



Indiana Business BancorpSM

FOR IMMEDIATE RELEASE
May 22, 2008

INDIANA BUSINESS BANCORP REPORTS
FIRST QUARTER GROWTH AND CONTINUED PROFITABILITY

Indianapolis, IN, May 22, 2008 – Indiana Business Bancorp (OTC BB:IBBI.OB), the holding company for Indiana Business Bank, announced results for the three months ended March 31, 2008.

The net profit for the quarter was \$13,941. This compares to a net profit of \$8,406 during the first quarter of 2007.

Net interest income for the first quarter of 2008 grew 8% to \$665,472 versus \$618,570 for the same quarter of 2007. Although loan growth remained strong our net interest income was negatively impacted by the continuing actions of the Federal Reserve to reduce interest rates. Our balance sheet is asset sensitive, which means that our assets, primarily loan and investment portfolios reprice more rapidly than our liabilities, primarily deposits. On a positive note, our non-interest income nearly doubled, from \$44,603 for the period ending March 31, 2007, to \$87,499 for the period ending March 31, 2008. This increase is a result of increased service charge income and gains on sales of mortgage loans and investment securities.

Non-interest expenses (generally salaries and other operating expenses) increased by 22%, compared to 2007. The increase is due primarily to increased staffing levels. We were successful in recruiting three seasoned bankers to the bank during late 2007 and early 2008.

On a per share basis the profit for the first quarter of 2008 was less than \$.01 per basic share, a slight increase over 2007 first quarter results.

Assets increased 4% in the first three months of 2008, to \$83,374,868 at March 31, 2008, compared to \$79,906,090 at December 31, 2007.

Deposits remained flat. We funded first quarter asset growth with an increase in Federal Home Loan Bank advances. These advances offered more attractive rates and longer terms than deposits due to the continuing declining interest rate environment. We plan to continue to grow small business deposits and utilize national market certificates of deposit during the balance of 2008.

At March 31, 2008, gross loans totaled \$70,888,525, a 36% increase from \$52,100,004 on March 31, 2007. Our allowance for loan losses was \$1,043,425 at March 31, 2008, which represents 1.47% of total loans. This ratio compares favorably with our peers. Our capital ratios exceeded regulatory guidelines for "well capitalized institutions" at March 31, 2008.

President and CEO James S. Young stated, "We are pleased with our first quarter 2008 performance, particularly in an increasingly volatile banking market. Interest rate pressure and local banking competition will remain challenging for the balance of 2008. We have strengthened our team with recent key additions of seasoned bankers and are currently seeing good results in loan growth and in our new business pipeline."

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.

"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.

FOR FURTHER INFORMATION:

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	As of and for the Three Months Ending March 31, 2008	
Operating Data	2008	2007
Net Interest Income	665,472	618,570
Provision for Loan Losses	50,904	89,188
Noninterest Income	87,499	44,603
Noninterest Expense	688,126	565,579
Net Income (Loss)	13,941	8,406
Per Share Data		
Net Earnings (Loss) – Basic	NM	NM
Weighted Average Shares Outstanding	1,484,100	1,484,100

	As of		
Balance Sheet Data	March 31, 2008	December 31, 2007	March 31, 2007
Total Assets	83,374,868	79,883,251	\$64,029,145
Total Loans	70,888,525	67,504,846	52,100,004
Allowance for Loan Losses	1,043,424	992,520	781,500
Investment Securities	6,137,841	6,515,420	5,989,584
Total Deposits	64,873,891	64,892,600	52,960,170
Total Shareholders' Equity	10,724,163	10,604,454	10,534,233