

First Bancorp of Indiana, Inc. Announces Financial Results



EVANSVILLE, Ind., April 23, 2021. First Bancorp of Indiana, Inc. (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of \$1.21 million (\$0.70 per diluted common share) for the third fiscal quarter ended March 31, 2021, compared to \$232,000 (\$0.13 per diluted common share) for the same quarter a year ago. Similarly, earnings of \$2.86 million through the first three quarters of fiscal 2021 (\$1.64 per diluted common share) were improved from \$1.15 million (\$0.66 per diluted common share) for the same period last year. Earnings thus far in fiscal 2021 equate to an annualized return on average assets (ROA) of 0.80% and a return on average equity (ROE) of 9.58%. This compares to an annualized ROA of 0.35% and an annualized ROE of 3.99% for the nine months ended March 31, 2020.

Net interest income for the fiscal year to date was 7.8% higher than the same period last fiscal year as significantly lower yields on earning assets were more than offset by reduced cost of funds. Noninterest income was substantially higher during the first three quarters of fiscal 2021 thanks to earnings from the sale of nearly \$95 million of single-family residential mortgage loans. Compensation, software, and deposit insurance expenses were largely responsible for the 10.6% increase in noninterest expenses between the comparative nine-month periods. At 73.7%, the bank's efficiency ratio in fiscal 2021 compares favorably to last year's 85.8%.

First Federal Savings Bank remains a source of strength to small business clients and non-profits in Southwest Indiana. In the first two rounds of the SBA's Paycheck Protection Program ("PPP") the bank helped more than 400 clients navigate the early months of the COVID-19 pandemic. Of the \$41.1 million of PPP loans originated by the bank, \$24.7 million has been forgiven. In December 2020, Congress authorized a third round of PPP for which the final date to submit applications has been extended to May 31, 2021. To date, 268 third-round applications totaling more than \$20.4 million have received SBA approval. Due to the full guaranty of the SBA and the underwriting process the bank's employees have followed, no credit issues are expected with SBA PPP loans and, consequently, no allowance for loan losses has been established for these loans.

First Federal Savings Bank has had strong single-family mortgage loan production the past three quarters with originations totaling \$126.2 million after production of \$69.6 million in all of fiscal 2020. These efforts help our retail clients through lower monthly payments and lower interest over the life of their mortgage loans. We anticipate mortgage production to remain at elevated levels for the next several quarters.

First Bancorp of Indiana, Inc. Consolidated Financial Highlights (in thousands)

	3/31/2021 (<i>unaudited</i>)	6/30/2020	Three months ended March 31, 2021		Nine months ended March 31, 2020	
			(<i>unaudited</i>)	(<i>unaudited</i>)	(<i>unaudited</i>)	(<i>unaudited</i>)
Selected Balance Sheet Data:						
Total assets	481,762	473,406				
Investment securities	51,230	57,015				
Loans receivable, net	345,788	348,281				
Deposit accounts	368,654	334,205				
Borrowings	65,155	95,155				
Stockholders' equity	40,824	38,979				
Operating Results:						
Interest income	4,085	4,009	12,492	12,736		
Interest expense	722	1,123	2,598	3,556		
Net interest income	3,363	2,886	9,894	9,180		
Provision for loan losses	400	0	700	80		
Net interest income after provision	2,963	2,886	9,194	9,100		
Noninterest income	2,081	699	5,234	2,158		
Noninterest expense	3,724	3,380	11,083	10,024		
Income before income taxes and cumulative effect of a change in accounting principle	1,320	205	3,345	1,234		
Income taxes	109	-27	490	82		
Net income	1,211	232	2,855	1,152		

First Federal Savings Bank also had solid retail consumer lending which included auto loans, personal loans, and home equity loans and lines of credit. The Bank originated \$13.3 million of retail consumer loans in the first three quarters of fiscal 2021 alone after closing a record \$10.6 million in fiscal 2020.

Excluding PPP loans, net loans increased \$9.1 million, or 3.0%, over the past twelve months. The \$345.8 million of net loans on March 31, 2021, included \$5.1 million of loans committed for sale to either Fannie Mae or the Federal Home Loan Bank.

First Federal Savings Bank has also worked with our borrowers on loan forbearance requests under the CARES Act. By June 30, 2020, the Bank had executed roughly \$40 million, or 11% of total loans, of initial three-month forbearance requests. Fortunately, only one \$87,100 personal loan remains in forbearance. Commercial loans totaling \$6.5 million, all in industries hardest hit by the pandemic, are currently in forbearance. In all, loans in forbearance represent 1.9% of total loans. Management expects that these customers will greatly benefit from the most recent stimulus packages and likely move back to amortizing status within the next few months.

Management has recorded \$700,000 of provisions for loan losses thus far in fiscal 2021 boosting the allowance for loan losses to \$3.2 million. Although management believes that the allowance is adequate, the

COVID-19 pandemic may yet have an adverse effect on the credit quality of our loan portfolio. However, management remains in close contact with our most vulnerable borrowers and will make additional provisions to the allowance, as necessary.

Total deposits have increased 10.3% this fiscal year to \$368.7 million at March 31, 2021, and are \$80.2 million, or 27.8%, higher than a year earlier. At an annualized 0.47%, the cost of deposits through the first three quarters of fiscal 2021 was 40.2% below the same period last year. Similarly, total cost of funds between the comparable periods was reduced 31.8% to an annualized 0.80% as \$51.7 million of wholesale funds matured in the past year and were replaced at significantly lower rates.

Stockholders' equity increased \$1.8 million to \$40.8 million at March 31, 2021, from \$39.0 million at June 30, 2020. Based on the 1,737,796 of outstanding common shares, the book value per share of FBPI stock was \$23.49 as of March 31, 2021.

This news release may contain forward-looking statements within the meaning of the federal securities laws. Statements in this release that are not strictly historical are forward-looking and are based upon current expectations that may differ materially from actual results. These forward-looking statements, identified by words such as "will," "expected," "believe," and "prospects," involve risks and uncertainties that could cause actual results to differ materially from those anticipated by the statements made herein. These risks and uncertainties involve general economic trends and changes in interest rates, increased competition, changes in consumer demand for financial services, the possibility of unforeseen events affecting the industry generally, the uncertainties associated with newly developed or acquired operations, market disruptions and the potential effects of the COVID-19 pandemic on the local and national economic environment, on our customers and on our operations as well as any changes to federal, state and local government laws, regulations and orders in connection with the pandemic. The Company undertakes no obligation to release revisions to these forward-looking statements publicly to reflect events or circumstances after the date hereof or to reflect the occurrence of unforeseen events, except as required to be reported by applicable law.