

Company Press Release

First Bancorp of Indiana, Inc. Announces Financial Results

EVANSVILLE, Ind., July 31, 2020. First Bancorp of Indiana, Inc., (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of \$605,000 for the quarter ended June 30, 2020, compared to net income of \$355,000 in the same quarter last year. Net interest income was modestly higher quarter-over-quarter as loan interest and fees, particularly from \$40.8 million of loans originated under the SBA Payroll Protection Program (PPP), offset sharply lower earnings from investment securities. Despite a \$451,000 increase in gains on sales of loans, total noninterest income was lower as the fourth quarter of fiscal 2019 included a \$447,000 gain from the sale of investment securities and greater deposit service charges. In addition, the company recorded a \$50,000 provision for loan losses in the most recent quarter compared to \$490,000 in the same period last year.

The company reported earnings of \$1.8 million for the fiscal year ended June 30, 2020, down from \$2.1 million the preceding year. The results reflect margin compression traced to the 225 basis points of cuts to the fed fund and prime rates in fiscal 2020. Also, strong competition for deposits, particularly in the first half of fiscal 2020, was responsible for the 4.6% increase in interest expense. Although loan sale income was strong in fiscal 2020, noninterest income decreased 12.8% due to \$674,000 of nonrecurring revenues in fiscal 2019. Compensation, data processing costs, and branch office renovations were the greatest contributors to the 2.5% increase in noninterest expenses between the comparative years.

At approximately 7.9%, First Federal's tier one capital ratio at June 30, 2020, was well in excess of the five percent regulatory standard for "well-capitalized" financial institutions. Excluding the PPP loans, which are fully guaranteed by the U.S. government, tier one capital would have been 8.7%, marginally improved from 12 months earlier. The bank's other capital measurements also continue to comfortably exceed "well-capitalized" standards.

Certain information in this press release may constitute forward-looking information that involves risks and uncertainties that could cause actual results to differ materially from those estimated. Persons are cautioned that such forward-looking statements are not guarantees of future performance and are subject to various factors that could cause actual results to differ materially from those estimated. Undue reliance should not be placed on such forward-looking statements.

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

| | <u>6/30/2020</u> | <u>6/30/2019</u> |
|--|--------------------|------------------|
| <u>Selected Balance Sheet Data:</u> | <i>(unaudited)</i> | |
| Total assets | 473,766 | 431,120 |
| Investment securities | 57,015 | 84,347 |
| Loans receivable, net | 348,281 | 296,137 |
| Deposit accounts | 334,205 | 293,107 |
| Borrowings | 95,155 | 95,209 |
| Stockholders' equity | 38,979 | 37,914 |

| | Three months | | Year | |
|---|-----------------------|-------------|-----------------------|-------------|
| | ended June 30, | | ended June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| <u>Operating Results:</u> | <i>(unaudited)</i> | | <i>(unaudited)</i> | |
| Interest income | 4,205 | 4,301 | 16,942 | 16,826 |
| Interest expense | 1,035 | 1,155 | 4,592 | 4,389 |
| Net interest income | 3,170 | 3,146 | 12,350 | 12,437 |
| Provision for loan losses | 50 | 490 | 130 | 590 |
| Net interest income after provision | 3,120 | 2,656 | 12,220 | 11,847 |
| Noninterest income | 931 | 1,149 | 3,089 | 3,542 |
| Noninterest expense | 3,318 | 3,428 | 13,342 | 13,013 |
| Income before income taxes and cumulative effect of a change in accounting principle | 733 | 377 | 1,967 | 2,376 |
| Income taxes | 128 | 22 | 210 | 275 |
| Net income | 605 | 355 | 1,757 | 2,101 |