,466)
Increase (decrease) in advance payments by borrowers for taxes and insurance	395,916	332,717
Equity plan paid-in-capital	18,264	-
Net cash provided by financing activities	2,252,973	2,047,321
Net change in cash and cash equivalents	(6,357,146)	5,005,189
Cash and cash equivalents at beginning of period	19,935,555	19,435,829
Cash and cash equivalents at end of period	$ 13,578,409	$ 24,441,018
Supplemental disclosure of cash flow information:		
Interest paid	$ 374,902	$ 276,756
Income taxes paid	-	45,000

See accompanying notes to audited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Earnings Per Share
(Unaudited)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net income available to common shareholders	$ 248,779	$ 245,023
Weighted average common shares outstanding for basic computation	981,638	981,638
Basic income per common share	$ 0.25	$ 0.25
Weighted average common shares outstanding for basic computation	981,638	981,638
Common stock equivalents due to dilutive effect of restricted stock	2,388	-
Weighted average common shares and equivalents outstanding for diluted computation	984,026	981,638
Diluted income per common share	$ 0.25	$ 0.25

Status as Non-Reporting Company. We are not subject to the reporting requirements of Section 13 of the Securities Exchange Act of 1934 and accordingly this report has not been prepared in accordance with applicable Securities Exchange Commission rules. This report is intended to cover the three month period ended March 31, 2018 and should not be read to cover any other periods.

Notes to Consolidated Financial Statements. The accompanying unaudited consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America and in the opinion of management contain all adjustments (all of which are normal and recurring in nature) necessary for a fair presentation. The results of operations for the three months ended March 31, 2018 are not necessarily indicative of the results expected for the year ending December 31, 2018. The March 31, 2018 consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2017 included in the Company's Annual Report. The Company's consolidated statement of condition as of December 31, 2017 has been derived from the Company's audited consolidated statement of condition as of that date.

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that could have a material effect on the carrying value of certain assets and liabilities. These estimates and assumptions affect the amounts reported in the consolidated financial statements and the disclosures provided. The determination of the allowance for loan losses, valuations and impairments of investment securities, and the accounting for income tax expense are highly dependent on management's estimates and assumptions where changes in any of these could have a significant impact on the financial statements.

The consolidated financial statements include the accounts of AMB Financial Corp. (the "Company"), and its wholly-owned subsidiary, American Community Bank of Indiana (the "Bank").

Earnings per Share. Earnings per share for the three month periods ended March 31, 2018 and 2017 were determined by dividing net income available to common shareholders for the periods by the weighted average number of both basic and diluted shares of common stock, as well as common stock equivalents outstanding.

Reclassifications. Certain 2017 items or amounts may have been reclassified or restated in order to conform to the 2018 presentation.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements. The Company and the Bank may from time to time make written or oral "forward-looking statements." These forward-looking statements may be included in this Financial Report, which are made in good faith by us. These forward-looking statements include statements about our beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, which are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in the forward-looking statements:

- the current condition of the United States economy in general and in our local economy (including unemployment) in which we conduct operations;
- the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board and the United States Treasury ("UST");
- our ability to manage and reduce our non-performing assets;
- our ability to repay our holding company debt, including our $3 million of trust preferred stock, when due;
- the impact of new laws and regulations resulting from the recent economic crisis on financial institutions, the lending market and our regulatory agencies;
- the impact of new regulations imposed by the Federal Reserve System, the Federal Deposit Insurance Corporation ("FDIC") and the State of Indiana Department of Financial Institutions;
- future deposit premium levels which may rise;
- future loan underwriting and consumer protection requirements including those issued by the Consumer Financial Protection Bureau;
- inflation, interest rate, market and monetary fluctuations and its impact on our interest rate sensitive balance sheet;
- the decline in loan demand and real estate values within our local market;
- the future financial strength, dividend level and activities of the FHLB of Indianapolis in which we own stock and from which we borrow money;
- the impact of any new government foreclosure relief and loan modification programs;
- the timely development of and acceptance of our new products and services and the perceived overall value of these products and services by users, including the features, pricing and quality thereof compared to competitors' products and services;
- the willingness of users to substitute our products and services for products and services of our competitors;
- our ability to reinvest our cash flows in today's very low interest rate environment;
- our success in gaining regulatory approval of our products and services, when required;
- the impact of changes in financial services' laws and regulations (including laws concerning taxes, banking, securities and insurance);
- the impact of technological changes;
- competition from other financial service providers in the Company's market area;
- the success of our executives in managing our business operations;
- the success of our loan restructuring and work out arrangements;
- our ability to accurately estimate the value of our assets and the appropriate level of our allowance for loan losses;
- our ability to lease space in our branch facilities when vacancies occur; and
- future changes in consumer spending and saving habits.

