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ANNUAL REPORT



PRESIDENT'S MESSAGE

Fellow Stockholders:

Unquestionably, we are in the midst of a challenging economic environment that has seen a government takeover of Fannie Mae and Freddie Mac, the bankruptcy of Lehman Brothers, and the acquisitions of Bear Stearns, Merrill Lynch, Wachovia Bank, and Washington Mutual by other financial behemoths. In the previous fiscal year we were challenged by the low interest rate spreads and an uncertain housing market. The latter also plagued the economy in the fiscal year ended June 30, 2008, and continues today. As Congress and the American people debate the merits of the recently enacted Emergency Economic Stabilization Act of 2008, there is a general consensus that the markets will stabilize from Wall Street to southern Indiana.

In addition to the financial uncertainty, our local economies have had to deal with flooding, wind storm damage, loss of crops, and employee layoffs. We are working with customers to keep them in their homes and businesses while maintaining our solid financial position. Our company was founded in 1904 and throughout our many years we've focused on preserving a strong capital base built on conservative banking practices. Furthermore, we are committed to maintaining prudent loan loss reserves during this uncertain economic time.

We have been focused on generating fee income and increasing our net interest margin while at the same time looking to add quality loans to our portfolio. Given the economy over the past year, I'm encouraged, but not satisfied, that our core earnings for fiscal 2008 were up 55% from fiscal 2007, even taking into consideration \$670,000 of additional provisions in the fourth quarter for expected losses on two commercial loan relationships.

In my letter to you last year, I outlined several product initiatives aimed at increasing the Bank's personal and business product lines, and providing additional fee income or reducing expenses. One year later, I am very pleased that these initiatives have been well received by our individual and commercial customers and have positively impacted the Bank. Four initiatives, in particular, stand out:

- "Gonzo checking", a high interest checking account driven by debit card usage. Of the \$13.8 million in that account at June 30, 2008, 77% of the deposits were new money to the Bank.
- Implementation of electronic statements or "e-statements". At June 30, 2008, 1,650 accountholders or 16.9% of eligible accountholders had registered for "e-statements". The cost of "e-statements" is less than 20% that of normal mailed statements.
- "OOPS" our Occasional Overdraft Privilege Service. "OOPS" has increased fee income generated from checking account customers by 87% in the fiscal year ended June 30, 2008.
- First Federal Investment Professionals. First Federal Investment Professionals has benefited the Bank by having investment options available to our customers in addition to those offered by the Bank. First Federal Investment Professionals has helped to develop new customers and revenues for the Bank.

During the past twelve months, the Company completed the process of de-registration from the Securities and Exchange Commission and delisting of our stock from trading on the NASDAQ exchange. It is our intention to continue to communicate to you, our shareholders, through press releases on earnings reports, dividend payments, stock repurchases and other significant events. Copies our audit report, financial statements and the items previously mentioned will be available on our website at www.firstfedevansville.com under the Investor Information link.

Management will remain receptive of ways to increase efficiencies and profitability within the Company during these uncertain economic times while at the same time providing the services our individual and commercial customers need. I thank you for your investment in First Bancorp of Indiana, Inc.

A handwritten signature in black ink that reads "Mike".

Michael H. Head
President and CEO
First Bancorp of Indiana, Inc.

AT OR FOR THE YEAR ENDED

June 30, 2008 June 30, 2007 June 30, 2006

SELECTED BALANCE SHEET DATA
(\$ Thousands)

Total Assets	\$377,346	\$362,992	\$294,551
Other investment securities	38,730	44,602	34,076
Mortgage-backed securities	53,021	35,496	36,645
Loans receivable, net	226,474	233,237	186,752
Deposits	244,053	251,234	189,341
Borrowings	95,655	72,496	73,000
Stockholders' Equity	31,575	34,218	28,206

SELECTED INCOME STATEMENT DATA
(\$ Thousands)

Interest income	\$20,954	\$19,295	\$14,228
Interest expense	12,928	11,948	7,647
Net interest income	8,026	7,347	6,581
Provision for loan losses	1,090	400	362
Noninterest income	2,249	2,008	2,652
Noninterest expense	8,274	8,377	6,910
Income before income taxes	911	578	1,961
Provision for income taxes	107	60	621
Net Income	\$804	\$518	\$1,340

