



Indiana Business BancorpSM

FOR IMMEDIATE RELEASE
August 5, 2011

INDIANA BUSINESS BANCORP REPORTS SECOND QUARTER RESULTS

Indianapolis, IN, August 5, 2011 – Indiana Business Bancorp (OTCBB: IBBI.OB), the holding company for Indiana Business Bank, announced results for the three and six months ended June 30, 2011.

The company recorded a profit of \$112,613 or \$.07 per share for the quarter. This compares to a net loss of (\$484,678) or (\$.32) per share, for the quarter ended June 30, 2010. This improvement is attributable to lower provision expense, and lower non-interest expense.

Net interest income for the second quarter of 2011 was 7% lower than the same quarter of 2010. The \$48,810 reduction is a result of a smaller loan portfolio as total loans outstanding at June 30, 2011 were approximately \$14,000,000 lower than June 30, 2010. The portfolio contraction reflects a continuation of management's decision to exit relationships with an unsatisfactory credit risk profile or yield to the bank. Additionally, management's strategy of selling the guaranteed portion of newly originated Small Business Administration (SBA) guaranteed loans in the secondary market reduced the size of our loan portfolio.

Non-interest income of \$103,851 for the quarter was \$93,751 less than the first quarter of 2010. However, the 2010 total includes a one-time legal settlement of \$106,250. Net of the 2010 settlement, non-interest income increased by \$12,499, or 14%. Non-interest income for the six month period ending June 30, 2011 was \$299,965, compared to \$234,031 for the same period of 2010. The year over year improvement in non-interest income was driven by increases in Gains on Sale of SBA Loans, from \$31,312 to \$178,246, and Other Real Estate Owned Income, from \$38,011 to \$65,836.

Non-interest expense (generally salaries and other operating expenses) declined by \$123,602, or 17%, compared to the same quarter of the prior year. Lower salary expense along with the renewal of several key service agreements at more attractive rates drove these savings.

The provision for loan losses declined from \$706,250 in the second quarter of 2010 to \$90,000 in the second quarter of 2011. This is the result of an improving credit environment and a smaller loan portfolio. At June 30, 2011, the allowance for loan losses was \$1,694,216, which represents 3% of total loans.

Non-performing assets (consisting of non-accrual loans, loans past due over 90 days and other real estate owned) dropped 51% from \$7,765,828 at June 30, 2010 to \$3,804,517 at June 30, 2011. This improvement is the result of the bank's liquidation of collateral, loan sales to third parties, as well as improvements in the operations of several borrowers.

The bank's regulatory capital ratios substantially exceeded the amounts needed to be considered "well capitalized" at June 30, 2011.

President and CEO James S. Young stated, "We continue to be pleased with our results this year. The combination of increased non-interest income, expense control and solid problem asset management is reflected in our year to date results. Although we need to continue our reduction of non-performing assets, I am pleased with the 50% reduction over the past year." Young added, "We will continue to pursue quality small business relationships, closely monitor our existing loan portfolio and maintain our low expense profile."

About Indiana Business Bancorp and Indiana Business Bank

Indiana Business Bancorp is a bank holding company whose operations are conducted through its subsidiary, Indiana Business Bank, a state-chartered, locally-owned and managed commercial bank formed for the purpose of providing highly-personalized banking services for small to medium-sized businesses, their owners and professional services firms in the Indianapolis, Indiana metropolitan area. The bank provides a full line of commercial banking loan, deposit, and cash management services that are delivered in a highly personalized manner by experienced banking professionals. The bank specializes in serving the commercial and consumer banking needs of small to medium sized businesses and their owners, and professionals located primarily throughout Central Indiana.

We routinely post important information for investors on our website, <http://www.indianabb.com> in the "About" section under "Investor Relations". We intend to use this website as a means of providing financial and other information to investors and other interested parties. Accordingly, investors should monitor our website, in addition to following our press releases and other presentations. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding Indiana Business Bank and Indiana Business Bancorp's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties which may cause actual results to differ materially from expected results, including: changes in general,

regional and local economic conditions, and their effect on interest rates; the impact of the downturn in housing and the adverse conditions in the credit markets; competition among banks and other financial intermediaries within the Indianapolis metropolitan market; risks that borrowers may default on their loans; and changes in regulations and accounting policies affecting financial institutions.

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Operating Data	As of and for the Three Months Ending June 30		As of and for the Six Months Ending June 30	
	2011	2010	2011	2010
Net Interest Income	683,432	732,242	1,374,132	1,465,123
Provision for Loan Losses	90,000	706,250	280,000	1,266,520
Noninterest Income	103,851	197,602	299,965	234,031
Noninterest Expense	584,670	708,272	1,183,235	1,436,625
Net Income (Loss)	112,613	(484,678)	210,862	(1,003,721)
Per Share Data				
Net Earnings (Loss) per share	.07	(.32)	.14	(.67)
Weighted Average Shares Outstanding	1,511,660	1,503,270	1,511,660	1,503,270

As of			
Balance Sheet Data	June 30, 2011	December 31, 2010	June 30, 2010
Total Assets	68,808,046	80,518,284	89,968,676
Total Loans	56,209,024	64,849,760	70,743,878
Allowance for Loan Losses	1,694,216	1,507,164	1,547,551
Investment Securities	3,977,650	7,061,850	4,318,600
Total Deposits	56,385,333	65,560,836	73,065,996
Total Shareholders' Equity	8,335,216	8,076,745	8,814,852

