## First Bancorp of Indiana, Inc. Announces Financial Results

EVANSVILLE, Ind., April 28, 2023. First Bancorp of Indiana, Inc. (OTCPK:FBPI), the holding company (the "Company") for First Federal Savings Bank (the "Bank"), reported earnings of \$623,000 (\$0.37 per diluted common share) for the third fiscal quarter ended March 31, 2023, compared to \$482,000 (\$0.28 per diluted common share) for the same quarter a year ago. Likewise, earnings for the first nine months of Fiscal 2023 totaled \$2.39 million (\$1.42 per diluted common share), compared to \$1.96 million (\$1.13 per diluted common



share) last fiscal year-to-date. Earnings for the nine-month period equates to an annualized return on average assets (ROA) of 0.57% and a return on average equity (ROE) of 10.25%. This compares to an annualized ROA of 0.55% and an annualized ROE of 6.29% for the corresponding timeframe last fiscal year.

Net interest income for the first three quarters of the fiscal year was 22.9% higher than the previous corresponding period. Improved yields on earning assets, thanks to the higher interest rates on newly originated and variable rate loans and investments, were compounded by growth in the balance sheet. Funding costs have also risen in recent quarters as depositors migrated to higher-yielding CD products. The Company's Net Interest Margin (NIM), as a percentage of average interest-earning assets, was 3.10% for the current quarter and 3.23% for the nine months ending March 31, 2023. Noninterest income was largely reduced for the same timeframe by lower gains on loan sales. Total noninterest expense was 13.0% higher year over year – primarily attributed to increased personnel costs and occupancy expenses

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

	3/31/2023	6/30/2022
Selected Balance Sheet Data:	(unaudited)	50
Total assets	588,695	518,480
Investment securities	113,992	112,054
Loans receivable, net	412,784	347,389
Deposit accounts	435,998	389,675
Borrowings	111,815	90,769
Stockholders' equity	33,214	32,588

	Three months ended March 31,		Nine months ended March 31,	
	2023	2022	2023	2022
Operating Results:	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income	6,223	3,933	17,265	11,938
Interest expense	2,116	623	4,779	1,779
Net interest income	4,107	3,310	12,486	10,159
Provision for loan losses	75	0	120	50
Net interest income after provision	4,032	3,310	12,366	10,109
Noninterest income	762	901	2,442	3,080
Noninterest expense	4,190	3,668	12,290	10,876
Income before income taxes and cumulative				
effect of a change in accounting principle	604	543	2,518	2,313
Income taxes	-19	61	129	356
Net income	623	482	2,389	1,957

between the comparative periods. The bank's efficiency ratio for the first nine months of Fiscal 2023 improved to 76.1% from 79.3% last fiscal year.

"We are proud of the results delivered this quarter and remain optimistic about the future, despite the current economic conditions and the fact that the Fed Funds rate has increased 5.00% in the last 12 months," stated Michael H. Head, President and CEO. "We have successfully attracted additional depositors, extended loans to more customers, and increased earnings for our shareholders. Despite the challenging banking environment, our team of community bankers stands ready to help customers meet their financial goals."

During the prior fiscal year, the board of directors approved a leveraging strategy to increase earnings. The elevated deposit and liquidity levels at that time were utilized to increase investment securities holdings and meet loan demand. Proceeds from the Company's \$12 million subordinated debt offering and wholesale deposits acquired by the Bank funded additional growth. The securities portfolio, primarily composed of investment-grade municipal bonds or obligations of US government agencies, totaled \$114.0 million on March 31, 2023.

Despite a rising interest rate environment, net loans outstanding have increased \$65.4 million, or 18.8%, during the first nine months of the fiscal year. The \$412.8 million of net loans on March 31, 2023, included \$143,000 of loans committed for sale to either Fannie Mae or the Federal Home Loan Bank (FHLB).

Loan origination volume for the nine months ended March 31, 2023, has increased 26.5% over the corresponding period last fiscal year. Commercial loan production, including \$12.9 million participated with other banks, rose to \$77.4 million for the period. Single-family mortgage loan production totaled \$59.1 million during the same timeframe. A lack of housing supply in the local market has been largely offset by increased housing construction activity. Consumer lending originations, which included auto loans, personal loans, and home equity loans and lines of credit, added \$18.0 million.

Despite increases in nonperforming loans, the credit quality of the loan portfolio remained strong. Charged off loans totaled less than \$5,000 for the quarter, and a net recovery was recorded for the fiscal year. The ratio of nonperforming loans 90 days or more delinquent to total loans was 0.25% at March 31, 2023, compared to 0.16% a year ago. Due to growth in the loan portfolio, \$120,000 of provisions for loan losses were recorded during the fiscal year. The allowance for loan losses, at \$3.61 million, represented 0.90% of at-risk loans. Although management believes that the allowance is adequate, a slowing economy, removal of government stimulus, and persistent inflation may 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.

Deposit accounts, totaling \$436.0 million on March 31, 2023, have increased 11.9% since the beginning of the fiscal year. Competition for funding, both in local markets and at the wholesale level, has driven deposit rates higher and pushed the Bank's cost of deposits to an annualized 0.95%. Similarly, the Company's total cost of funds, including higher-costing FHLB advances and debt of the holding company, increased to an annualized 1.23% for the nine months ended March 31, 2023.

As a part of the Bank's Liquidity Management Plan, contingency funding sources are maintained, and liquidity stress scenarios are considered. First Federal Savings Bank maintains lines of credit at multiple institutions and has excess borrowing capacity at FHLB. The Bank also has access to, but has not utilized, the Federal Reserve's discount window and the newly announced Bank Term Funding Program.

Stockholders' equity totaled \$33.2 million on March 31, 2023, which includes a \$9.0 million fair value reduction to the available for sale securities portfolio given the rapid rise in market interest rates. Notably, this adjustment is excluded from regulatory capital calculations, and gains or losses are only realized if a security is sold. Based on the 1,666,584 outstanding common shares on March 31, 2023, the book value per share of FBPI stock was \$19.93. Shareholders were rewarded with a 3.23% increase in the quarterly dividend rate, beginning with the September 2022 dividend, and 33,832 shares of Company stock were repurchased in the first nine months of the fiscal year.

At March 31, 2023, First Federal Savings Bank's Community Bank Leverage Ratio (CBLR) was 9.08%, thanks in part to a \$7.5 million capital contribution by the Company last fiscal year. The Bank comfortably exceeds the applicable regulatory standards to be considered "well-capitalized".

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.