



FIRST FEDERAL SAVINGS BANK



First Bancorp
OF INDIANA, INC

ANNUAL REPORT 2023

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PRESIDENT'S MESSAGE

Fellow Stockholders:

Fiscal Year 2023 was a challenging year. At the beginning of the year, the inflation rate was at 9.06%. Twelve months later and seven rate adjustments by the Federal Reserve have increased the Prime rate from 4.75% to 8.25%. Inflation now sits at 3.00%. Due to the trillions of dollars pumped into the economy in the last several years, the Federal Reserve will continue to keep interest rates high for the near future with no expected rate reductions until after January 2024.

Currently, mortgage rates are at a 20-year high, yet our local economy in southwestern Indiana and northwestern Kentucky remains strong due to our region's investments in higher education, manufacturing, construction and the advancements in the arena of medical services. We look forward to the challenges that lie ahead in Fiscal Year 2024.

First Bancorp of Indiana, Inc. navigated through the uncertainty and rising interest rates during Fiscal Year 2023 to produce our second strongest year in our 118-year history.

Highlights of Fiscal Year 2023:

- Net earnings of \$2.85 million – a 16.8% increase over FY2022 earnings of \$2.44 million.
- Earnings per share of \$1.70 – an increase of 21.4% over FY2022 earnings per share of \$1.40.
- \$86.0 million of single-family mortgage loan production – an increase of 17.3% over FY2022.
- \$102.1 million of commercial loan production – a 46.8% increase over FY2022.
- Consumer lending increased 10.4% over FY2022.
- Total new loan production of \$210.4 million – a 29.1% increase over FY2022.
- Total assets of the bank on June 30, 2023 stood at \$630.9 million – an increase of 21.8% from FYE 2022.
- A total of 27,987 shares were repurchased by the Company throughout the fiscal year, leaving 1,672,429 of outstanding common shares on June 30, 2023.
- First Federal Saving Bank's Community Bank Leverage Ratio (CBLR) was 8.72% on June 30, 2023, and qualifies as "well-capitalized" under current federal regulations.
- The Company has continued to pay a quarterly dividend of \$0.16 per share.

As reported last year, the Board approved a leveraging strategy to increase assets and grow earnings. In January 2022, the Company completed a \$12.0 million subordinated debt offering at an average rate of 3.75%. This funding, in addition to existing cash liquidity and wholesale deposits, were utilized to fund the growth. Net loans receivable increased in FY2023 from \$347.4 million to \$453.4 million at fiscal year-end – an increase of 30.5%.

The investment securities portfolio, much of which is held in our Nevada Investment subsidiary, totaled \$111.6 million. The securities portfolio is primarily composed of investment-grade municipal bonds and obligations of US government agencies.

Additional noteworthy events occurred during the year including:

- In February 2023, First Federal opened our first office in the state of Kentucky located at 2555 N. Highway 41 in Henderson.
- The University Drive location, near the intersection of the Lloyd Expressway and Red Bank road, underwent extensive renovation.
- Daniel J. Ziemer, President of Ziemer Funeral Homes in Evansville, joined the First Bancorp and First Federal Savings Bank board of directors on February 15, 2023. We welcome Daniel with his years of local business experience in the Evansville market.

We are pleased with the strides made in FY2023 and will make every effort to build on our successes despite the extremely high interest rate environment we are currently navigating.

We invite you to stop by one of our ten convenient locations. A member of our knowledgeable staff is always available and willing to assist you with any of your banking needs. As always, I thank you for your investment in First Bancorp of Indiana, Inc.

A handwritten signature in black ink that reads "Mike".

Michael H. Head
President and CEO
First Bancorp of Indiana, Inc.



