

## Company Press Release

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

EVANSVILLE, Ind., January 24, 2014. First Bancorp of Indiana, Inc., (OTCBB:FBPI), the holding company for First Federal Savings Bank, reported earnings of \$321,000 for the quarter ended December 31, 2013, compared to net income of \$349,000 in the same quarter last year. The quarter-over-quarter change was attributed largely to higher overhead expenses and reduced noninterest income, particularly gains from the sale of loans. These items were partially offset by a small increase in net interest income. Additionally, improving asset quality reduced the need for additional provisions for loan losses.

Net interest income for the six months ended December 31, 2013, improved 2.5% from the same period last fiscal year as a decrease in the cost of funds more than offset lower interest revenue. During the past year net loans grew 7.0% to help mitigate margin compression related to the low interest rate environment. Noninterest income declined 10.2% between the six-month periods due to reduced gains from the sale of loans as far fewer borrowers sought to refinance their mortgage loans. Finally, costs associated with a new operations center, a new branch facility in Petersburg, Indiana, and additional staffing needs were largely responsible for the 3.7% increase in noninterest expenses.

At approximately 8.7%, First Federal's tier one capital ratio 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 paid a dividend of 15.5 cents per outstanding share for the 23<sup>rd</sup> consecutive quarter.

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.

CONTACT: Michael H. Head, President and CEO, First Bancorp of Indiana, 812-492-8100.

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

	<u>12/31/2013</u>	<u>6/30/2013</u>
<b><u>Selected Balance Sheet Data:</u></b>	<i>(unaudited)</i>	
Total assets	378,597	376,940
Investment securities	98,181	87,376
Loans receivable, net	225,453	213,994
Deposit accounts	264,024	264,948
Borrowings	73,155	73,155
Stockholders' equity	34,143	34,454

	<b>Three months</b>		<b>Six months</b>	
	<b>ended December 31,</b>		<b>ended December 31,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b><u>Operating Results:</u></b>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income	3,232	3,307	6,493	6,681
Interest expense	839	954	1,681	1,987
Net interest income	2,393	2,353	4,812	4,694
Provision for loan losses	10	120	130	225
Net interest income after provision	2,383	2,233	4,682	4,469
Noninterest income	823	885	1,715	1,909
Noninterest expense	2,884	2,772	5,787	5,578
Income before income taxes and cumulative effect of a change in accounting principle	322	346	610	800
Income taxes	1	(3)	(11)	19
Net income	321	349	621	781