First Bancorp of Indiana, Inc. Announces Financial Results

EVANSVILLE, Ind., August 6, 2021. First Bancorp of Indiana, Inc. (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of $932,000 ($0.54 per diluted common share) for the fourth fiscal quarter ended June 30, 2021, compared to $605,000 ($0.35 per diluted common share) for the same quarter a year ago. Similarly, earnings of $3.79 million for fiscal 2021 ($2.18 per diluted common share) were improved from $1.76 million ($1.01 per diluted common share) for the same period last year. Earnings in fiscal 2021 equate to an annualized return on average assets (ROA) of 0.80% and a return on average equity (ROE) of 9.39%. This compares to an annualized ROA of 0.39% and an annualized ROE of 4.55% for the year ended June 30, 2020.

Net interest income for the fiscal year was 9.3% higher than 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 fiscal 2021 thanks to earnings from the sale of nearly $115 million of single-family residential mortgage loans. Compensation, software, and deposit insurance expenses were largely responsible for the 10.4% increase in noninterest expenses between the comparative periods. At 73.4%, the bank's efficiency ratio in fiscal 2021 compares favorably to last year's 83.9%.

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, $34.3 million has been forgiven. 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 $1.6 million is forgiven. 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 had strong single-family mortgage loan production in fiscal 2021 with originations totaling $157.0 million after production of $69.6 million in 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 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 $18.8 million of retail consumer loans in fiscal 2021 after closing $10.6 million last year.

Excluding PPP loans, net loans declined $4.2 million, or a modest 1.3%, over the past year. The $340.2 million of net loans on June 30, 2021, included $4.7 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. Some borrowers requested additional payment deferrals, but all loans have emerged from forbearance as of June 30, 2021.

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

	6/30/2021	6/30/2020
Selected Balance Sheet Data:	*(unaudited)*	
Total assets	480,925	473,406
Investment securities	50,327	57,015
Loans receivable, net	340,177	348,281
Deposit accounts	367,496	334,205
Borrowings	65,155	95,155
Stockholders' equity	41,548	38,979

	Three months ended June 30,		Year ended June 30,	
	2021	2020	2021	2020
Operating Results:	*(unaudited)*		*(unaudited)*	
Interest income	4,231	4,205	16,723	16,942
Interest expense	623	1,035	3,221	4,592
Net interest income	3,608	3,170	13,502	12,350
Provision for loan losses	200	50	900	130
Net interest income after provision	3,408	3,120	12,602	12,220
Noninterest income	1,311	931	6,542	3,087
Noninterest expense	3,648	3,318	14,728	13,340
Income before income taxes and cumulative effect of a change in accounting principle	1,071	733	4,416	1,967
Income taxes	139	128	630	210
Net income	932	605	3,786	1,757

Management recorded $900,000 of provisions for loan losses in fiscal 2021, boosting the allowance for loan losses to $3.4 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.

Total deposits increased 10.0% to $367.5 million for the fiscal year ended June 30, 2021. At an annualized 0.44%, the cost of deposits in fiscal 2021 was 41.5% below last year. Similarly, total cost of funds between the comparable periods was reduced 34.4% to an annualized 0.75% as $41.0 million of wholesale funds matured in the past year and were replaced at significantly lower rates.

Stockholders' equity increased to $41.5 million on June 30, 2021, an increase of $2.6 million for the fiscal year. Based on the 1,737,796 of outstanding common shares, the book value per share of FBPI stock was $23.91 as of June 30, 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.

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