

Company Press Release

First Bancorp of Indiana, Inc. Announces Financial Results

EVANSVILLE, Ind., July 22, 2013. First Bancorp of Indiana, Inc., (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of \$353,000 for the for the quarter ended June 30, 2013, compared to net income of \$243,000 in the same quarter last year. Tax adjustments for prior periods reduced last year's comparative quarter by \$64,000. For the fiscal year ended June 30, 2013, the Company recognized net income of \$1.6 million versus \$1.1 million the preceding fiscal year. Fiscal 2013 earnings represented \$0.92 per average outstanding share, an increase of \$0.29. Net interest income improved 4.1% in fiscal 2013 as reduced funding costs compensated for lower yields on loans and investments.

Although noninterest income for the fourth fiscal quarter was little changed from the same quarter last year, the total for the fiscal year ended June 30, 2013, improved 19.4% from fiscal 2012. The annual improvement was attributed in large part to gains from sales of newly originated mortgage loans, income generated from a growing retail deposit base, and reduced impairment charges recorded on certain investment securities. These impairment charges, which totaled \$51,000 and \$202,000 the past two fiscal years respectively, do not represent realized losses and the eventual recovery of a portion of the charges is possible. Finally, costs associated with a new operations center, a new branch facility in Petersburg, Indiana, and additional staffing needs were largely responsible for the 4.8% increase in noninterest expenses for the comparative fiscal years.

At approximately 8.8%, First Federal's tier one capital ratio at June 30, 2013, was well in excess of the five percent regulatory standard for "well-capitalized" financial institutions. The bank's other capital measurements also continue to comfortably exceed "well-capitalized" standards. In addition, First Bancorp has paid a cash dividend of 15.5 cents per outstanding share for twenty-one consecutive quarters.

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>6/30/2013</u> | <u>6/30/2012</u> |
|--|--------------------|------------------|
| <u>Selected Balance Sheet Data:</u> | <i>(unaudited)</i> | |
| Total assets | 378,012 | 381,186 |
| Investment securities | 87,376 | 115,680 |
| Loans receivable, net | 213,994 | 182,381 |
| Deposit accounts | 254,948 | 269,197 |
| Borrowings | 73,155 | 73,155 |
| Stockholders' equity | 34,454 | 34,778 |

| | Three months | | Year | |
|---|-----------------------|--------------------|-----------------------|--------------------|
| | ended June 30, | | ended June 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| <u>Operating Results:</u> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Interest income | 3,218 | 3,392 | 13,086 | 13,697 |
| Interest expense | 855 | 1,106 | 3,719 | 4,699 |
| Net interest income | 2,363 | 2,286 | 9,367 | 8,998 |
| Provision for loan losses | 100 | 25 | 380 | 345 |
| Net interest income after provision | 2,263 | 2,261 | 8,987 | 8,653 |
| Noninterest income | 914 | 903 | 3,834 | 3,210 |
| Noninterest expense | 2,829 | 2,859 | 11,190 | 10,675 |
| Income before income taxes and cumulative effect of a change in accounting principle | 348 | 305 | 1,631 | 1,188 |
| Income taxes | -5 | 62 | 26 | 81 |
| Net income | 353 | 243 | 1,605 | 1,107 |