AMB Financial Corp.
7880 Wicker Ave.
St. John, Indiana 46373

Financial Report
For the Three and Six Months Ended
June 30, 2022

Note: This report is intended to be read in conjunction with our Annual Report to Stockholders for the year ended December 31, 2021, copies of which are included on this website. This report is dated June 30, 2022 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.

AMB FINANCIAL CORP.
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AMB Financial Corp. and Subsidiaries
Consolidated Balance Sheets

Assets	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Cash and amounts due from depository institutions	$ 2,638,101	$ 2,341,844
Interest-bearing deposits	45,878,741	43,416,522
Total cash and cash equivalents	48,516,842	45,758,366
Investment Securities, available for sale, at fair value	12,173,821	10,377,656
Stock in Federal Home Loan Bank of Indianapolis, at cost	2,683,000	2,693,400
Loans held for sale	-	656,901
Loans receivable (net of allowance for loan losses) $2,725,000 at June 30, 2022 and $2,570,000 at December 31, 2021)	246,498,855	212,516,901
Other real estate owned	-	18,050
Accrued interest receivable	836,398	749,497
Office properties and equipment- net	9,526,843	9,399,541
Bank owned life insurance	3,780,982	3,746,441
Prepaid expenses and other assets	2,136,383	2,038,545
Total assets	$ 326,153,124	$ 287,955,298
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	$ 289,643,106	$ 251,519,105
Borrowed money	5,000,000	5,000,000
Junior subordinated debentures	3,093,000	3,093,000
Other liabilities	2,541,788	2,925,028
Total liabilities	$ 300,277,894	$ 262,537,133
Stockholders' Equity		
Common Stock, $.01 par value; authorized 1,900,000 shares; 1,683,641 shares issued and 921,243 outstanding at June 30, 2022 and 923,053 outstanding at December 31, 2021	$ 16,837	$ 16,837
Additional paid-in capital	11,842,340	11,753,929
Retained earnings	23,720,922	22,595,100
Accumulated other comprehensive income (loss), net of tax	(701,180)	15,984
Treasury stock, at cost (762,398 shares outstanding at June 30, 2022 and 760,588 shares outstanding at December 31, 2021)	(9,003,689)	(8,963,685)
Total stockholders' equity	$ 25,875,230	$ 25,418,165
Total liabilities and stockholders' equity	$ 326,153,124	$ 287,955,298

See accompanying notes to audited consolidated financial statements.

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Interest income				
Interest on Loans	2,595,461	2,657,796	4,996,031	5,029,464
Interest on other securities	50,228	23,310	90,939	48,904
Interest on interest-bearing deposits	90,973	8,503	116,145	18,791
Dividends on Federal Home Loan Bank stock	25,716	12,146	46,085	20,941
Total interest income	$ 2,762,378	$ 2,701,755	$ 5,249,200	$ 5,118,100
Interest expense				
Interest on deposits	$ 220,481	$ 285,255	$ 421,846	$ 603,999
Interest on borrowings	56,675	65,739	107,606	132,315
Total interest expense	$ 277,156	$ 350,994	$ 529,452	$ 736,314
Net interest income	$ 2,485,222	$ 2,350,761	$ 4,719,748	$ 4,381,786
Provision for loan losses	90,989	8,772	90,989	8,772
Net interest income after provision for loan losses	$ 2,394,233	$ 2,341,989	$ 4,628,759	$ 4,373,014
Non-interest income:				
Loan fees and service charges	$ 159,153	$ 117,428	$ 303,815	$ 180,144
Deposit related fees	87,710	75,834	166,289	148,077
Other fee income	15,969	23,298	22,277	44,676
Rental Income	86,377	133,798	190,092	225,030
Gain on sale of loans	102,798	683,417	176,026	1,528,544
Net (loss) gain on sale of other real estate owned	-	192,261	(3,341)	201,766
Increase in cash surrender value of life insurance	16,504	17,693	34,541	35,258
Other income	58,935	27,647	72,851	49,082
Total non-interest income	$ 527,446	$ 1,271,376	$ 962,550	$ 2,412,577
Non-interest expense:				
Staffing costs	$ 1,155,546	$ 1,142,563	$ 2,288,681	$ 2,247,549
Advertising	58,455	103,443	102,388	144,411
Occupancy and equipment expense	231,786	183,241	481,448	421,103
Data processing	244,061	281,777	500,476	497,345
Professional fees	110,162	82,178	146,085	166,121
Federal deposit insurance premiums	39,436	31,778	76,329	59,636
Insurance expense	23,248	21,635	48,342	43,095
Other operating expenses	210,326	225,927	391,977	457,403
Total non-interest expense	$ 2,073,020	$ 2,072,542	$ 4,035,726	$ 4,036,663
Income before income taxes	$ 848,659	$ 1,540,823	$ 1,555,583	$ 2,748,928
Income tax expense	211,245	402,545	382,984	706,809
Net income available to common shareholders	637,414	1,138,278	1,172,599	2,042,119
Earnings per common share:				
Basic	$ 0.69	$ 1.18	$ 1.27	$ 2.11
Diluted	$ 0.69	$ 1.18	$ 1.26	$ 2.10

See accompanying notes to audited consolidated financial statements.

