



Annual Report

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PRESIDENT'S MESSAGE

Fellow Stockholders:

As Yogi Berra, the New York Yankees' Hall of Fame catcher once quipped, "It's déjà vu all over again". The challenges that gripped our national economy in 2009 still exist and, in the case of unemployment, have worsened. Locally, we have experienced the increase in unemployment with the closing of the Whirlpool plant on Highway 41 North that resulted in a loss of nearly 1,100 jobs. In 2009, 140 banks insured by the Federal Deposit Insurance Corporation (FDIC) failed. Through August of 2010, the number of bank failures has increased to almost 15 per month or 119 banks through the end of August.

We are continually challenged by historically low interest rates. Recently, the quoted 30 year fixed-rate mortgage loan rate was 3.75%. The Dow tested the 10,000 mark on a couple occasions during the past few months but has since rallied to over 10,700 as of this writing. Concerns over job creation and the tepid pace of economic growth continue to put downward pressure on rates. The past month has seen the yield on the ten-year treasury range between 2.50% and 2.75% and the spread between the two- and ten-year treasury notes flatten to about 210 basis points. Given the stagnant housing market, continued high unemployment, and low consumer confidence, most economists don't foresee the Fed increasing the fed funds rate until late 2011 or beyond.

Last year, Congress, in response to the economic uncertainty caused by the 2008 collapse of the financial markets, proposed various new agencies and laws in an effort to strengthen the financial climate and calm fears. Congress passed and the President signed the Frank-Dodd Financial Reform Act which created the Consumer Financial Protection Bureau. The Bureau is charged with creating and enforcing regulations designed to protect consumers from predatory bank practices. The 2,100 page law is anticipated to spawn over 5,000 pages of consumer regulation. In anticipation of the regulatory burden from this act, we have created and staffed a new full-time Compliance Officer position. In previous years, this function was spread between several different officers.

Also last year, the FDIC temporarily increased the deposit insurance coverage from \$100,000 to \$250,000 in the event a bank would fail. Congress recently made this increased coverage permanent. In addition to increasing the deposit insurance premiums, the FDIC required all insured banks to prepay the sum of three years of premiums to keep the insurance fund solvent. For our company, this amounted to \$1.6 million. Annually, the FDIC will re-examine the bank's deposit balances and could require additional premiums. The FDIC could also impose another special assessment on banks or utilize a line of credit from the Treasury Department if more banks than expected should fail.

As with most other financial institutions, the economic conditions during the past few years have led to a deterioration of credit quality in our loan portfolio. The Company is committed to maintaining prudent loan loss reserves. To this end, the bank set aside \$1,150,000 and \$1,800,000, respectively, in the two most recent fiscal years. Even though the timetable for economic recovery is uncertain, Management will vigilantly maintain adequate loan loss reserves to combat unforeseen portfolio problems.

While we seem to be surrounded by doom and gloom, Management has worked very hard to control expenses and increase fee income as our net interest margin has begun to shrink. Earnings for fiscal 2010 were \$1,391,000 or \$0.80 per fully diluted share compared to \$1,355,000 or \$0.79 per fully diluted share in fiscal 2009.

At fiscal year end, the Bank's core capital ratio was 9.22% compared to 8.40% at June 30, 2009, and the Bank's risk-based capital ratio improved to 14.25% from 12.79% a year earlier. These capital ratios exceed the minimum regulatory requirements of 4% for core capital and 8% for risk-based capital, and qualify First Federal Savings Bank as well-capitalized under federal regulatory standards.

During the past year, James L. Will, Jr., rejoined the Board of Directors of both the Bank and Holding Company after a seven-year absence. Mr. Will, the former owner and manager of a local insurance agency, had previously served as a board member from March 1987 through April 2003.

Jerome A. Ziemer, who has served as a member of the Board of Directors since April 1979, will retire from active service due to the age restrictions in the Company's by-laws. After 31 years of service, we thank him for his commitment and many contributions to our success. Mr. Ziemer will remain a part of the First Bancorp and First Federal families serving as a Director Emeritus.

Management will remain focused on investigating ways to increase efficiencies and profitability during these uncertain economic times while at the same time providing the services our personal and business customers need. I thank you for your investment in First Bancorp of Indiana, Inc.

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



2010 FINANCIAL HIGHLIGHTS
SELECTED FINANCIAL DATA

AT OR FOR THE YEAR ENDED

June 30, 2010 June 30, 2009 June 30, 2008

SELECTED BALANCE SHEET DATA

(\$ Thousands)

Total Assets	\$343,753	\$358,647	\$377,346
Investment securities.....	107,138	91,499	91,751
Loans receivable, net.....	170,722	204,252	226,474
Deposits.....	211,645	228,748	244,053
Borrowings.....	95,155	95,655	95,655
Stockholders' Equity.....	32,828	28,949	31,575

SELECTED INCOME STATEMENT DATA

(\$ Thousands)

Interest income.....	\$17,370	\$19,726	\$20,954
Interest expense.....	7,734	9,881	12,928
Net interest income	9,636	9,845	8,026
Provision for loan losses	1,150	1,800	1,090
Noninterest income	2,189	2,315	2,249
Noninterest expense	9,172	8,826	8,274
Income before income taxes	1,503	1,534	911
Provision for income taxes.....	112	179	107
Net Income.....	\$1,391	\$1,355	\$804

PERFORMANCE RATIOS

Return on average assets	0.39%	0.37%	0.22%
Return on average equity	4.43	4.60	2.36
Net interest margin.....	3.03	2.99	2.39
Average interest-earning assets to average interest-bearing liabilities.....	104.32	104.10	105.17
Earnings per share, fully-diluted.....	\$0.80	\$0.79	\$0.45

ASSET QUALITY RATIOS

Nonperforming loans to total loans.....	1.27%	0.98%	0.59%
Nonperforming assets to total assets.....	1.64	1.46	0.43
Allowance for loan losses to total loans.....	1.12	0.84	0.68
Allowance for loan losses to nonperforming loans.....	87.82	85.67	114.44

CAPTIAL RATIOS

Average equity to average assets.....	8.87%	8.08%	9.19%
Equity to total assets	9.55	8.07	8.37
Tangible and core capital (bank only).....	9.22	8.40	7.60
Risk-based capital (bank only).....	14.25	12.79	11.99

SHAREHOLDER DATA

Weighted average shares outstanding: (for the year ended)

Basic.....	1,727,949	1,713,038	1,773,224
Diluted.....	1,729,173	1,713,497	1,784,376
Outstanding shares (issued less treasury shares) at June 30	1,750,978	1,742,452	1,747,888

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.
James L. Will, Jr.	Risk Manager, Gribbins Insulation Co.

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
Michael Griffin	Senior Vice President
Dale Holt	Senior Vice President
Julie R. List	Senior Vice President
Monica L. Stinchfield	Senior Vice President
Richard S. Witte	Senior Vice President
Rick Heldt	Senior Vice President and Controller
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

Monroe Shine & Co., Inc.
222 E. Market St.
New Albany, Indiana 47150

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