Financial Condition. Total assets of the Company were $211.8 million at March 31, 2018, an increase of $1.7 million, from $210.1 million at December 31, 2017. Loan receivable increased $9.1 million. The aforementioned increase was primarily funded by a $6.4 million decrease in cash equivalents and a $3.5 million increase in borrowings.

Cash and cash equivalents, which consist primarily of interest-earning deposits, totaled $13.6 million at March 31, 2018, a decrease of $6.3 million, from $19.9 million at December 31, 2017. Cash and cash equivalents can fluctuate significantly on a day-to-day basis due to cash demands, customer deposit levels and loan and investment activity.

Mortgage-backed securities, available for sale, decreased $0.3 million to $2.9 million at March 31, 2018, from $3.2 million at December 31, 2017. The decrease was the result of repayments as there was no purchase activity during the three month period ended March 31, 2018. The Company recorded an unrealized loss on available for sale mortgage-backed securities of $64,000 at March 31, 2018 compared to a $35,000 unrealized loss at December 31, 2017. These amounts are included as part of the carrying cost of mortgage-backed securities, available for sale, at each respective period.

The Bank is a member of the FHLBI and had a $950,000 investment in stock of the FHLBI at March 31, 2018. Members are required to own a certain amount of stock based on the level of borrowings and other factors. The investment is carried at par value, as there is not an active market for FHLBI stock.

Net loans receivable totaled $177.9 million at March 31, 2018, a $9.1 million increase from the $168.8 million balance at December 31, 2017. The Company originated $2.8 million of loans held for sale which were subsequently sold during the three month period ended March 31, 2018, as compared to $2.0 million during the prior year period. Loans originated for sale are fixed-rate, single-family mortgage loans, which are sold in an effort to manage interest rate risk and generate fee income. The increase in interest rates during the current period has reduced refinance activity which has reduced loan sales.

The determination of the allowance for loan losses involves material estimates that are susceptible to significant change in the near term. The allowance for loan losses is maintained at a level appropriate to absorb management’s estimate of probable incurred losses inherent in the loan portfolio. The provision for loan losses is based upon management’s quarterly review of the loan portfolio. The purpose of the review is to assess loan quality, identify impaired loans, analyze delinquencies, ascertain loan growth, evaluate potential charge-offs and recoveries, and assess general economic conditions in the markets that the Company serves. To determine the appropriate level for the allowance for loan losses, management applies historical loss percentages to performing residential real estate, nonresidential real estate, consumer, and commercial business loan balances. In addition, nonperforming loans are evaluated for current collateral deficiencies. When such loans are found to have collateral deficiencies, the deficiency is charged-off to the allowance for loan losses. Management evaluates the results of the allowance for loan losses by applying the historical and subjective loss factors to the current loan balances and identifying any required collateral deficiency reserves for the period. Based upon this analysis, management will record any required loan loss provisions to establish the appropriate level for the allowance for loan losses.

The allowance for loan losses totaled $2.0 million at March 31, 2018, representing a $38,000 increase as compared to December 31, 2017. The Bank’s allowance for loan losses to total loans was 1.09% at March 31, 2018 as compared to 1.13% at December 31, 2017. Management believes that the allowance for loan losses is adequate to meet probable incurred loan losses in the portfolio. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in information and economic conditions. In addition, both the FDIC and the Indiana Department of Financial Institutions, as an integral part of their examination process, will periodically review the Bank's allowance for loan losses and may require the Bank to recognize additions to the loan loss allowance based upon their judgments about information available to them at the time of their examination.

The following table sets forth the activity in the allowance for loan losses for the three months ended March 31, 2018 and 2017.