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

	Six Months Ended June 30,	
	2022	2021
Net income	$ 1,172,599	$ 2,042,119
Other comprehensive (loss) income, net of tax:		
Unrealized gains on securities		
available for sale--		
Unrealized holding (loss) gain arising during the period	(717,164)	(49,814)
Other comprehensive (loss) income, net of tax	(717,164)	(49,814)
Total comprehensive income	$ 455,435	$ 1,992,305

See accompanying notes to audited consolidated financial statements.

AMB Financial Corp. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Six Months Ended June 30, 2022 and 2021
(unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2020	$ 16,837	$11,710,394	$18,814,451	$ 154,490	$ (8,043,353)	$22,652,819
Net income			2,042,119			2,042,119
Other comprehensive income - Net				(49,814)		(49,814)
Stock-based compensation expense		35,526				35,526
Repurchase of 13,019 common shares retired as Treasury stock					(240,851)	(240,851)
Balance at June 30, 2021	$ 16,837	$11,745,920	$20,856,570	$ 104,676	$ (8,284,204)	$24,439,799
Balance at December 31, 2021	$ 16,837	$11,753,929	$22,595,100	$ 15,984	$ (8,963,685)	$25,418,165
Net income			1,172,599			1,172,599
Other comprehensive loss, Net				(717,164)		(717,164)
Stock-based compensation expense		88,412				88,412
Cash dividends declared on common shares ($0.05 per share)			(46,780)			(46,780)
Repurchase of 1,810 common shares retired as Treasury stock					(40,002)	(40,002)
Balance at June 30, 2022	$ 16,837	$11,842,341	$23,720,919	$ (701,180)	$ (9,003,687)	$25,875,230

See accompanying notes to audited consolidated financial statements.

AMB Financial Corp. and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 1,172,599	$ 2,042,119
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	231,663	219,388
Amortization of premiums and accretion of discounts	132,847	25,476
Proceeds from sale of loans originated for sale	15,129,828	60,621,127
Loans originated for sale	(15,021,779)	(59,459,285)
Gain on sale of loans	(176,026)	(1,528,544)
(Loss) gain on sale of other real estate owned	3,341	(201,766)
Provision for loan losses	90,989	8,772
Stock based compensation expense	88,412	35,526
Net change in:		
Increase in cash surrender value of life insurance	(34,541)	(35,258)
(Decrease) increase in deferred yield adjustments on loans	(12,836)	531,553
Increase (decrease) in prepaid and deferred income taxes	169,472	(234,707)
Increase in accrued interest receivable	(86,901)	(21,927)
Decrease in other assets	19,112	590,226
(Decrease) increase in other liabilites	(141,282)	494,282
Net cash provided by (for) operating activities	1,564,898	3,086,982
Cash flows from investing activities:		
Proceeds from the repayment of investment securities	928,144	1,333,576
Purchase of securities	(4,034,723)	(1,575,575)
Net increase in loans	(33,403,206)	(22,199,976)
Proceeds from sale of other real estate owned	14,709	1,461,165
Property and equipment expenditures, net	(358,965)	(139,565)
(Redemption) Purchase of Federal Home Loan Bank stock	10,400	(576,400)
Net cash used for investing activities	(36,843,641)	(21,696,775)
Cash flows from financing activities:		
Net increase in deposits	38,100,689	12,621,831
Repayment of borrowed funds	-	(5,000,000)
Net (decrease) in advance payments by borrowers for taxes and insurance	23,312	(156,345)
Dividends paid on common stock	(46,780)	-
Share repurchase program common stock	(40,002)	(240,851)
Net cash provided by financing activities	38,037,219	7,224,635
Net change in cash and cash equivalents	2,758,476	(11,385,158)
Cash and cash equivalents at beginning of period	45,758,366	48,006,581
Cash and cash equivalents at end of period	$ 48,516,842	$ 36,621,423
Supplemental disclosure of cash flow information:		
Interest paid	$ 528,183	$ 731,488
Income taxes paid	190,000	525,000
Transfer of loans to other real estate owned	-	-

See accompanying notes to audited consolidated financial statements.

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Net income available to common shareholders	$ 637,414	$ 1,138,278
Weighted average common shares outstanding for basic computation	922,218	962,562
Basic income per common share	$ 0.69	$ 1.18
Weighted average common shares outstanding for basic computation	922,218	962,562
Common stock equivalents due to dilutive effect of restricted stock	6,007	5,194
Weighted average common shares and equivalents outstanding for diluted computation	928,225	967,756
Diluted income per common share	$ 0.69	$ 1.18

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net income available to common shareholders	$ 1,172,599	$ 2,042,119
Weighted average common shares outstanding for basic computation	922,633	965,123
Basic income per common share	$ 1.27	$ 2.11
Weighted average common shares outstanding for basic computation	922,633	965,123
Common stock equivalents due to dilutive effect of restricted stock	6,007	5,194
Weighted average common shares and equivalents outstanding for diluted computation	928,640	970,317
Diluted income per common share	$ 1.26	$ 2.10

See accompanying notes to audited consolidated financial statements.