2023 FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL DATA

AT OR FOR THE YEAR ENDED	June 30, 2023	June 30, 2022	June 30, 2021
SELECTED BALANCE SHEET DATA			
<i>(\$ Thousands)</i>			
Total Assets	\$631,341	\$518,480	\$480,872
Investment securities	111,596	112,054	50,327
Loans receivable, net	453,402	347,389	340,177
Deposits	462,203	389,675	367,496
Borrowings	129,832	90,769	65,155
Stockholders' Equity	32,012	32,588	41,548
SELECTED INCOME STATEMENT DATA			
<i>(\$ Thousands)</i>			
Interest income	\$24,184	\$16,224	\$16,723
Interest expense	7,720	2,533	3,221
Net interest income	16,464	13,691	13,502
Provision for loan losses	195	50	900
Noninterest income	3,269	3,954	6,543
Noninterest expense	16,625	14,799	14,729
Income before income taxes	2,913	2,796	4,416
Provision for income taxes	62	360	630
Net Income	\$2,851	\$2,436	\$3,786
PERFORMANCE RATIOS			
Return on average assets	0.50 %	0.51 %	0.80 %
Return on average equity	9.07	6.35	9.39
Net interest margin	3.13	3.09	3.08
Average interest-earning assets to average interest-bearing liabilities	110.59	116.07	115.57
Earnings per share, fully-diluted	\$1.70	\$1.40	\$2.18
ASSET QUALITY RATIOS			
Nonperforming loans to total loans	0.53 %	0.13 %	0.21 %
Nonperforming assets to total assets	0.39	0.10	0.27
Allowance for loan losses to total loans	0.81	0.99	0.98
Allowance for loan losses to nonperforming loans	151.40	755.90	465.93
CAPITAL RATIOS			
Average equity to average assets	5.52 %	8.03 %	8.48 %
Equity to total assets	5.07	6.29	8.64
Community Bank Leverage Ratio / Core capital (bank only)	8.72	9.91	8.40
SHAREHOLDER DATA			
Weighted average shares outstanding: (for the year ended)			
Basic	1,677,959	1,734,482	1,736,557
Diluted	1,677,959	1,734,482	1,736,557
Outstanding shares (issued less treasury shares) at June 30	1,672,429	1,694,362	1,737,796



BOARD OF DIRECTORS

E. Harvey "Skip" Seaman III Gregory L. Haag Michael H. Head Carolyn S. McClintock	Chairman of the Board President, Haag Heating & Air Conditioning, Inc. President and CEO, First Federal Savings Bank CEO, Team McClintock, an F.C. Tucker Emge Realtors affiliate
Dharmesh M. Patel, M.D. Kenan L. Schultheis Randall M. Schulz, CPA	Surgeon, Evansville Surgical Associates Vice President, Schultheis Insurance Retired Vice President, Harding, Shymanski & Company
Brian L. Taylor Sharon R. Walker Daniel J. Ziemer	President, PAR Consulting President, The Long View Group LLC President, Ziemer Funeral Homes, Inc.

Corporate Headquarters

5001 Davis Lant Drive
(812) 492-8104

Franklin Street Office

2200 W Franklin St
(812) 492-8102

North Park Office

4451 N First Ave
(812) 492-8105

EXECUTIVE MANAGEMENT

OFFICERS OF FIRST BANCORP OF INDIANA, INC.

Michael H. Head	President
Christy McBride	Vice President
Rick Heldt	Vice President

OFFICERS OF FIRST FEDERAL SAVINGS BANK

Michael H. Head	President and CEO
Christy McBride	Executive Vice President
Michael Carter	Executive Vice President
Sarah Cox	Executive Vice President
Christopher Head	Executive Vice President
Rick Heldt	Senior Vice President
Jennifer Singleton	Senior Vice President
Kristina Toerne	Senior Vice President

GENERAL COUNSEL

Kahn Dees Donovan & Kahn LLP
501 Main St
Suite 305
Evansville, Indiana 47708

SECURITIES COUNSEL

Kilpatrick Townsend & Stockton LLP
701 Pennsylvania Ave, NW
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Washington, DC 20004

INDEPENDENT AUDITORS

Monroe Shine & Co, Inc
222 E Market St
New Albany, Indiana 47150

TRANSFER AGENT

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Canton, MA 02021

Newburgh Office

8388 Bell Oaks Dr
(812) 492-8106

Bellemeade Office

4601 Bellemeade Ave
(812) 492-8107

University West Office

4615 University Dr
(812) 492-8108

St Philip Office

11201 Upper Mt Vernon Rd
(812) 492-8109

Henderson Office

2555 Highway 41
(270) 495-3385



Washington Office

200 E VanTrees Street
(812) 254-2641

Petersburg Office

501 Main Street
(812) 354-8713

AUDITED FINANCIAL INFORMATION

The audited financial statements will be available for viewing or printing at:

www.firstfedsavings.bank

A copy may also be requested by writing to:

Rick Heldt, Treasurer

First Bancorp of Indiana, Inc., P.O. Box 1111, Evansville, IN 47706-1111