	Three Months Ended March 31, 2018	Three Months Ended March 31 2017
Balance at beginning of period:	$1,931,057	$1,957,133
Charge-offs:		
One- to four family	-	-
Multi-family	-	-
Non-residential	-	-
Land	-	-
Consumer	-	-
Commercial business	-	-
Total charge-offs	-	-
Recoveries:		
One- to four family	6,176	4,747
Multi-family	-	-
Non-residential	-	-
Land	-	-
Consumer	-	1,156
Commercial business	1,628	850
Total recoveries	7,804	6,753
Net (charge-offs) recoveries	7,804	6,753
Provisions for loan losses	30,000	-
Balance at end of period	$1,968,861	$1,963,886
Ratio of net recoveries (charge-offs) during the period to average gross loans outstanding during the period	0.00%	0.00%
Ratio of net recoveries (charge-offs) during the period to average non-performing loans during the period	(0.27)%	0.38%

Loans receivable are summarized as follows at the dates indicated:

	March 31, 2018	December 31, 2017
Mortgage loans:		
One-to-four family	$ 66,472,261	$ 66,295,151
Multi-family	6,307,470	6,028,028
Non-residential	59,630,918	54,156,538
Construction	11,196,516	8,725,317
Land	8,359,860	8,822,081
Equity lines of credit	9,208,964	9,241,291
Consumer	663,736	693,318
Commercial business loans	18,473,440	17,136,049
Total loans	180,313,165	171,097,773
Less:		
Net deferred yield adjustments	446,662	406,702
Allowance for loan losses	1,968,861	1,931,057
Loans receivable, net	$ 177,897,642	$ 168,760,014

Criticized and Classified Assets. The following table sets forth the amounts and categories of non-performing assets and other criticized and classified assets, on the dates indicated.

	March 31, 2018	December 31, 2017
Substandard non-accruing loans:		
One- to four-family	$ 2,244,259	$ 1,901,909
Non-residential	60,797	63,191
Construction	358,806	358,806
Land	139,128	144,047
Equity lines of credit	397,068	83,040
Other consumer	6,965	7,768
Total substandard non-accruing loans	$ 3,207,023	$ 2,558,761
Total loans receivable	$ 180,313,165	$ 171,097,773
Total non-accrual / loans receivable	1.78%	1.50%
Substandard – accruing loans		
One- to four-family	$ 308,611	$ 310,764
Non-residential	603,792	625,643
Total substandard – accruing loans	$ 912,403	$ 936,407
Total loans receivable	$ 180,313,165	$ 171,097,773
Total substandard accruing / loans receivable	0.51%	0.55%
Total classified loans	$ 4,119,426	$ 3,495,168
Total loans receivable	$ 180,313,165	$ 171,097,773
Total classified loans / loans receivable	2.28%	2.04%
Substandard other real estate owned:		
Land	$ 137,350	$ 137,350
Total substandard other real estate owned	$ 137,350	$ 137,350
Total classified assets	$ 4,256,776	$ 3,632,518
Total assets	$ 211,836,235	$ 210,133,351
Total classified assets / total assets	2.01%	1.73%

Non-Performing Assets, Impaired Loans and Allowance for Loan Losses.

The following tables present the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method for the dates indicated:

	Allowance for Loan Losses					
	At March 31, 2018			At December 31, 2017		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
One-to-four family	$ 31,247	$ 712,715	$ 743,962	$ 31,527	$ 739,208	$ 770,735
Multi-family	-	53,249	53,249	-	51,751	51,751
Non-residential	-	671,601	671,601	-	627,246	627,246
Construction	-	150,124	150,124	-	120,398	120,398
Land	-	84,662	84,662	-	93,997	93,997
Equity lines of credit	-	30,985	30,985	-	67,834	67,834
Other consumer	-	17,374	17,374	-	17,411	17,411
Commercial business loans	-	186,904	186,904	-	181,685	181,685
Total	$ 31,247	$ 1,907,614	$ 1,938,861	$ 31,527	$ 1,899,530	$ 1,931,057