AMB Financial Corp
And Subsidiaries

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 and six month periods ended June 30, 2022 and should not be read to cover any other periods.

Notes to Consolidated Financial Statements. The accompanying unaudited consolidated financial statements have been prepared based on 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 and six months ended June 30, 2022 are not necessarily indicative of the results expected for the year ending December 31, 2022. The June 30, 2022 consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2021 included in the Company's Annual Report. The Company's consolidated statement of condition as of December 31, 2021 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 and six month periods ended June 30, 2022 and 2021 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 2021 items or amounts may have been reclassified or restated to conform to the 2022 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 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;
- 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 future financial strength, dividend level and activities of the FHLB of Indianapolis in which we own stock and from which we borrow money;
- 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 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.

The COVID-19 pandemic has caused substantial disruption to the global, national, and local economies which may have an adverse effect on the Company's business and results of operations. The future impacts of the COVID-19 pandemic on the global economy and the Company's business, results of operations and financial condition remains uncertain.

In March 2020, the World Health Organization declared novel coronavirus disease 2019 (COVID-19) as a global pandemic. The pandemic has resulted in governmental authorities implementing numerous measures attempting to contain the spread and impact of COVID-19 such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activities, including in markets in which the Company and its clients are located or do business. The COVID-19 pandemic, and governmental responses to the pandemic, have negatively impacted the economy, creating significant volatility and disruption in financial markets, and increased unemployment levels.

Should current economic impacts persist or deteriorate, this economic environment could have an adverse effect on our business and operations, including, but not limited to, decreased demand for the Company’s products and services, protracted periods of lower interest rates, loss of income resulting from deferrals and fee waivers provided by the Company to its consumer and commercial borrowers, increased credit losses due to deterioration in the financial condition of our consumer and commercial borrowers, including declining asset and collateral values, which may result in increases in provision for credit losses and net charge-offs. The business operations of the Company may also be disrupted if significant portions of its workforce or those of vendors or third-party service providers are unable to work effectively, including because of illness, quarantines, government actions, restrictions in connection with the pandemic, and technology limitations and/or disruptions. The Company also faces an increased risk of litigation and governmental and regulatory scrutiny because of the effects of the pandemic on market and economic conditions and actions taken by governmental authorities in response to those conditions.

The extent to which the COVID-19 pandemic impacts the Company’s business, results of operations, and financial condition, as well as its regulatory capital ratios, will depend on future developments, which are highly uncertain, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic. Moreover, the effects of the COVID-19 pandemic may heighten many of the other risks described in the section entitled “Forward Looking Statements” in our most recent Annual Report or any subsequent Quarterly Report including, but not limited to, financial market conditions, economic conditions, credit risk, interest rate risk and risk of security breaches.

The list of important factors stated above is not exclusive. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company or the Bank.

Financial Condition. Total assets of the Company were $326.2 million on June 30, 2022, an increase of $38.2 million, from $288.0 million on December 31, 2021. The change was primarily due to a $34.0 million increase in net loans receivable.

Cash and cash equivalents, which consist primarily of interest-earning deposits, totaled $48.5 million on June 30, 2022, an increase of $2.7 million, from $45.8 million on December 31, 2021. 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.

Investment securities, available for sale, increased $1.8 million to $12.2 million on June 30, 2022, from $10.4 million on December 31, 2021. The increase was the result of new purchases of $4.0 million, offset, in part, by repayments of investment securities of $0.9 million. The Company recorded an unrealized loss on available for sale investment securities of $1.1 million on June 30, 2022 compared to a $27,000 unrealized gain on December 31, 2021. The change was due to an increase in market interest rates. These amounts are included as part of the carrying cost of investment securities, available for sale, at each respective period.

The Bank is a member of the FHLBI and had a $2.7 million investment in stock of the FHLBI on June 30, 2022, a $10,400 decrease from the $2.7 million on December 31, 2021. Members are required to own a certain amount of stock based on the level of borrowings, participation in the FHLBI mortgage purchase program, and other factors. The investment is carried at par value, as there is not an active market for FHLBI stock.

Net loans receivable totaled $246.5 million on June 30, 2022, a $34.0 million increase from the $212.5 million balance on December 31, 2021. Loans held for sale totaled $0 on June 30, 2022, a $657,000 decrease from the $657,000 balance on December 31, 2021. The Company originated $15.0 million of loans held for sale which were subsequently sold during the six month period ended June 30, 2022, as compared to $59.5 million during the prior year period. The decrease in loan sales is primarily due to the increase in interest rates which has reduced refinancing activity. Loans originated for sale are fixed-rate, single-family mortgage loans, which are sold to manage interest rate risk and generate fee income.

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 $2,725,000 on June 30, 2022, representing a $155,000 increase as compared to December 31, 2021. The Bank's allowance for loan losses to total loans was 1.09% on June 30, 2022 as compared to 1.19% on December 31, 2021. 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 six months ended June 30, 2022 and 2021.

