



Company Press Release

First Bancorp of Indiana, Inc. Announces Financial Results

EVANSVILLE, Ind., July 17, 2008. First Bancorp of Indiana, Inc., (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of \$372,000 for the fourth fiscal quarter ended June 30, 2008, compared to net income of \$355,000 in the preceding quarter and a \$73,000 net loss for the fourth quarter of fiscal 2007. For the fiscal year ended June 30, 2008, net income totaled \$1.16 million versus \$518,000 for fiscal 2007. The increased earnings in fiscal 2008 were attributed largely to an improved net interest margin and fee income enhancements. President Michael Head stated, "I'm pleased with the Company's improved performance considering the current economic climate in the banking industry. Fortunately, First Federal has never engaged in sub-prime mortgage lending. While we certainly aren't immune to credit losses, we continue to closely monitor the performance of our loan portfolio and believe our overall asset quality to be sound."

Earnings for the year ended June 30, 2008, represented \$0.65 per average outstanding share (diluted) compared to \$0.30 the preceding fiscal year. The company repurchased 60,065 shares of common stock during the twelve months ended June 30, 2008, through stock repurchase programs, of which, the most recent was announced in June 2008. In addition, 39,800 shares were retired via the reverse stock split completed in May 2008. Also, 6,852 option shares were exercised in fiscal 2008. These transactions resulted in 1,747,888 shares outstanding at June 30, 2008. The Company paid dividends totaling 75.5 cents in fiscal 2008 including a quarterly dividend of 15.5 cents this past June after having paid dividends semi-annually since 2000.

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>6/30/2008</u>	<u>6/30/2007</u>
<u>Selected Balance Sheet Data:</u>	<i>(unaudited)</i>	
Total assets	377,926	362,992
Investment securities	38,730	44,602
Mortgage-backed securities	53,021	35,496
Loans receivable, net	226,975	233,237
Deposit accounts	244,053	251,234
Borrowings	95,655	72,496
Equity capital	31,935	34,218

	<u>Year ended June 30,</u>	<u>2008</u>	<u>2007</u>
<u>Selected Operating Data:</u>	<i>(unaudited)</i>		
Interest income	20,954	19,295	
Interest expense	12,928	11,948	
Net interest income	8,026	7,347	
Provision for loan losses	510	400	
Net interest income after provision	7,516	6,947	
Noninterest income	2,249	2,008	
Noninterest expense	8,274	8,377	
Income before income taxes and cumulative effect of a change in accounting principle	1,491	578	
Income taxes	328	60	
Net income	1,163	518	

	<u>At or for the year</u>	<u>ended June 30,</u>	<u>2008</u>	<u>2007</u>
<u>Selected Financial Ratios:</u>	<i>(unaudited)</i>			
<i>Performance Ratios:</i>				
Return on average assets	0.31%	0.15%		
Return on average equity	3.42%	1.59%		
Basic earnings per share	0.66	0.30		
Diluted earnings per share	0.65	0.30		
Interest rate spread	2.19%	2.10%		
Net interest margin	2.39%	2.35%		
Other expenses as a % of average total assets	2.23%	2.43%		
<i>Asset Quality Ratios:</i>				
Nonperforming loans as a % of total loans	0.20%	0.14%		
Nonperforming assets as a % of total assets	0.22%	0.10%		
Allowance for loan losses as a % of total loans	0.46%	0.45%		
Allowance for loan losses as a % of nonperforming loans	228.45%	326.69%		

For further information:
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