	Loan Balances					
	At March 31, 2018			At December 31, 2017		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
One-to-four family	$ 2,472,509	$ 63,999,752	$ 66,472,261	$ 2,131,066	$ 64,164,085	$ 66,295,151
Multi-family	-	6,307,470	6,307,470	-	6,028,028	6,028,028
Non-residential	60,797	59,570,121	59,630,918	63,191	54,093,347	54,156,538
Construction	358,806	10,837,710	11,196,516	358,806	8,366,511	8,725,317
Land	139,128	8,220,732	8,359,860	144,048	8,678,033	8,822,081
Equity lines of credit	397,068	8,811,896	9,208,964	83,040	9,158,251	9,241,291
Other consumer	6,965	656,771	663,736	7,768	685,550	693,318
Commercial business loans	-	18,473,440	18,473,440	-	17,136,049	17,136,049
Total	$ 3,435,273	$ 176,877,892	$ 180,313,165	$ 2,787,919	$ 168,309,854	$ 171,097,773

Impaired loans, which consist of the Company's non-accrual loans and troubled debt restructured loans, were as follows:

	March 31, 2018	December 31, 2017
Period end loans with allocated allowance for loan losses	$ 228,250	$ 229,158
Period end loans with no allocated allowance for loan losses	3,207,023	2,558,761
Total	$ 3,435,273	$ 2,789,936
Valuation reserve relating to impaired loans	$ 31,247	$ 31,527

The following table presents loans individually evaluated for impairment by class of loans as of the dates indicated:

	At March 31, 2018		At December 31, 2017	
	Unpaid Principal Balance	Allowance for Loan Losses Allocated	Unpaid Principal Balance	Allowance for Loan Losses Allocated
With an allowance recorded:				
One-to-four family	$ 228,250	$ 31,247	$ 229,158	$ 31,527
With no related allowance recorded:				
One-to-four family	2,244,259	-	1,901,909	-
Non-residential	60,797	-	63,191	-
Construction	358,806		358,806	
Land	139,128		144,047	
Equity lines of credit	397,068	-	83,040	-
Other consumer	6,965	-	7,768	-
Commercial business loans	-	-	-	-
Total	$ 3,435,273	$ 31,247	$ 2,787,919	$ 31,527

Nonaccrual loans are summarized as follows:

	March 31, 2018	December 31, 2017
One-to-four family	$ 2,244,259	$ 1,901,909
Non-residential	60,797	63,191
Construction	358,806	358,806
Land	139,128	144,047
Equity lines of credit	397,068	83,040
Other consumer	6,965	7,768
Total	$ 3,207,023	$ 2,558,761

The following tables present the aging of the recorded investment in past due loans.

	March 31, 2018				
	30 - 89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Loans Not Past Due	Total
One-to-four family	$ 2,721,903	$ 1,999,994	$ 4,721,897	$ 61,750,364	$ 66,472,261
Multi-family	-	-	-	6,307,470	6,307,470
Non-residential	336,015	60,797	396,812	59,234,106	59,630,918
Construction	-	358,806	358,806	10,837,710	11,196,516
Land	-	-	-	8,359,860	8,359,860
Equity lines of credit	36,243	315,677	351,920	8,857,044	9,208,964
Other consumer	-	6,965	6,965	656,771	663,736
Commercial business loans	102,038	-	102,038	18,371,402	18,473,440
Total	$ 3,196,199	$ 2,742,239	$ 5,938,438	$ 174,374,727	$ 180,313,165

	December 31, 2017				
	30 - 89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Loans Not Past Due	Total
One-to-four family	$ 927,723	$ 1,661,564	$ 2,589,287	$ 63,705,864	$ 66,295,151
Multi-family	-	-	-	6,028,028	6,028,028
Non-residential	156,212	63,191	219,403	53,937,135	54,156,538
Construction	-	358,806	358,806	8,366,511	8,725,317
Land	-	-	-	8,822,081	8,822,081
Equity lines of credit	326,338	1,669	328,007	8,913,284	9,241,291
Other consumer	17,380	7,768	25,148	668,170	693,318
Commercial business loans	26,364	-	26,364	17,109,685	17,136,049
Total	$ 1,454,017	$ 2,092,998	$ 3,547,015	$ 167,550,758	$ 171,097,773

The Company has allocated $31,247 and $31,527 of loan loss reserves to customers whose loan terms have been modified in troubled debt restructurings as of March 31, 2018 and December 31, 2017, respectively.

The following table presents loans classified as troubled debt restructurings.