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Balance at beginning of period:	$2,570,000	$2,475,000
Charge-offs:		
Total charge-offs	-	-
Recoveries:		
One- to four family	64,011	25,364
Consumer	-	812
Commercial business	-	52
Total recoveries	64,011	26,228
Net recoveries (charge-offs)	64,011	26,228
Provisions for loan losses	90,989	8,772
Balance at end of period	$2,725,000	$2,510,000
Ratio of net recoveries during the period to average gross loans outstanding during the period	0.03%	0.01%
Ratio of net recoveries during the period to average non-performing loans during the period	15.09%	4.34%

Loans receivable are summarized as follows at the dates indicated:

	June 30, 2022	December 31, 2021
Mortgage loans:		
One-to-four family	$ 68,540,331	$ 56,580,303
Multi-family	4,180,325	4,460,589
Non-residential	96,441,902	80,814,243
Construction	17,384,212	12,850,471
Land	14,505,813	13,037,468
Equity lines of credit	9,306,851	8,488,175
Consumer	1,179,778	1,012,320
Commercial business loans - SBA PPP	339,858	3,386,959
Commercial business loans	37,344,785	34,456,373
Total loans	249,223,855	215,086,901
Less:		
Allowance for loan losses	2,725,000	2,570,000
Loans receivable, net	$ 246,498,855	$ 212,516,901
Allowance for loan losses as a percentage of loans	1.09%	1.19%

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.

	June 30, 2022	December 31, 2021
Substandard non-accruing loans:		
One- to four-family	$ 286,864	$ 310,772
Equity lines of credit	130,824	130,824
Total substandard non-accruing loans	$ 417,688	$ 441,596
Total loans receivable	$ 249,223,855	$ 215,086,901
Total non-accrual / loans receivable	0.17%	0.21%
Total classified loans	$ 417,688	$ 441,596
Total loans receivable	$ 249,223,855	$ 215,086,901
Total classified loans / loans receivable	0.17%	0.21%
Substandard other real estate owned:		
Land	-	18,050
Total substandard other real estate owned	$ -	$ 18,050
Total classified assets	$ 417,688	$ 459,646
Total assets	$ 326,153,124	$ 287,955,298
Total classified assets / total assets	0.13%	0.16%

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 June 30, 2022			At December 31, 2021		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
One-to-four family	$ 24,264	$ 418,703	$ 442,967	$ 25,235	$ 417,904	$ 443,139
Multi-family	-	23,982	23,982	-	29,620	29,620
Non-residential	-	1,376,200	1,376,200	-	1,260,171	1,260,171
Construction	-	228,033	228,033	-	193,893	193,893
Land	-	147,042	147,042	-	141,332	141,332
Equity lines of credit	-	86,775	86,775	-	86,285	86,285
Other consumer	-	19,041	19,041	-	14,473	14,473
Commercial business loans	-	400,960	400,960	-	401,087	401,087
Total	$ 24,264	$ 2,700,736	$ 2,725,000	$ 25,235	$ 2,544,765	$ 2,570,000

	Loan Balances					
	At June 30, 2022			At December 31, 2021		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
One-to-four family	$ 496,115	$ 68,044,216	$ 68,540,331	$ 522,586	$ 56,057,717	$ 56,580,303
Multi-family	-	4,180,325	4,180,325	-	4,460,589	4,460,589
Non-residential	-	96,441,902	96,441,902	-	80,814,243	80,814,243
Construction	-	17,384,212	17,384,212	-	12,850,471	12,850,471
Land	-	14,505,813	14,505,813	-	13,037,468	13,037,468
Equity lines of credit	130,824	9,176,027	9,306,851	130,824	8,357,351	8,488,175
Other consumer	-	1,179,778	1,179,778	-	1,012,320	1,012,320
Commercial business loans	-	37,684,643	37,684,643	-	37,843,332	37,843,332
Total	$ 626,939	$ 248,596,916	$ 249,223,855	$ 653,410	$ 214,433,491	$ 215,086,901

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

	June 30, 2022	December 31, 2021
Period end loans with allocated allowance for loan losses	$ 209,251	$ 211,814
Period end loans with no allocated allowance for loan losses	417,688	441,596
Total	$ 626,939	$ 653,410
Valuation reserve relating to impaired loans	$ 24,264	$ 25,235

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

	At June 30, 2022			At December 31, 2021		
	Recorded Investment Balance	Unpaid Principal Balance	Allowance for Loan Losses Allocated	Recorded Investment Balance	Unpaid Principal Balance	Allowance for Loan Losses Allocated
With an allowance recorded:						
One-to-four family	$ 209,251	$ 218,105	$ 24,264	$ 211,814	$ 220,683	$ 25,235
With no related allowance recorded:						
One-to-four family	286,864	845,958	-	310,772	943,258	-
Equity lines of credit	130,824	130,824	-	130,824	130,824	-
Total	$ 626,939	$ 1,194,887	$ 24,264	$ 653,410	$ 1,294,765	$ 25,235

Nonaccrual loans are summarized as follows:

	June 30, 2022	December 31, 2021
One-to-four family	$ 286,864	$ 310,772
Equity lines of credit	130,824	130,824
Total	$ 417,688	$ 441,596

