

Company Press Release

First Bancorp of Indiana, Inc. Announces Financial Results and Cash Dividend

EVANSVILLE, Ind., August 29, 2025. First Bancorp of Indiana, Inc. (OTCPK:FBPI), the holding company (the "Company") for First Federal Savings Bank (the "Bank"), reported earnings of \$241,000 (\$0.14 per diluted common share) for the fourth fiscal quarter ended June 30, 2025, compared to \$143,000 (\$0.09 per diluted common share) for the same quarter a year ago. Likewise, earnings for the fiscal year ended June 30, 2025 totaled \$1.17 million (\$0.69 per diluted common share), compared to \$1.54 million (\$0.91 per diluted common share) for the prior fiscal year. Annual earnings equate to a return on average assets ("ROAA") of 0.19% and a return on average equity ("ROAE") of 3.55%. This compares to an annualized ROAA of 0.24% and an annualized ROAE of 5.06% for the prior fiscal year.

Net interest income for the fiscal year ended June 30, 2025 improved modestly from the prior fiscal year. Lower loan production totals this fiscal year outpaced the higher interest rates earned on newly originated loans and repricing adjustable-rate loans. Interest expense declined as local deposit rates moderated, and the Bank reduced higher costing wholesale funding. The Company's net interest margin ("NIM"), as a percentage of average interest-earning assets, was 2.65% for the twelve months ended June 30, 2025, an improvement from the 2.56% reported for the same period last year. Gains on loan sales declined in fiscal 2025 as higher loan rates slowed loan origination volume. Non-interest expenses for the year increased by less than one percent as a result of higher data processing costs and professional fees, partially offset by lower compensation expenses and prudent overhead cost reductions.

The securities portfolio, which is primarily composed of investment-grade municipal bonds and obligations of US government agencies, declined to \$87.1 million on June 30, 2025, following the sale of \$5.3 million of securities earlier in the fiscal year.

Net loans outstanding, which totaled \$446.3 million on June 30, 2025, declined \$28.9 million from one year ago, due in part to the sale of a \$13.3 million pool of single-family mortgage loans in December. Given the higher interest rate environment, commercial loan production slowed to \$27.2 million for the fiscal year. Single-family mortgage loan production added \$33.0 million during the same timeframe, with construction lending accounting for twenty percent of this activity. Consumer lending originations, which included auto loans, personal loans, and home equity loans and lines of credit, totaled \$13.7 million.

No provision for credit losses on loans was recorded in the twelve months ended June 30, 2025, compared to a recovery of \$236,000 for the twelve months ended June 30, 2024. Net loan charges totaled \$334,000 for the fiscal year. The ratio of loans 90 days or more delinquent or loans on nonaccrual status to total loans was 0.42% on June 30, 2025, compared to 0.38% a year ago. Notably, this ratio is reduced from 1.76% as reported on December 31, 2024, primarily as the result of the successful restructuring of two large commercial relationships. Overall, the allowance for credit losses, including reserves for investment securities and unfunded commitments, stood at \$5.31 million at June 30, 2025, compared to \$5.65 million at June 30, 2024. The portion of the allowance attributed to the loan portfolio represented 1.13% of at-risk loans at June 30, 2025, compared to 1.12% at June 30, 2024. Although management believes that the allowance is adequate, a slowing economy, higher interest rate environment, and persistent inflation may have an adverse effect on the credit quality of the loan portfolio. Management remains in close contact with our most vulnerable borrowers and will make additional provisions for credit losses as necessary.

Deposit accounts, totaling \$488.3 million on June 30, 2025, have increased by \$22.7 million since the beginning of the fiscal year. Higher costing brokered deposits, totaling \$28.3 million, were acquired during the third fiscal quarter to replace FHLB advances. Conversely, local deposit rates have moderated in recent months, resulting in the cost of deposits totaling 2.63% for the current quarter and for the fiscal year compared to 2.70% and 2.61% for the quarter and fiscal year ended June 30, 2024, respectively. Similarly, the Company's total cost of funds, including FHLB advances and debt of the holding company, totaled 2.75% for the quarter and 2.77% for the year, compared to 2.84% and 2.74% for the quarter and year ended June 30, 2024, respectively.

