



# Northeast Indiana Bancorp, Inc. (NIDB)

Updated May 6<sup>th</sup>, 2025 by Nathan Parsh

## Key Metrics

<b>Current Price:</b>	\$18	<b>5 Year CAGR Estimate:</b>	5.2%	<b>Market Cap:</b>	\$44 M
<b>Fair Value Price:</b>	\$17	<b>5 Year Growth Estimate:</b>	3.0%	<b>Ex-Dividend Date:</b>	05/08/2025
<b>% Fair Value:</b>	108%	<b>5 Year Valuation Multiple Estimate:</b>	-1.5%	<b>Dividend Payment Date:</b>	05/22/2025
<b>Dividend Yield:</b>	4.0%	<b>5 Year Price Target</b>	\$19	<b>Years Of Dividend Growth:</b>	29
<b>Dividend Risk Score:</b>	C	<b>Sector:</b>	Financials	<b>Rating:</b>	Hold

## Overview & Current Events

Northeast Indiana Bancorp, Inc. is a bank holding company for First Federal Savings Bank based in Indiana. The bank offers a variety of financial services, including savings, checking, retirement and health savings accounts along with certificates of deposits and direct deposits. Customers also have access to debt and credit cards, safe deposit boxes and online banking services. Northeast Indiana Bancorp’s loan portfolio consists of mortgage, new construction, home equity, auto and recreational vehicle loans. The bank was founded in 1995 and operates 8 full-service branches.

On October 24<sup>th</sup>, 2024, Northeast Indiana Bancorp increased its quarterly dividend 5.9% to \$0.18, extending the company’s dividend growth streak to 29 consecutive years.

On April 22<sup>nd</sup>, 2025, Northeast Indiana Bancorp reported first quarter results for the period ending March 31<sup>st</sup>, 2025. For the quarter, net income totaled \$1.06 million, or \$0.44 per share, compared to net income of \$722K, or \$0.30 per share, in the prior year.

On an annualized basis, total loans improved 23.7% to \$413.7 million for the quarter while total deposits grew 12.2% to \$442.1 million. Northeast Indiana Bancorp’s provisions for loan losses totaled \$620K, up from \$500K in the prior year and \$424K in the preceding quarter. Non-performing loans totaled 1.24% of total loans, which was down from 1.84% in the previous year. Compared to the prior year’s first quarter, Northeast Indiana Bancorp’s return on equity was 8.71% versus 6.26% and its return on assets was 0.80% versus 0.57%. Net interest income grew 14.2% to \$4.14 million. Net interest margin of 3.23% compared to 2.99 % in the previous year and 3.13% in the preceding quarter. Book value per share improved 8% to \$20.57 from \$19.05 from the previous year.

We continue to expect that Northeast Indiana Bancorp will earn \$1.85 in 2025.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$1.60	\$1.50	\$1.42	\$1.75	\$1.96	\$2.33	\$3.04	\$2.73	\$1.77	\$1.80	<b>\$1.85</b>	<b>\$2.14</b>
<b>DPS</b>	\$0.41	\$0.43	\$0.45	\$0.49	\$0.51	\$0.55	\$0.57	\$0.61	\$0.65	\$0.69	<b>\$0.72</b>	<b>\$0.83</b>
<b>Shares<sup>1</sup></b>	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	<b>2.4</b>	<b>2.4</b>

Northeast Indiana Bancorp has increased earnings-per-share at a rate of 1.3% over the last decade, though the five-year growth rate is -4.5%. Given its size and the expected earnings-per-share this year, we feel that a target growth rate of 3% going forward is appropriate.

Northeast Indiana Bancorp often distributes a special dividend near the end of its calendar year. Shareholders received a \$0.25 per share special dividend on December 28<sup>th</sup>, 2023. We have not included this in our projections for the current year as the amount can vary from year to year. The bank made no special dividend payment in 2024.

<sup>1</sup> In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	9.4	11.0	12.4	10.6	10.3	8.6	7.7	7.9	10.1	9.6	9.7	9.0
Avg. Yld.	2.7%	2.6%	2.6%	2.6%	2.5%	2.7%	2.4%	2.8%	3.6%	4.0%	4.0%	4.3%

Shares of Northeast Indiana Bancorp are unchanged since our January 29<sup>th</sup>, 2025 report. The stock has traded hands with an average price-to-earnings ratio of 9.8 since 2015. We have used a targeted price-to-earnings ratio of 9.0 due to the size of the bank and the valuation of peer companies. Using the current share price and our expected earnings-per-share for the year, the stock is trading with a price-to-earnings ratio of 9.7. If the stock were to revert to our target price-to-earnings ratio by 2030 then valuation would be a 1.5% headwind to annual returns over this period.