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

	June 30, 2022					
	30 - 89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Loans Not Past Due	Total	Recorded Investment > 90 Days and Accruing
One-to-four family	$ 137,019	$ 188,722	$ 325,741	$ 68,214,590	$ 68,540,331	$ -
Multi-family	-	-	-	4,180,325	4,180,325	-
Non-residential	232,771	-	232,771	96,209,131	96,441,902	-
Construction	-	-	-	17,384,212	17,384,212	-
Land	-	-	-	14,505,813	14,505,813	-
Equity lines of credit	81,490	-	81,490	9,225,361	9,306,851	-
Other consumer	89,408	-	89,408	1,090,370	1,179,778	-
Commercial business loans	360,276	-	360,276	37,324,367	37,684,643	34,600
Total	$ 900,964	$ 188,722	$ 1,089,686	$ 248,134,169	$ 249,223,855	$ 34,600

	December 31, 2021					
	30 - 89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Loans Not Past Due	Total	Recorded Investment > 90 Days and Accruing
One-to-four family	$ 1,423,003	$ 198,561	$ 1,621,564	$ 54,958,739	$ 56,580,303	$ -
Multi-family	-	-	-	4,460,589	4,460,589	-
Non-residential	-	456,013	456,013	80,358,230	80,814,243	456,013
Construction	-	-	-	12,850,471	12,850,471	-
Land	175,106	-	175,106	12,862,362	13,037,468	-
Equity lines of credit	49,334	-	49,334	8,438,841	8,488,175	-
Other consumer	-	-	-	1,012,320	1,012,320	-
Commercial business loans	156,198	47,234	203,432	37,639,900	37,843,332	47,234
Total	$ 1,803,641	$ 701,808	$ 2,505,449	$ 212,581,452	$ 215,086,901	$ 503,247

The Company has allocated $24,264 and $25,535 of loan loss reserves to customers whose loan terms have been modified in troubled debt restructurings as of June 30, 2022 and December 31, 2021, respectively.

The following table presents loans classified as troubled debt restructurings.

	June 30, 2022	December 31, 2021
Trouble debt restructured loans - accrual loans	209,251	211,814
Total	$ 209,251	$ 211,814

Risk Classification of Loans. The Company's policies, consistent with regulatory guidelines, provide for the classification of loans and other assets that are 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, which 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, based on 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 decreased $42,000 to $418,000 on June 30, 2022 as compared to December 31, 2021.

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 $418,000, or 0.17% of total loans receivable at June 30, 2022, compared to $441,000, or 0.21% of total loans receivable at December 31, 2021.

Potential Problem Loans. The Company defines potential problem loans as performing loans rated substandard, 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 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, no potential problem loans were classified as performing substandard on June 30, 2022 and December 31, 2021.

The ratio of allowance for loan losses to classified and criticized loans was 652.4% on June 30, 2022, compared to 582.0% on December 31, 2021.

Other real estate owned, which is classified substandard, totaled $0 on June 30, 2022 as compared to $18,000 on December 31, 2021. Other real estate owned properties are initially recorded at fair value less estimated cost to sell at acquisition, establishing a new cost basis. If the fair value declines after foreclosure, a valuation allowance is recorded through expense.

Office properties and equipment totaled $9.5 million on June 30, 2022, a $127,000 increase from the balance on December 31, 2021. The increase represents additions totaling $359,000, offset, in part, by normal depreciation of $232,000.

Bank owned life insurance increased $35,000 to $3.8 million on June 30, 2022. The change represents an increase in the cash surrender value of the life insurance policies. The policies were purchased in connection with deferred compensation plans utilized by directors and officers of the Company.

Prepaid expenses and other assets increased $98,000 to $2.5 million on June 30, 2022.

Total deposits increased $38.1 million to $289.6 million on June 30, 2022. The increase in deposits during the period was due to a $40.2 million increase in checking deposits, a $1.4 million increase in money market accounts and a $0.9 million increase in passbook deposits, offset, in part, by a $4.4 million decrease in certificates of deposit accounts. On June 30, 2022, the Bank's core deposits (passbook, checking and money market accounts) comprised $235.2 million, or 81.2% of deposits, compared to $192.7 million, or 76.6% of deposits, on December 31, 2021. Most 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 consists of FHLBI advances, totaled $5.0 million on June 30, 2022 and December 31, 2021. Borrowings from the FHLBI on June 30, 2022 had a weighted average rate of 2.89% and a weighted term to maturity of 1.2 years.

The Company's trust preferred subordinated debentures remained unchanged totaling $3.1 million on June 30, 2022. The interest rate payable on the debentures adjusts quarterly to the three month LIBOR plus 1.65% and was 3.48% on June 30, 2022. 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 $0.4 million totaling $2.1 million on June 30, 2022 as compared to December 31, 2021.