As a part of the Bank's liquidity management plan, contingency funding sources are available and liquidity stress tests determine adequacy. At June 30, 2025, First Federal Savings Bank maintained lines of credit totaling \$15.0 million at correspondent financial institutions and additional borrowing capacity with the Federal Reserve Bank's discount window (\$12.2 million) and the Federal Home Loan Bank (\$86.5 million).

Stockholders' equity totaled \$33.3 million on June 30, 2025, which includes a \$9.7 million fair value reduction to the available for sale securities portfolio given the rapid rise in market interest rate over the last four years. This securities portfolio adjustment is not a part of the regulatory capital calculations, and gains or losses in the securities portfolio are only recognized in earnings if a security is sold. Stockholders' equity totaled \$31.5 million on June 30, 2024. The year over year increase in stockholders' equity is primarily due to the Company's earnings for the year and a decrease in the unrealized loss on the Bank's available for sale investment portfolio. Based on the 1,699,786 outstanding common shares at June 30, 2025, the book value per share of FBPI stock was \$19.61, compared to \$18.76 at June 30, 2024.

On June 30, 2025, the Bank's Tier 1 Leverage, Tier 1 Risk Based Capital and Total Risk Based Capital ratios increased to 8.95%, 12.65% and 13.88%, an improvement from 8.24%, 11.44%, and 12.66% one year ago.

At its August meeting, the Board of Directors of First Bancorp of Indiana, Inc. declared a cash dividend of \$0.05 per share, payable to stockholders of record as of September 15, 2025. The dividend will be paid on or about September 30, 2025. On July 29, 2024, the Company announced that the Board had determined to discontinue the payment of dividends as part of an effort to enhance the Bank's capital levels, liquidity and earnings, and to better position the Bank to reduce its higher funding costs. While it is the Board's intent to pay a regular quarterly dividend, the payment of any future dividends will be subject to, among other factors, the Company's and the Bank's financial condition, earnings, and capital requirements.

This press release may contain statements that are forward-looking, as that term is defined by the Private Securities Litigation Act of 1995 or the Securities and Exchange Commission in its rules, regulations and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. All forward-looking statements are based on current expectations regarding important risk factors including, but not limited to: general economic conditions; prices for real estate in the Company's market areas; the interest rate environment and the impact of the interest rate environment on our business, financial condition and results of operations; our ability to successfully conserve and enhance capital levels, enhance liquidity and earnings, and reduce higher funding costs; the Company's ability to pay future dividends; the Bank's ability to pay dividends to the Company to fund the payment of cash dividends on the Company's common stock, and the ability of the Bank to receive any required regulatory approval or non-objection to do so; changes in the demand for loans or in the quality or composition of our loan or investment portfolios; deposits and other financial services that we provide; the possibility that future credit losses may be higher than currently expected as a result of changes in relevant accounting or regulatory requirements, among other factors; competitive pressures among financial services companies; the ability to attract, develop and retain qualified employees; our ability to maintain the security of our data processing and

information technology systems; the outcome of pending or threatened litigation, or of matters before regulatory agencies; changes in law, governmental policies and regulations; and rapidly changing technology affecting financial services. Accordingly, actual results may differ from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that results expressed therein will be achieved. 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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First Bancorp of Indiana, Inc.
Consolidated Financial Highlights
(in thousands)

	<u>6/30/2025</u>	<u>6/30/2024</u>
<u>Selected Balance Sheet Data:</u>	<i>(unaudited)</i>	
Total assets	605,755	635,318
Investment securities	87,116	95,221
Loans receivable, net	446,381	475,323
Deposit accounts	488,330	465,606
Borrowings	76,955	129,894
Stockholders' equity	33,336	31,537

	Three months ended June 30, 2025	2024	Year ended June 30, 2025	2024
<u>Operating Results:</u>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
Interest income	7,487	7,937	30,940	31,227
Interest expense	3,802	4,160	15,830	16,196
Net interest income	3,685	3,777	15,110	15,031
Provision for credit losses	0	0	0	-236
Net interest income after provision	3,685	3,777	15,110	15,267
Noninterest income	893	697	3,272	3,445
Noninterest expense	4,454	4,494	17,667	17,609
Income before income taxes and cumulative effect of a change in accounting principle	124	-20	715	1,103
Income taxes	-117	-163	-459	-432
Net income	241	143	1,174	1,535