PERFORMANCE RATIOS

Return on average assets	0.22%	0.15%	0.48%
Return on average equity	2.36	1.59	4.62
Net interest margin	2.39	2.35	2.57
Average interest-earning assets to average interest-bearing liabilities	105.17	106.50	107.91
Earnings per share, fully-diluted	\$0.45	\$0.30	\$0.87

ASSET QUALITY RATIOS

Nonperforming loans to total loans	0.59%	0.14%	0.40%
Nonperforming assets to total assets	0.43	0.10	0.28
Allowance for loan losses to total loans	0.68	0.45	0.45
Allowance for loan losses to nonperforming loans	114.44	326.69	110.44

CAPTIAL RATIOS

Average equity to average assets	9.19%	9.47%	10.28%
Equity to total assets	8.37	9.43	9.58
Tangible and core capital (bank only)	7.60	7.23	8.99
Risk-based capital (bank only)	11.99	10.81	12.66

SHAREHOLDER DATA

Weighted average shares outstanding: (for the year ended)

Basic	1,773,224	1,708,422	1,494,710
Diluted	1,784,376	1,738,032	1,543,034
Outstanding shares (issued less treasury shares) at June 30	1,747,888	1,840,901	1,554,768

BOARD OF DIRECTORS

Harold Duncan	Chairman of the Board
Michael H. Head	President and CEO, First Federal Savings Bank
Timothy A. Flesch	President and CEO, St. Mary's Health System
E. Harvey "Skip" Seaman III	President and CEO, Product Acceptance & Research
David E. Gunn, CPA	President, Gunn Group, LLC
Daniel L. Schenk	Chancellor, Ivy Tech Community College
Jerome A. Ziemer	President, Ziemer Funeral Homes
Gregory L. Haag	President, Haag Heating & Air Conditioning, Inc.

EXECUTIVE MANAGEMENT

OFFICERS OF FIRST BANCORP OF INDIANA, INC.

Michael H. Head	President and CEO
Kirby W. King	Vice President
George J. Smith	Treasurer and CFO
Ruthanne Orth	Corporate Secretary

OFFICERS OF FIRST FEDERAL SAVINGS BANK

Michael H. Head	President and CEO
Kirby W. King	Executive Vice President and COO
George J. Smith	Executive Vice President and CFO
Dale Holt	Senior Vice President
Julie R. List	Senior Vice President
Monica L. Stinchfield	Senior Vice President
Richard S. Witte	Senior Vice President
Ruthanne Orth	Vice President and Corporate Secretary

GENERAL COUNSEL

Bamberger, Foreman,
Oswald & Hahn, LLP
20 NW 4th Street
Evansville, Indiana 47708

SECURITIES COUNSEL

Kilpatrick Stockton LLP
Suite 900
607 14th Street, NW
Washington, DC 20005-2018

INDEPENDENT AUDITORS

BKD LLP
400 Cross Pointe Blvd.
Evansville, Indiana 47715

TRANSFER AGENT

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

AUDITED FINANCIAL INFORMATION

The audited financial statements will be available for viewing or printing at:
www.firstfedevansville.com

A copy may also be requested by writing to:
George J. Smith, Treasurer and Chief Financial Officer,
First Bancorp of Indiana, Inc., P.O. Box 1111, Evansville, IN 47706-1111

BANK LOCATIONS



Corporate Headquarters

5001 Davis Lant Drive
(812) 492-8104

Franklin Street Office

2200 W. Franklin St.
(812) 492-8102

North Park Office

4451 N. First Ave.
(812) 492-8105

Newburgh Office

Highway 66 in Bell Oaks
(812) 492-8106

Bellemeade Office

4601 Bellemeade Ave.
(812) 492-8107

University West Office

4615 University Dr.
(812) 492-8108

St. Philip Office

2950 St. Philip Road South
(812) 492-8109



Petersburg Office

501 Main Street
(812) 354-8713

Washington Office

200 E. VanTrees Street
(812) 254-2641