Total stockholders' equity increased $457,000 to $25.9 million, or 7.93% of total assets on June 30, 2022, compared to $25.4 million, or 8.83% of total assets, on December 31, 2021. The increase in stockholders' equity was attributable to $1.2 million of net income for the six month period ended June 30, 2022, an $88,000 increase in paid-in-capital, a $47,000 cash dividend paid to common shareholders, a $717,000 decrease in the unrealized gain on available for sale securities, net of tax, and a $40,000 increase in treasury stock. The number of common shares outstanding on June 30, 2022 totaled 921,243 as compared to 923,053 at December 31, 2021. During the six month period ended June 30, 2022, the Company repurchased 1,810 common shares at an average cost of $22.10 per share. The shares were retired as treasury stock. The book value per common share outstanding on June 30, 2022 was $28.09. 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 8.97%, 11.01%, 11.01% and 12.08%, respectively, at June 30, 2022 exceeded all regulatory requirements and categorize the Bank as well capitalized under applicable regulations.

Comparison of the Results of Operations for the Quarter Ended June 30, 2022 and June 30, 2021

General. Net income for the quarter ended June 30, 2022 was $637,000, or $0.69 per diluted common share, a decrease of $501,000, compared to $1.1 million, or $1.18 per diluted common share, for the same period in 2021. The decrease in the current quarter net income compared to the prior year quarter was the result of a $744,000 decrease in non-interest income, and a $1,000 increase in non-interest expense, offset, in part, by a $52,000 increase in net interest income and a $192,000 decrease in income tax expense.

Interest Income. Total interest income increased $61,000 to $2.8 million for the quarter ended June 30, 2022, from the prior year quarter as the result of a $39.2 million increase in the average balance of interest-earning assets outstanding, offset, in part, by a 49 basis point decrease in the weighted average yield on interest-earning assets to 3.75%.

Interest income on loans receivable increased $62,000 to $2.6 million for the quarter ended June 30, 2022, as compared to the prior year quarter as the result of a $17.3 million increase in the average balance of loans outstanding, offset, in part, by a 48 basis point decrease in the average yield to 4.46%. The yield was impacted by a reduction in SBA PPP fees earned to $12,000 for the quarter ended June 30, 2022, as compared to $348,000 for the prior year quarter. Interest income on investment securities increased $27,000 to $50,000 for the quarter ended June 30, 2022, compared to the prior year quarter. The average outstanding balance of mortgage-backed securities increased $3.4 million, and the average yield increased 6 basis point to 1.81%. The average outstanding balance of other investment securities increased $2.8 million, and the average yield increased 16 basis points to 1.58%. Interest income on interest-bearing deposits increased $82,000 to $91,000 for the quarter ended June 30, 2022, compared to the prior year quarter as the result of a $14.8 million increase in the average balance outstanding and a 67 basis point increase in the average yield to 0.77%. Dividend income on FHLBI stock increased $14,000 to $26,000 for the quarter ended June 30, 2022, compared to the prior year quarter due to a $1.0 million increase in the average balance outstanding and a 96 basis point increase in the average yield to 3.84%.

Interest Expense. Total interest expense decreased $74,000 to $277,000 for the quarter ended June 30, 2022, compared to the prior year quarter as the result of an 18 basis point decrease in the average cost to 0.40%, offset, in part, by a $37.9 million increase in the average balance of interest-bearing liabilities outstanding.

Interest expense on deposits decreased $65,000 to $220,000 for the quarter ended June 30, 2022, compared to the prior year quarter as the result of an 18 basis point decrease in the average cost of deposits to 0.32%, offset, in part, by a $42.6 million increase in the average balance of deposits outstanding.

Interest expense on borrowings decreased $9,000 to $57,000 for the quarter ended June 30, 2022, compared to the prior year quarter end as the result of a $4.6 million decrease in the average balance of borrowings outstanding, offset, in part, by a 75 basis point increase in the average cost to 2.84%.

Net Interest Income. As a result of the above changes in interest income and interest expense, net interest income increased $134,000 for the quarter ended June 30, 2022, compared to the prior year quarter ended June 30, 2021. The net interest rate spread decreased 31 basis points to 3.35% for the quarter ended June 30, 2022, while the net interest margin, expressed as a percentage of average earning assets, decreased 31 basis points to 3.37% for the quarter ended June 30, 2022.

Provision for Loan Losses. The Company recorded $91,000 in provision for loan losses for the quarter ended June 30, 2022 as compared to $9,000 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 $47,000 for the quarter ended June 30, 2022, compared to net recoveries of $13,000 for the prior year quarter ended June 30, 2021.

Non-Interest Income. Non-interest income decreased $744,000 to $0.5 million for the quarter ended June 30, 2022, compared to prior year quarter due primarily to a $581,000 decrease in gain on sale of loan income due to decreased volume, a $7,000 decrease in other fee income, a $47,000 decrease in rental income and a $192,000 decrease in gains on the sale of other real estate owned. These decreases were offset, in part, by a $42,000 increase in loan fee income, a $12,000 increase in deposit fees and a $31,000 increase in other income.

Non-Interest Expense. Non-interest expense increased $1,000 to $2.1 million for the quarter ended June 30, 2022, compared to prior year quarter primarily as the result of a $13,000 increase in compensation expenses, a $49,000 increase in occupancy expenses, a $28,000 increase in professional expenses, an $8,000 increase in FDIC insurance expenses and a $2,000 increase in other insurance expenses. These increases were offset, in part, by a $45,000 decrease in advertising expenses, a $38,000 decrease in data processing expenses and a $16,000 decrease in other operating expenses.