	March 31, 2018	December 31, 2017
One-to-four family	$ 228,250	$ 229,158
Trouble debt restructured loans - accrual loans	$ 228,250	$ 229,158

Risk Classification of Loans. The Company's policies, consistent with regulatory guidelines, provide for the classification of loans and other assets that are considered to be of lesser quality as substandard, doubtful, or criticized assets designated as special mention.

A substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Risk rating guidance clarifies that a loan with a well-defined weakness does not have to present a probability of default for the loan to be rated substandard, and that an individual loan's loss potential does not have to be distinct for the loan to be rated substandard. An asset classified doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets is not warranted; such balances are promptly charged-off as required by applicable federal regulations. A special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Based on a review of the Company's classified assets, loans classified substandard as well as other real estate owned increased $0.6 million to $4.2 million at March 31, 2018. The increase was primarily related to single family mortgage loans.

Non-Performing Loans. Non-performing loans, which consist primarily of those nonaccrual loans which are past due ninety days or more as well as loans less than ninety days past due for which the collectability of principal and interest is in doubt totaled $3.2 million, or 1.78% of total loans receivable at March 31, 2018, compared to $2.6 million, or 1.50% of total loans receivable at December 31, 2017.

Potential Problem Loans. The Company defines potential problem loans as performing loans rated substandard or special mention, which do not meet the definition of a non-performing loan. The Company does not necessarily expect to realize losses on potential problem loans, but does recognize that potential problem loans carry a higher probability of default and require additional attention by management. As part of its loan review process, the Company evaluates a borrower's financial condition as well as the underlying collateral's cash flows in order to determine the appropriate loan grade/classification. The Company reviews nonresidential real estate loans, commercial business loans and multiple non-owner occupied single-family loans made to the same borrower to determine if these loans should be classified. As a result of these reviews, loans totaling $912,000 were classified as performing substandard at March 31, 2018, compared to $936,000 at December 31, 2017.

There were no potential problem loans categorized as special mention at March 31, 2018 or at December 31, 2017.

The ratio of allowance for loan losses to classified and criticized loans was 47.8% at March 31, 2018, compared to 55.2% at December 31, 2017.

Other real estate owned, which is classified substandard, totaled $137,000 at March 31, 2018 as compared to $137,000 at December 31, 2017. Other real estate owned properties are initially recorded at fair value less estimated cost to sell at acquisition, establishing a new cost basis. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. There can be no assurance whether, when, and at what price the Company will be able to sell the remaining inventory of other real estate owned properties.

There also can be no assurance that we will not experience increases in our non-performing assets or that the value of our current non-performing assets will not further decline. It is not clear how serious an effect the economy will have on the Company's loan volume, credit quality and deposit flows. However, management believes that the Company's non-owner occupied loans, purchased loans, and consumer loans, as well as the other real estate it owns, may be particularly sensitive to adverse economic conditions.

The Company's investment in a limited partnership decreased $9,000 to $320,000 at March 31, 2018, from $329,000 at December 31, 2017. The decrease represents the Company's share of the operating losses generated by the partnership, which manages an investment in an affordable housing apartment development.

Office properties and equipment totaled $9.7 million at March 31, 2018, a $35,000 decrease from the balance at December 31, 2017. The decrease represents normal depreciation of $101,000, offset, in part, by additions totaling $66,000.

Bank owned life insurance increased $19,000 to $4.2 million at March 31, 2018. The change represents an increase in the cash surrender value of the life insurance policies purchased in connection with deferred compensation plans utilized by directors and officers of the Company.

Prepaid expenses and other assets decreased $73,000 to $1.5 million at March 31, 2018. Included in prepaid expenses and other assets is a $390,000 net deferred tax asset.

Total deposits decreased $1.2 million to $179.0 million at March 31, 2018, from $180.2 million at December 31, 2017. The decrease in deposits during the period was due to a $0.6 million decrease in demand deposits and NOW accounts (checking), a $0.9 million decrease in passbook deposits and a $0.4 million decrease in certificates of deposit accounts, offset, in part, by a $0.7 million increase in money market accounts. At March 31, 2018, the Bank's core deposits (passbook, checking and money market accounts) comprised $116.3 million, or 65.0% of deposits, compared to $117.1 million, or 65.00% of deposits, at December 31, 2017. The majority of the Bank's deposits are derived from core client sources, relating to long-term relationships with local individuals, businesses and municipal entities. The Company does not utilize brokered deposits.

