First Bancorp of Indiana, Inc. Announces Financial Results

EVANSVILLE, Ind., November 12, 2024. First Bancorp of Indiana, Inc. (OTCPK:FBPI), the holding company (the "Company") for First Federal Savings Bank (the "Bank"), reported earnings of $439,000 ($0.26 per diluted common share) for the first fiscal quarter ended September 30, 2024, compared to $738,000 ($0.44 per diluted common share) for the same quarter a year ago. Earnings for the three-month period equate to a return on average assets (ROA) of 0.28% and a return on average equity (ROE) of 5.40%. This compares to an annualized ROA of 0.47% and an annualized ROE of 9.80% last fiscal year.

Net interest income improved from the prior year. Increased yields on earning assets, provided by higher interest rates on newly originated loans and adjustable-rate loans that have repriced upward, outpaced higher funding costs. The Company's Net Interest Margin (NIM), as a percentage of average interest-earning assets, was 2.67% for the quarter ended September 30, 2024. Gains on loan sales declined in the most recent quarter as higher loan rates slowed loan origination volume. The sale of a pool of investment securities resulted in a gain of $30,700 in the first fiscal quarter. The modest year over year rise in total non-interest expenses was largely the result of increased professional fees and data processing costs.

The securities portfolio, which is primarily composed of investment-grade municipal bonds or obligations of US government agencies, declined to $92.8 million on September 30, 2024, following the sale of $5.3 million of securities in August.

Net loans outstanding have increased $2.8 million during the quarter ended September 30, 2024. Commercial loan production slowed to $4.2 million for the three-month period. Single-family mortgage loan production added $15.1 million during the same timeframe, with construction lending accounting for nearly one-third of this activity. Consumer lending originations, which included auto loans, personal loans, and home equity loans and lines of credit, totaled $5.0 million. The $478.2 million of net loans on September 30, 2024, included $624,100 of loans committed for sale to either Fannie Mae or the Federal Home Loan Bank.

No provision for credit losses on loans was recorded in the three months ended September 30, 2024. Net loan chargeoffs totaled $75,800 for the quarter. The ratio of nonperforming loans 90 days or more delinquent to total loans was 1.60% on September 30, 2024, compared to 1.35% a year ago. Overall, the Allowance for Credit Losses, including reserves for investment securities and unfunded commitments, stood at $5.58 million at quarter end. The portion of the allowance attributed to the loan portfolio represented 1.11% of at-risk loans. Although management believes that the allowance is adequate, a slowing economy 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 to the allowance, as necessary.

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

Selected Balance Sheet Data:	**9/30/2024**	**6/30/2024**
	(unaudited)	
Total assets	635,859	635,318
Investment securities	92,781	95,221
Loans receivable, net	478,154	475,323
Deposit accounts	468,769	465,606
Borrowings	120,910	129,894
Stockholders' equity	34,768	31,537

	Three months ended September 30,	
Selected Operating Data:	**2024**	**2023**
	(unaudited)	*(unaudited)*
Interest income	8,113	7,601
Interest expense	4,216	3,749
Net interest income	3,897	3,852
Provision for credit losses	0	(236)
Net interest income after provision	3,897	4,088
Noninterest income	906	1,030
Noninterest expense	4,435	4,366
Income before income taxes and cumulative effect of a change in accounting principle	368	752
Income taxes	(71)	14
Net income	439	738

Deposit accounts, totaling $468.8 million on September 30, 2024, have increased by $3.2 million since the beginning of the fiscal year. Competition for funding, both in local markets and at the wholesale level, has driven deposit rates upward and pushed the Bank's cost of deposits to an annualized 2.71% for the quarter. Similarly, the Company's total cost of funds, including FHLB advances and debt of the holding company, totaled an annualized 2.89% for the same period.

As a part of the Bank's Liquidity Management Plan, contingency funding sources are available and liquidity stress tests determine adequacy. First Federal Savings Bank maintains lines of credit at multiple institutions and additional borrowing capacity with the Federal Reserve Bank's discount window and the FHLB.

Stockholders' equity totaled $34.8 million on September 30, 2024, which includes a $7.4 million fair value reduction to the available for sale securities portfolio given the rapid rise in market interest rates. This securities portfolio adjustment is not a part of the regulatory capital calculations. Gains or losses in the securities portfolio are recognized when a security is sold. Based on the 1,685,519 outstanding common shares on September 30, 2024, the book value per share of FBPI stock was $20.63.

At September 30, 2024, the Bank's Tier 1 Leverage, Tier 1 Risk Based and Total Risk Based Capital ratios were 8.36%, 11.76% and 12.98%, respectively.

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 execute our strategy to conserve capital, enhance liquidity and earnings, and reduce higher funding costs; 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 in order to do so; changes in the demand for loans; deposits and other financial services that we provide; the possibility that future credit losses may be higher than currently expected; 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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