Northeast Indiana Bancorp currently yields 4.0%, which is above the stock's long-term average yield of 2.9% as well as the average yield of the S&P 500.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	26%	29%	32%	28%	26%	24%	19%	22%	37%	38%	39%	39%

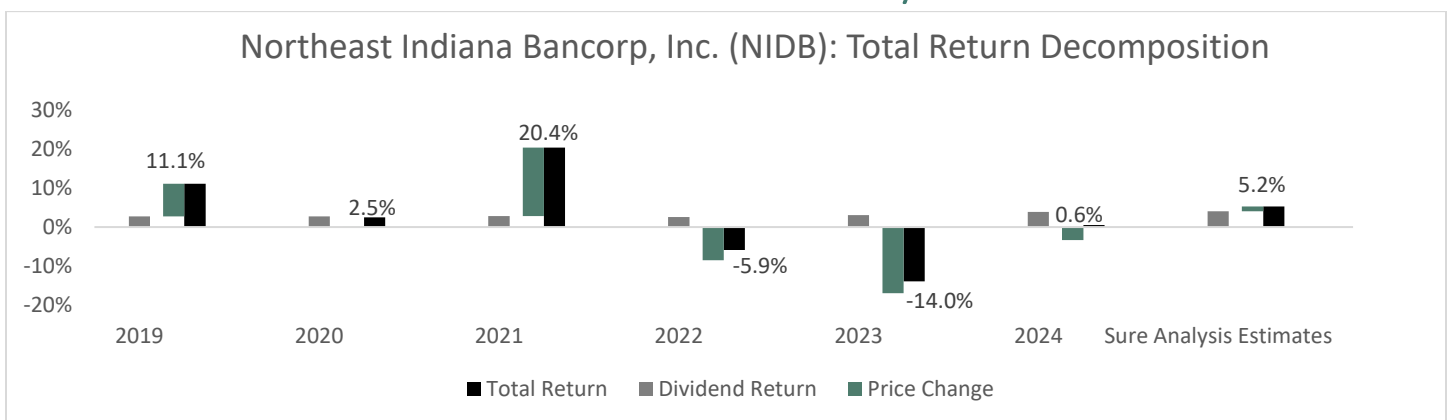
Northeast Indiana Bancorp performed well during the last recession. Earnings-per-share declined by -71% from 2006 to 2007, but rebounded by 58% from 2007 through 2009. The bank's performance during the last recession gives us some confidence that it would endure the next recession as well. Northeast Indiana Bancorp's ability to pay and raise its dividend for more than a quarter century despite its size is a sign of a strong business model.

As a small regional bank, Northeast Indiana Bancorp does not have the numerous advantages of larger regional banks. One point in the bank's favor is that offers a wide variety of services that compares favorably to those offered by its larger peers. This will likely aid Northeast Indiana Bancorp's ability to prevent customers from switching to a different bank. In addition, some customers may prefer the smaller bank operation.

## Final Thoughts & Recommendation

After first quarter results, Northeast Indiana Bancorp is projected to offer a total annual return of 5.2% through 2030, matching our prior estimate. This is based off a 3.0% earnings growth rate and a starting yield of 4.0%, offset by a low single-digit headwind from multiple compression. We note that total returns could be higher due to special dividends. Northeast Indiana Bancorp's stock has stabilized since the banking crisis. Loan activity and deposit activity were quite strong during the period. The loan book remains in great shape even as PCLs increased. We reaffirm our 2030 price target of \$19 and we continue to rate shares of the company as a hold due to projected returns.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	13	13	13	14	15	17	19	19	18	
SG&A Exp.	5	5	5	5	5	6	6	6	7	
D&A Exp.	1	1	1	1	1	2	2	1	1	
Net Profit	4	4	3	4	5	6	7	7	4	
Net Margin	29.7%	28.1%	27.0%	30.0%	31.4%	33.1%	38.8%	35.4%	24.3%	
Free Cash Flow	4	3	2	4	4	6	7	6	5	
Income Tax	1	1	2	1	1	1	2	1	1	

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	284	301	314	334	354	391	418	446	499	
Cash & Equivalents	24	16	9	10	15	18	18	5	10	
Acc. Receivable	1	1	1	1	1	2	1	2	2	
Total Liabilities	252	267	279	297	313	346	369	402	452	
Long-Term Debt	33	-	61	60	46	38	14	32	47	
Total Equity	32	34	36	37	41	46	49	43	46	
LTD/E Ratio	1.02	-	1.72	1.61	1.12	0.83	0.29	0.74	1.02	

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.4%	1.2%	1.1%	1.3%	1.4%	1.5%	1.8%	1.5%	0.9%	
Return on Equity	12.2%	10.9%	9.9%	11.4%	11.9%	12.9%	15.5%	14.3%	9.5%	
ROIC	6.5%	7.3%	5.2%	4.3%	5.1%	6.6%	10.0%	9.5%	5.0%	
Shares Out.	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	
Revenue/Share	5.37	5.33	5.26	5.81	6.23	7.02	7.83	7.72	7.31	
FCF/Share	1.78	1.33	0.77	1.69	1.85	2.40	2.89	2.69	2.18	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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### Disclaimer

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