Borrowed money, which consisted of FHLBI advances and other borrowings, increased $3.5 million to $10.5 million at March 31, 2018. Borrowings from the FHLBI at March 31, 2018 totaled $10.5 million with a weighted average rate of 1.92% and a weighted term to maturity of 1.7 years. The increase in borrowed money was due to a new $5.0 million short-term advance, offset, in part, by a $1.5 million repayment of other borrowed money.

The Company's trust preferred subordinated debentures remained unchanged totaling $3.1 million at March 31, 2018. The interest rate payable on the debentures adjusts quarterly to the three month LIBOR plus 1.65% and was 3.77% at March 31, 2018. These debentures have a contractual maturity date of June 15, 2037 and the Company has the right to redeem the debentures, in whole or in part, on any interest payment date.

Other liabilities decreased $0.8 million totaling $1.8 million at March 31, 2018, compared to $2.6 million at December 31, 2017.

Total stockholders' equity increased $246,000 to $17.4 million, or 8.22% of total assets at March 31, 2018, compared to $17.2 million, or 8.17% of total assets, at December 31, 2017. The increase in stockholders' equity was attributable to $249,000 of net income for the three month period ended March 31, 2018 and an $18,000 increase in paid-in-capital, offset, in part, by a $21,000 increase in the unrealized loss on available for sale securities, net of tax. The number of common shares outstanding at March 31, 2018 was 981,638 and the book value per common share outstanding was $17.74. The Bank's Tier 1 leverage capital ratio, risked-based common equity Tier 1 capital ratio, risk-based Tier 1 capital ratio and risk-based total capital ratio percentages of 9.26%, 11.26%, 11.26% and 12.41%, respectively, at March 31, 2018 exceeded all regulatory requirements and categorize the Bank as well capitalized under applicable regulations.

Comparison of the Results of Operations for the Quarter Ended March 31, 2018 and March 31, 2017

General. Net income available to common shareholders for the quarter ended March 31, 2018 was $249,000, or $0.25 per diluted common share, an increase of $4,000 or 1.5%, compared to $245,000, or $0.25 per diluted common share, for the same period in 2017. The increase in the current quarter net income available to common shareholders compared to the prior year quarter was the result of a $59,000 increase in net interest income and a $58,000 decrease in income tax expense, offset, in part, by an $80,000 increase other non-interest expense, a $30,000 increase in the provision for loan losses and a 3,000 decrease in non-interest income.

Interest Income. Total interest income increased $156,000, or 8.2%, to $2.0 million for the quarter ended March 31, 2018, from the prior year quarter as the result of a $3.7 million increase in the average balance of interest-earning assets outstanding and a 25 basis point increase in the weighted average yield on interest-earning assets to 4.29%.

Interest income on loans receivable increased $133,000, to $1.9 million for the quarter ended March 31, 2018, as compared to the prior year quarter as the result of an $8.1 million increase in the average balance of loans outstanding and a 10 basis point increase in the average yield to 4.56%. The increase in the average balance was due to increased originations between the periods which outpaced loan payoffs and repayments. The increase in the average yield earned reflects the impact of adjustable rate loans which repriced at higher rates during the current period. Interest income on mortgage-backed securities decreased $4,000 to $15,000 for the quarter ended March 31, 2018, compared to the prior year quarter as the result of a $1.0 million decrease in the average outstanding balance of mortgage-backed securities, offset in part, by a 9 basis point increase in the average yield to 1.94%. Interest income on interest-bearing deposits increased $21,000 to $58,000 for the quarter ended March 31, 2018, compared to the prior year quarter as the result of a 76 basis point increase in the average yield to 1.57%, offset, in part, by a $3.4 million decrease in the average outstanding balance. Dividend income on FHLBI stock increased $6,000 to $16,000 for the quarter ended March 31, 2018, compared to the prior year quarter as the result of a $6,000 special dividend paid by the FHLBI during the current quarter.

Interest Expense. Total interest expense increased $97,000, or 34.9%, to $373,000 for the quarter ended March 31, 2018, compared to the prior year quarter as the result of a $2.4 million increase in the average balance of interest-bearing liabilities outstanding and a 20 basis point increase in the average cost to 0.80%.