Income Taxes. The Company recorded income tax expense of $211,000 for the quarter ended June 30, 2022, resulting in an effective tax rate of 24.9%, compared to income tax expense of $403,000, for an effective income tax rate of 26.1%, for the prior year quarter. The decrease in the current quarter income tax expense was impacted by a $692,000 decrease in net income before income taxes as compared to the prior year's period.

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 June 30, 2022			Three Months Ended June 30, 2021		
	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost
Assets:						
Interest-Earning Assets:						
Loans receivable	$232,880	$2,595	4.46%	$215,542	$2,658	4.94%
Investment securities	2,934	12	1.58	145	1	1.42
Mortgage-backed securities	8,555	38	1.81	5,201	23	1.75
Interest-bearing deposits	47,536	91	0.77	32,782	8	0.10
FHLBI stock	2,683	26	3.84	1,693	12	2.88
Total interest-earning assets	294,588	2,762	3.75	255,363	2,702	4.24
Non interest-earning assets	15,931			16,161		
Total assets	310,519			271,524		
Liabilities and Stockholders' Equity:						
Interest-Bearing Liabilities:						
Passbook accounts	39,280	5	0.05%	32,385	4	0.05%
Demand accounts	177,507	121	0.27	136,378	77	0.23
Certificate accounts	56,329	94	0.67	61,789	204	1.32
Total deposits	273,116	220	0.32	230,552	285	0.50
Borrowings	8,000	57	2.84	12,615	66	2.09
Total interest-bearing liabilities	281,116	277	0.40	243,167	351	0.58
Non-interest-bearing liabilities	3,716			4,327		
Total liabilities	284,832			247,494		
Stockholders' equity	25,687			24,030		
Total liabilities and stockholders' equity	$310,519			$271,524		
Net interest income / interest rate spread		$2,485	3.35%		$2,351	3.66%
Net interest margin			3.37%			3.68%

Comparison of the Results of Operations for the Six Months Ended June 30, 2022 and June 30, 2021

General. Net income for the six months ended June 30, 2022 was $1.2 million, or $1.26 per diluted common share, a decrease of $869,000, compared to $2.0 million, or $2.10 per diluted common share, for the same period in 2021. The decrease in the current six months net income compared to the prior year six months was the result of a $1.4 million decrease in non-interest income, offset, in part, by a $256,000 increase in net interest income, a $1,000 decrease in non-interest expense and a $324,000 decrease in income tax expense.

Interest Income. Total interest income increased $131,000 to $5.2 million for the six months ended June 30, 2022, from the prior year six months as the result of a $34.6 million increase in the average balance of interest-earning assets outstanding, offset, in part, by a 40 basis point decrease in the weighted average yield on interest-earning assets to 3.66%.

Interest income on loans receivable decreased $33,000 to $5.0 million for the six months ended June 30, 2022, as compared to the prior year six months as the result of a 39 basis point decrease in the average yield to 4.45%, offset, in part, by a $16.6 million increase in the average balance of loans outstanding. The yield was impacted by a reduction in SBA PPP fees earned to $105,000 for the six months ended June 30, 2022, as compared to $549,000 for the prior year six months. Interest income on investment securities increased $42,000 to $91,000 for the six months ended June 30, 2022, compared to the prior year six months. The average outstanding balance of mortgage-backed securities increased $2.5 million, and the average yield increased 32 basis point to 1.74%. The average outstanding balance of other investment securities increased $3.0 million, and the average yield decreased 33 basis points to 1.52%. Interest income on interest-bearing deposits increased $97,000 to $116,000 for the six months ended June 30, 2022, compared to the prior year six months as the result of a $11.2 million increase in the average balance outstanding and a 38 basis point increase in the average yield to 0.48%. Dividend income on FHLBI stock increased $25,000 to $46,000 for the six months ended June 30, 2022, compared to the prior year six months due to a $1.1 million increase in the average balance outstanding and a 77 basis point increase in the average yield to 3.46%.

Interest Expense. Total interest expense decreased $207,000 to $529,000 for the six months ended June 30, 2022, compared to the prior year six months as the result of a 23 basis point decrease in the average cost to 0.39%, offset, in part, by a $32.8 million increase in the average balance of interest-bearing liabilities outstanding.

Interest expense on deposits decreased $182,000 to $422,000 for the six months ended June 30, 2022, compared to the prior year six months as the result of a 21 basis point decrease in the average cost of deposits to 0.32%, offset, in part, by a $37.6 million increase in the average balance of deposits outstanding.

Interest expense on borrowings decreased $25,000 to $108,000 for the six months ended June 30, 2022, compared to the prior year six months as the result of a $4.8 million decrease in the average balance of borrowings outstanding, offset, in part, by a 61 basis point increase in the average cost to 2.68%.

Net Interest Income. As a result of the above changes in interest income and interest expense, net interest income increased $338,000 for the six months ended June 30, 2022, compared to the prior year six months ended June 30, 2021. The net interest rate spread decreased 17 basis points to 3.27% for the six months ended June 30, 2022, while the net interest margin, expressed as a percentage of average earning assets, decreased 19 basis points to 3.28% for the six months ended June 30, 2022.

