

## Company Press Release

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

EVANSVILLE, Ind., July 29, 2011. First Bancorp of Indiana, Inc., (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of \$265,000 for the for the quarter ended June 30, 2011, compared to net income of \$365,000 in the same quarter last year. For the fiscal year, the Company recognized net income of \$903,000 versus \$1.39 million in fiscal 2010. Loan portfolio contraction and lower yields from the prolonged low rate environment contributed to the lower comparative quarterly and fiscal year results. In addition, impairment charges recorded on certain investment securities reduced net income approximately \$443,000 and \$278,000 in fiscal years 2011 and 2010, respectively. Excluding the pre-tax impairment charges, noninterest income in fiscal 2011 improved \$476,000 from the preceding year. Despite distributing \$875,000 of capital to First Bancorp, First Federal's tier one capital increased \$665,000 in fiscal 2011. At 9.1%, First Federal's tier one capital ratio was well in excess of the 5% regulatory standard for "well-capitalized" financial institutions. The bank's other capital measurements also continue to comfortably exceed "well-capitalized" standards.

Earnings for the year ended June 30, 2011, represented \$0.52 per average outstanding share (diluted) compared to \$0.80 the preceding fiscal year. Absent the impairment charges, which do not represent realized losses and the eventual recovery of the total investment is possible, respective earnings per share in fiscal years 2011 and 2010 would have been \$0.25 and \$0.16 higher. The Company has paid a cash dividend of 15.5 cents each quarter the past three fiscal years. President and CEO Mike Head observed "By keeping our focus squarely on our southwestern Indiana markets as we have every year since 1904, we've been able to weather the economic turmoil of the past few years. Although the Dodd-Frank legislation will present new challenges to our industry, I believe the Company and First Federal are well-positioned to improve tangible earnings in the coming year and beyond."

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)

<b><u>Selected Balance Sheet Data:</u></b>	<b><u>6/30/2011</u></b>	<b><u>6/30/2010</u></b>
	<i>(unaudited)</i>	
Total assets	357,045	343,753
Investment securities	126,647	107,138
Loans receivable, net	150,019	170,722
Deposit accounts	234,949	211,645
Borrowings	83,155	95,155
Stockholders' equity	33,077	32,828

<b><u>Operating Results:</u></b>	<b><u>Three months</u></b>		<b><u>Year</u></b>	
	<b><u>ended June 30,</u></b>		<b><u>ended June 30,</u></b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income	3,493	4,012	14,471	17,370
Interest expense	1,387	1,766	6,092	7,734
Net interest income	2,106	2,246	8,379	9,636
Provision for loan losses	150	105	550	1,150
Net interest income after provision	1,956	2,141	7,829	8,486
Noninterest income	670	626	2,391	2,189
Noninterest expense	2,333	2,355	9,333	9,172
Income before income taxes and cumulative effect of a change in accounting principle	293	412	887	1,503
Income taxes	28	47	-16	112
Net income	265	365	903	1,391