Interest expense on deposits increased $95,000, or 45.2%, to $304,000 for the quarter ended March 31, 2018, compared to the prior year quarter as the result of an $2.6 million increase in the average balance of deposits outstanding and a 21 basis point increase in the average cost of deposits to 0.69%.

Interest expense on borrowings increased $2,000, or 3.0%, to $69,000 for the quarter ended March 31, 2018, compared to the prior year quarter end as the result of a 13 basis point increase in the average cost to 2.76%, offset, in part, by a $0.2 million decrease in the average balance of borrowings outstanding.

Net Interest Income. As a result of the above changes in interest income and interest expense, net interest income increased $97,000 for the quarter ended March 31, 2018, compared to the prior year quarter ended March 31, 2017. The net interest rate spread increased 5 basis points to 3.49% for the quarter ended March 31, 2018, while the net interest margin, expressed as a percentage of average earning assets, increased 5 basis points to 3.50% for the quarter ended March 31, 2018.

Provision for Loan Losses. The Company recorded $30,000 in provision for loan losses for the quarters ended March 31, 2018, compared to $0 for the prior year quarter. The provision for loan losses is a function of the allowance for loan loss methodology used to determine the appropriate level of the allowance for inherent loan losses after adjusting for loan charge-offs and recoveries. Loan losses are charged-off against the allowance when it is believed that the loan balance, or a portion of the loan balance, is no longer realizable by the paying capacity of the borrower based on an evaluation of available cash resources and collateral value. Recoveries of amounts previously charged-off are credited to the allowance. The Company recorded net recoveries of $8,000 for the quarter ended March 31, 2018, compared to net recoveries of $7,000 for the prior year quarter ended March 31, 2017.

Non-Interest Income. Non-interest income decreased $3,000 to $351,000 for the quarter ended March 31, 2018, compared to prior year quarter due primarily to a $17,000 decrease in rental income due to a vacancy and also because the Company moved its corporate staff to a location which had been rented in the past and a $2,000 decrease in the cash value of life insurance, offset, in part, by a $4,000 increase in deposit related fees, a $4,000 increase in other fee income, a $3,000 increase in loan sale income, and a $3,000 increase in other income.

Non-Interest Expense. Non-interest expense increased $80,000 to $1.7 million for the quarter ended March 31, 2018, compared to prior year quarter primarily as the result of a $62,000 increase in occupancy and equipment expenses primarily due to increased depreciation expense related to a new branch office opened in February 2017, increased snow removal expenses as well as the loss of common area expense reimbursement from vacated tenant space, a $42,000 increase in compensation expenses due to additional personnel and a $33,000 increase in other operating expenses. These increases were offset, in part, by a $51,000 decrease in advertising expenses which were higher in the prior year quarter due to the opening the aforementioned branch office.

Income Taxes. The Company recorded income tax expense of $86,000 for the quarter ended March 31, 2018, resulting in an effective tax rate of 25.7%, compared to income tax expense of $144,000, for an effective income tax rate of 37.0%, for the prior year quarter. The decrease in the current quarter income tax expense was impacted by a $54,000 decrease in net income before income taxes as compared to the prior year's period as well as the new tax law signed into legislation which reduced the effective tax rate.

Analysis of Net Interest Income. Net interest income represents the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income is affected by the relative amounts of interest-earning assets and interest-bearing liabilities, and the interest rates earned or paid on them.

The following table presents, for the periods indicated, the total dollar amounts of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates. No tax equivalent adjustments were made. All average balances were calculated using average daily balances and include non-accruing loans.

Yield Analysis

(Dollars in thousands)

