



2018

ANNUAL REPORT





PRESIDENT'S MESSAGE

Fellow Stockholders:

Last year I noted that despite near record low unemployment rates and strengthening consumer optimism there remained significant challenges in front of us. Events this past year confirmed that view.

The Federal Reserve has raised the fed funds rate seven times over the past two years while long-term rates have barely budged. This flattening yield curve naturally challenges the net interest margin. Nevertheless, First Bancorp's net interest income improved 9.3% in fiscal 2018 thanks to \$25.1 million of net loan growth. Although the commercial portfolio accounted for the vast majority of the loan growth, traditionally-underwritten single-family mortgage production of \$23.8 million was down only marginally from fiscal 2017 despite tighter inventories of existing homes.

As I'm sure you are aware, employee turnover is a costly consequence of doing business. Though difficult, we are working our hardest to attract and retain quality employees in the midst of an unemployment rate that is the lowest in 18 years. With that said, we have made strides in recent months to improve efficiencies thereby eliminating several positions as they become vacant.

Information Security remains a top priority for our organization. We continue to invest in software, hardware, and the skilled resources necessary to help protect customer personal information and maintain overall system integrity. Over the past fiscal year, we also have invested in an enhanced network topology for our branches to provide improved network redundancy. Furthermore, we have acquired additional mobile banking technologies to provide greater convenience and enhance your overall banking experience.

Although earnings increased only modestly in fiscal 2018, significant resources, financial and human, were expended to greatly improve the quality of the bank's assets. Through these efforts we were able to limit the loss from the failed business discussed in last year's letter as well as significantly reduce the level of nonperforming assets, particularly real estate acquired through borrower default. In addition, successful resolutions were reached on several other large troubled loans. I am confident that these efforts will reflect positively in our fiscal 2019 financial results.

Again this year the Company rewarded your trust by paying competitive quarterly dividends totaling 62 cents per share annually while maintaining a strong capital base. At June 30, 2018, First Federal's Tier 1 capital and total risk-based capital ratios were 8.4% and 12.7%, respectively. First Federal's capital ratios continue to comfortably exceed the Tier 1 capital requirement of 5% and the total risk-based minimum of 10% to qualify as well-capitalized under current federal regulations.

This past year saw the retirement of Kirby King after 19 years with First Federal. Kirby is a member of the Indiana Bankers Association's 40 Year Club and most recently served as First Federal's Executive Vice President and Chief Lending Officer. We thank Kirby for his service to the Company and wish him well in retirement.

Recently, John Zeidler, a well-respected local entrepreneur, accepted our invitation to become a member of the First Bancorp and First Federal Savings Bank boards of directors. John is probably best known as the president and owner of Tri-State Aero based at the Evansville Regional Airport. Welcome, John!

Through innovative product offerings, state-of-the-art technologies, and well-trained staff members, management and the board of directors are committed to our customers' and shareholders' complete satisfaction. We welcome you to stop by any of our nine convenient banking locations and, as always, I thank you for your investment in First Bancorp of Indiana, Inc.

A handwritten signature in black ink that reads "Mike".

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

AT OR FOR THE YEAR ENDED

June 30, 2018

June 30, 2017

June 30, 2016

SELECTED BALANCE SHEET DATA
(\$ Thousands)

Total Assets	\$434,533	\$422,239	\$397,754
Investment securities.....	84,486	90,815	93,463
Loans receivable, net	280,423	255,324	237,168
Deposits.....	294,640	278,443	251,585
Borrowings.....	100,155	103,155	103,155
Stockholders' Equity	35,326	36,560	38,136

SELECTED INCOME STATEMENT DATA
(\$ Thousands)

Interest income.....	\$14,915	\$13,773	\$13,970
Interest expense.....	3,263	3,108	2,984
Net interest income	11,652	10,665	10,986
Provision for loan losses	0	825	125
Noninterest income	3,155	3,239	3,596
Noninterest expense	13,706	12,437	12,136
Income before income taxes	1,101	642	2,321
Provision for income taxes.....	31	(259)	385
Net Income.....	\$1,070	\$901	\$1,936

PERFORMANCE RATIOS

Return on average assets.....	0.25%	0.22%	0.48%
Return on average equity	2.98	2.42	5.16
Net interest margin.....	3.04	2.91	2.99
Average interest-earning assets to average interest-bearing liabilities.....	110.11	112.01	110.85
Earnings per share, fully-diluted.....	\$0.61	\$0.51	\$1.11

ASSET QUALITY RATIOS

Nonperforming loans to total loans.....	0.81%	0.22%	0.50%
Nonperforming assets to total assets.....	0.96	0.77	1.21
Allowance for loan losses to total loans	0.71	1.18	0.95
Allowance for loan losses to nonperforming loans.....	87.03	542.96	190.15

CAPTIAL RATIOS

Average equity to average assets	8.51%	9.16%	9.26%
Equity to total assets	8.13	8.66	9.59
Tangible and core capital (bank only).....	8.39	8.59	8.76
Risk-based capital (bank only).....	12.73	13.83	13.70

SHAREHOLDER DATA

Weighted average shares outstanding: (for the year ended)			
Basic.....	1,749,165	1,749,165	1,749,165
Diluted.....	1,749,165	1,749,165	1,749,165
Outstanding shares (issued less treasury shares)			
at June 30	1,749,165	1,749,165	1,749,165

BOARD OF DIRECTORS

James L. Will, Jr.	Chairman of the Board
Timothy A. Flesch	Retired CEO, St. Mary's Health System
David E. Gunn, CPA	Managing Partner, The Accounting Group, LLC
Gregory L. Haag	President, Haag Heating & Air Conditioning, Inc.
Michael H. Head	President and CEO, First Federal Savings Bank
E. Harvey "Skip" Seaman III	President and CEO, Product Acceptance & Research
Dharmesh M. Patel, M.D.	Surgeon, Evansville Surgical Associates
Randall M. Schulz, CPA	Retired Vice President, Harding, Shymanski & Company
Amy B. Barron	Vice President, United Companies
John M. Zeidler	President, Tri-State Aero

EXECUTIVE MANAGEMENT

OFFICERS OF FIRST BANCORP OF INDIANA, INC.

Michael H. Head	President and CEO
George J. Smith	Treasurer and CFO
Ruthanne Orth	Corporate Secretary

OFFICERS OF FIRST FEDERAL SAVINGS BANK

Michael H. Head	President and CEO
George J. Smith	Executive Vice President and CFO
Christy McBride	Executive Vice President and COO
Michael Carter	Senior Vice President
Sarah Cox	Senior Vice President
Christopher Head	Senior Vice President
Rick Heldt	Senior Vice President
Jennifer Singleton	Senior Vice President
Monica L. Stinchfield	Senior Vice President
Kristina Toerne	Senior Vice President
Kim Trimborn	Senior Vice President
Ruthanne Orth	Vice President and Corporate Secretary

GENERAL COUNSEL

Kahn Dees Donovan & Kahn LLP
501 Main St
Suite 305
Evansville, Indiana 47708

SECURITIES COUNSEL

Kilpatrick Townsend & Stockton LLP
607 14th Street NW
Suite 900
Washington, DC 20005-2018

INDEPENDENT AUDITORS

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

TRANSFER AGENT

Computershare Trust Company, N.A.
462 South 4th Street, Suite 1600
Louisville, KY 40202

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