

# First Bancorp of Indiana, Inc. Announces Financial Results



EVANSVILLE, Ind., January 15, 2021. First Bancorp of Indiana, Inc. (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of \$948,000 (\$0.55 per diluted common share) for the second fiscal quarter ended December 31, 2020, compared to \$519,000 (\$0.30 per diluted common share) for the same quarter a year ago. Similarly, earnings of \$1.64 million for the first half of fiscal 2021 (\$0.95 per diluted common share) were improved from \$920,000 (\$0.53 per diluted common share) last fiscal year-to-date. Earnings for the first half of fiscal 2021 equate to an annualized return on average assets (ROA) of 0.69% and a return on average equity (ROE) of 8.31%. This compares to an annualized ROA of 0.41% and an annualized ROE of 4.83% for the six months ended December 31, 2019.

Net interest income for the fiscal year to date was 3.8% higher than the same period last fiscal year as significantly lower loan yields were more than offset by reduced cost of funds. Noninterest income was substantially higher during the first two quarters of fiscal 2021 thanks to earnings from the sale of nearly \$67 million of single-family residential mortgage loans. Compensation, software, and deposit insurance expenses were largely responsible for the 10.8% increase in noninterest expenses between the comparative six-month periods. At 72.2%, the bank's efficiency ratio in fiscal 2021 compares favorably to last year's 83.0%.

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

	12/31/2020 (unaudited)	6/30/2020	Three months ended December 31, 2020		Six months ended December 31, 2020	
	(unaudited)		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Selected Balance Sheet Data:</b>						
Total assets	478,757	473,406				
Investment securities	53,535	57,015				
Loans receivable, net	356,742	348,281				
Deposit accounts	336,586	334,205				
Borrowings	95,155	95,155				
Stockholders' equity	40,322	38,979				
<b>Operating Results:</b>						
Interest income	4,270	4,343	8,407	8,727		
Interest expense	915	1,234	1,876	2,433		
Net interest income	3,355	3,109	6,531	6,294		
Provision for loan losses	150	20	300	80		
Net interest income after provision	3,205	3,089	6,231	6,214		
Noninterest income	1,780	764	3,154	1,459		
Noninterest expense	3,813	3,266	7,360	6,644		
Income before income taxes and cumulative effect of a change in accounting principle	1,172	587	2,025	1,029		
Income taxes	224	68	381	109		
Net income	948	519	1,644	920		

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, \$12.5 million has been forgiven. We anticipate that process being completed for most of these borrowers over the next two quarters. Congress recently authorized a third round of PPP and, to date, applications totaling more than \$5 million have been received. Due to the full guaranty of the SBA and the underwriting process the Bank's employees followed, no credit issues are expected with SBA PPP loans. As a result, the Bank did not establish an allowance for loan losses for PPP loans.

First Federal Savings Bank has had strong single-family mortgage loan production the past two quarters with originations totaling \$92.9 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 through the remainder of fiscal 2021.

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 \$9.3 million of retail consumer loans in the first half of fiscal 2021 alone after closing a record \$10.6 million in fiscal 2020.

Excluding PPP loans, net loans increased \$20.0 million, or 6.5%, since the beginning of the fiscal year. The \$356.7 million of net loans on December 31, 2020, included \$9.6 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. Only six personal loan customers with loans totaling \$375,000 remain in forbearance. Commercial loans totaling \$10.8 million, all in industries hardest hit by the pandemic, are currently in forbearance. In all, loans in forbearance represent 3.1% of total loans. Management expects that most of these customers will greatly benefit from the most recent stimulus package passed by Congress this past December and likely move back to amortizing status within the next few months.

Management recorded \$150,000 of provisions for loan losses in each of the past two quarters boosting the allowance for loan losses to \$2.8 million. Although management believes that the allowance is adequate, the COVID-19 pandemic may have an adverse effect on the credit quality of our loan portfolio as disruption to our customers could result in increased loan delinquencies and defaults. Further, the Company's COVID-19 commercial and retail loan deferral programs could delay the identification and resolution of problem credits. However, management remains in close contact with our most vulnerable borrowers and will make additional provisions to the allowance, as necessary.

Total deposits, which have increased marginally this fiscal year to \$336.6 million as of December 31, 2020, were \$20.5 million, or 6.5%, higher than a year earlier. At an annualized 0.51%, the cost of deposits in the first half of fiscal 2021 was 37.8% below the same period last year. Similarly, total cost of funds between the comparable periods was reduced 27.4% to an annualized 0.87%. Management expects additional reduction in the cost of funds in the second half of fiscal 2021 during which time \$34 million of wholesale funds will mature or reprice at significantly lower rates.

Stockholders' equity increased \$1.3 million to \$40.3 million at December 31, 2020, 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 \$23.20 as of December 31, 2020.

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.

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