First Bancorp of Indiana, Inc. Announces Financial Results

EVANSVILLE, Ind., October 29, 2021. First Bancorp of Indiana, Inc. (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of $806,000 ($0.46 per diluted common share) for the first fiscal quarter ended September 30, 2021, compared to $695,000 ($0.40 per diluted common share) for the same quarter a year ago. Earnings for the quarter equate to an annualized return on average assets (ROA) of 0.68% and a return on average equity (ROE) of 7.73%. This compares to an annualized ROA of 0.58% and an annualized ROE of 7.09% for the like quarter last fiscal year.

Net interest income for the quarter was 7.6% higher than the previous quarter as lower yields on earning assets were more than offset by reduced cost of funds. Noninterest income was reduced from the prior quarter as lower gains on loan sales were partially offset by increased service charges on deposit accounts and higher debit card interchange fees. Compensation, advertising, and deposit insurance expenses experienced increases between the comparative periods, but the increase in total noninterest expense was a modest 1.8%. At 75.3%, the bank's efficiency ratio was unchanged from the same quarter last fiscal year.

When the COVID-19 pandemic hit, local businesses and non-profits turned to First Federal Savings Bank to secure their funds thru the SBA's Paycheck Protection Program ("PPP"). In the first two rounds of PPP, the bank helped more than 400 clients navigate the application process. Of the $41.1 million of PPP loans originated by the bank, only $212,000 remains. In December 2020, Congress authorized a third round of funding. Originations for the third round totaled $20.8 million for nearly 300 customers, of which $5.8 million has been forgiven to date. 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.

Excluding PPP loans, net loans declined $6.9 million, or 2.1%, over the twelve months. However, the loan portfolio, excluding PPP loans, has grown by $8.8 million during the most recent quarter. The $337.5 million of net loans on September 30, 2021, included $733,000 of loans committed for sale to either Fannie Mae or the Federal Home Loan Bank.

Loan origination volume, though lower than the totals posted last year, outpaced quarterly production totals in the years preceding these. Despite the slowing refinance activity, single-family mortgage loan production totaled $21.2 million for the first fiscal quarter. Consumer lending originations, which included auto loans, personal loans, and home equity loans and lines of credit, added $4.5 million. Commercial loan production totaled $12.2 million.

Management recorded $50,000 of provisions for loan losses in the first fiscal quarter, boosting the allowance for loan losses to $3.5 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. Management remains in close contact with our most vulnerable borrowers and will make additional provisions to the allowance, as necessary.

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

	9/30/2021	6/30/2021
Selected Balance Sheet Data:	*(unaudited)*	
Total assets	466,434	480,872
Investment securities	58,752	50,327
Loans receivable, net	337,498	340,177
Deposit accounts	353,613	367,496
Borrowings	65,155	65,155
Stockholders' equity	41,641	41,548

	Three months ended September 30,	
	2021	2020
Selected Operating Data:	*(unaudited)*	*(unaudited)*
Interest income	4,011	4,137
Interest expense	595	961
Net interest income	3,416	3,176
Provision for loan losses	50	150
Net interest income after provision	3,366	3,026
Noninterest income	1,221	1,373
Noninterest expense	3,609	3,546
Income before income taxes and cumulative effect of a change in accounting principle	978	853
Income taxes	172	158
Net income	806	695

Deposit accounts, which decreased during the quarter to $353.6 million at September 30, 2021, were $20.5 million higher than a year earlier. At an annualized 0.33%, the cost of deposits for the quarter was 39.7% below the same period last year. Local deposit rates declined over the year, and existing wholesale funds were replaced at significantly lower rates. Similarly, total cost of funds declined to an annualized 0.57% for the quarter ended September 30, 2021, down from 0.90% for the like quarter a year ago, as $30.0 million of higher-costing FHLB advances matured over the past year.

Stockholders' equity increased to $41.6 million on September 30, 2021. Based on the 1,737,796 of outstanding common shares, the book value per share of FBPI stock was $23.96 as of September 30, 2021.

At 8.66%, First Federal's tier one capital ratio was well in excess of the five percent regulatory standard for "well-capitalized" financial institutions. The bank's other capital measurements also continue to comfortably exceed "well-capitalized" standards.

CONTACT: Michael H. Head, President and CEO, First Bancorp of Indiana, 812-492-8100. **www.firstfedevansville.com**