	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost
Assets:						
Interest-Earning Assets:						
Loans receivable	$172,349	$1,961	4.56%	$164,228	$1,828	4.46%
Mortgage-backed securities	3,094	15	1.94	4,124	19	1.85
Interest-bearing deposits	15,080	58	1.57	18,507	37	0.81
FHLBI stock	950	16	6.81	950	10	4.25
Total interest-earning assets	191,473	2,050	4.29	187,809	1,894	4.04
Non interest-earning assets	16,701			16,734		
Total assets	208,174			202,543		
Liabilities and Stockholders' Equity:						
Interest-Bearing Liabilities:						
Passbook accounts	28,834	4	0.05%	28,177	3	0.05%
Demand accounts	85,823	131	0.62	79,495	53	0.27
Certificate accounts	62,952	169	1.09	67,323	153	0.92
Total deposits	177,609	304	0.69	174,995	209	0.48
Borrowings	10,134	69	2.76	10,342	67	2.63
Total interest-bearing liabilities	187,743	373	0.80	185,337	276	0.60
Non-interest-bearing liabilities	3,150			2,861		
Total liabilities	190,893			188,198		
Stockholders' equity	17,281			16,345		
Total liabilities and stockholders' equity	$208,174			$204,543		
Net interest income / interest rate spread		$1,677	3.49%		$1,618	3.44%
Net interest margin			3.50%			3.45%

Capital Standards.

As a state chartered commercial bank, the Bank's deposits are insured up to the applicable limits by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is a member of the Federal Home Loan Bank ("FHLB") of Indianapolis, which is one of the twelve regional banks comprising the FHLB system. The Bank is regulated by the FDIC and the State of Indiana Department of Financial Institutions. The Holding Company is regulated and examined by the Board of Governors of the Federal Reserve System ("FRB"). Such regulation and supervision establishes a comprehensive framework of activities in which an institution can engage and is intended primarily for the protection of the insurance fund and depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities. Any change in such regulation, whether by the FDIC, State of Indiana Department of Financial Institutions, the FRB or Congress could have a material impact on the Company and its operations.

In July 2013, federal bank regulatory agencies issued a final rule that revised the leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the rule establishes a Tier 1 leverage adequately capitalized ratio of 4.0% (well capitalized ratio of 5.00%), a risked-based common equity Tier 1 adequately capitalized ratio requirement of 4.50% (well capitalized ratio of 6.50%), a risked-based Tier 1 adequately capitalized capital ratio requirement of 6.00% (well capitalized ratio of 8.00%) and a risk-based total capital adequately capitalized ratio of 8.00% (well capitalized ratio of 10.00%). The final rule also required unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital requirements unless a one-time opt-in or opt-out is exercised. The Bank elected to opt-out regarding the aforementioned. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements.

This final rule became effective for the Bank on January 1, 2016. The capital conservation buffer requirement has a phase in period which began on January 1, 2016 and ending January 1, 2019, when the full capital conservation buffer requirement will be effective. The final rule maintains the continued exemption of consolidated capital requirements for bank holding companies, such as the Company.

At March 31, 2018, the Bank was in compliance with all of its capital requirements as follows:

Well Capitalized Capital Requirement:	Amount	Percent of Average Assets
Tier 1 Leverage Ratio:		
Average Total Assets	$ 207,991,714	
Common Equity Tier 1 Capital	$ 19,263,661	9.26%
Common Equity Tier 1 Capital Requirement	10,399,586	5.00%
Excess	$ 8,864,075	4.26%
Risk-Based Common Equity Tier 1 Capital Ratio:		
Risk-Weighted Assets	$ 171,057,000	
Common Equity Tier 1 Capital	$ 19,263,661	11.26%
Common Equity Tier 1 Capital Requirement	11,118,705	6.50%
Excess	$ 8,144,956	4.76%
Risk-Based Tier 1 Capital Ratio:		
Risk-Weighted Assets	$ 171,057,000	
Common Equity Tier 1 Capital	$ 19,263,661	11.26%
Common Equity Tier 1 Capital Requirement	13,684,560	8.00%
Excess	$ 5,579,101	3.26%
Risk-Based Total Capital Ratio:		
Risk-Weighted Assets	$ 171,057,000	
Common Equity Tier 1 Capital	$ 19,263,661	
Includable Allowance for Loan Losses	1,969,000	
Total Tier 2 Risk-Based Capital	$ 21,232,661	12.41%
Total Risk-Based Capital Requirement	17,105,700	10.00%
Excess	$ 4,126,961	2.41%
Capital Conservation Buffer		4.41%
Transition Provisions for the Capital Conservation Buffer:		
Calendar Year 2018		1.88%
Calendar Year 2019 and Thereafter		2.50%

Legal Proceedings. At March 31, 2018, we were not involved in any legal proceedings or lawsuits that are not routine and incidental to our business.