Provision for Loan Losses. The Company recorded $91,000 in provision for loan losses for the six months ended June 30, 2022 as compared to $9,000 for the prior year six months. 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 $64,000 for the six months ended June 30, 2022, compared to net recoveries of $26,000 for the prior year six months ended June 30, 2021.

Non-Interest Income. Non-interest income decreased $1.4 million to $1.0 million for the six months ended June 30, 2022, compared to prior year six months due primarily to a $1.4 million decrease in gain on sale of loan income due to decreased volume, a $22,000 decrease in other fee income, a $35,000 decrease in rental income and a $205,000 decrease in gains on the sale of other real estate owned. These decreases were offset, in part, by a $124,000 increase in loan fee income, a $18,000 increase in deposit fees and a $24,000 increase in other income.

Non-Interest Expense. Non-interest expense decreased $1,000 to $4.0 million for the six months ended June 30, 2022, compared to prior year six months primarily as the result of a $41,000 increase in staffing compensation expenses, a $60,000 increase in occupancy expenses, a $3,000 increase in data processing expenses, a $17,000 increase in FDIC insurance expense, and a $5,000 increase in other insurance expenses. These increases were offset, in part, by a $42,000 decrease in advertising expenses, a $20,000 decrease in professional expenses, and a $65,000 decrease in other operating expenses.

Income Taxes. The Company recorded income tax expense of $383,000 for the six months ended June 30, 2022, resulting in an effective tax rate of 24.6%, compared to income tax expense of $707,000, for an effective income tax rate of 25.7%, for the prior year six months. The decrease in the current six months income tax expense was impacted by a $1.2 million decrease in net income before income taxes as compared to the prior year's period.

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)

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost
Assets:						
Interest-Earning Assets:						
Loans receivable	$224,744	$4,996	4.45%	$208,114	$5,029	4.84%
Investment securities	3,102	23	1.52	73	1	1.85
Mortgage-backed securities	7,789	68	1.74	5,245	48	1.42
Interest-bearing deposits	49,056	116	0.48	37,811	19	0.10
FHLBI stock	2,686	46	3.46	1,570	21	2.69
Total interest-earning assets	287,377	5,249	3.66	252,813	5,118	4.06
Non interest-earning assets	16,127			16,754		
Total assets	303,504			269,567		
Liabilities and Stockholders' Equity:						
Interest-Bearing Liabilities:						
Passbook accounts	38,866	9	0.05%	31,267	8	0.05%
Demand accounts	169,884	208	0.25	134,289	156	0.23
Certificate accounts	57,395	204	0.72	62,965	440	1.41
Total deposits	266,145	421	0.32	228,521	604	0.53
Borrowings	8,093	108	2.68	12,900	132	2.07
Total interest-bearing liabilities	274,238	529	0.39	241,421	736	0.62
Non-interest-bearing liabilities	3,668			4,608		
Total liabilities	277,906			246,029		
Stockholders' equity	25,598			23,538		
Total liabilities and stockholders' equity	$303,504			$269,567		
Net interest income / interest rate spread		$4,720	3.27%		$4,382	3.44%
Net interest margin			3.28%			3.47%

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 establish 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 and continues to maintain the exemption of consolidated capital requirements for bank holding companies, such as the Company.

At June 30, 2022, the Bank was in compliance with all of its capital requirements as follows:

	6/30/2022	
Well Capitalized Capital Requirement:	Amount	Percent of Average Assets
Tier 1 Leverage Ratio:		
Average Total Assets	$ 310,456,000	
Common Equity Tier 1 Capital	$ 27,853,000	8.97%
Common Equity Tier 1 Capital Requirement	15,522,800	5.00%
Excess	$ 12,330,200	3.97%
Risk-Based Common Equity Tier 1 Capital Ratio:		
Risk-Weighted Assets	$ 253,051,000	
Common Equity Tier 1 Capital	$ 27,853,000	11.01%
Common Equity Tier 1 Capital Requirement	16,448,315	6.50%
Excess	$ 11,404,685	4.51%
Risk-Based Tier 1 Capital Ratio:		
Risk-Weighted Assets	$ 253,051,000	
Common Equity Tier 1 Capital	$ 27,853,000	11.01%
Common Equity Tier 1 Capital Requirement	20,244,080	8.00%
Excess	$ 7,608,920	3.01%
Risk-Based Total Capital Ratio:		
Risk-Weighted Assets	$ 253,051,000	
Common Equity Tier 1 Capital	$ 27,853,000	
Includable Allowance for Loan Losses	2,725,000	
Total Tier 2 Risk-Based Capital	$ 30,578,000	12.08%
Total Risk-Based Capital Requirement	25,305,100	10.00%
Excess	$ 5,272,900	2.08%
Capital Conservation Buffer - Actual		4.08%
Capital Conservation Buffer - Required		2.50%

Legal Proceedings. On June 30, 2022, we were not involved in any legal proceedings or lawsuits that are not routine and incidental to our business.