



Indiana Business BancorpSM

FOR IMMEDIATE RELEASE
September 10, 2009

INDIANA BUSINESS BANCORP REPORTS
SECOND QUARTER RESULTS OF OPERATIONS AND
CONTINUED YEAR TO DATE PROFITABILITY

Indianapolis, IN, September 10, 2009 – Indiana Business Bancorp (OTC BB:IBBI.OB), the holding company for Indiana Business Bank, announced results for the three months ended June 30, 2009.

The second quarter profit was \$37,907 versus a net loss of (\$163,191) for the second quarter last year. The primary drivers of the improved performance were reduced interest expense (\$137,725), as our funding sources (primarily deposits and Federal Home Loan Bank advances) have repriced at a lower cost, and reduced loan loss provision expense (\$102,709). Net interest income for the second quarter of 2009 improved 21% to \$803,065 from \$661,164 for the second quarter of 2008.

Non-interest income improved 77%, compared with the same period of the prior year. Service charge income increased from \$17,065 in the second quarter of 2008 to \$27,144 for the same period in 2009. Additionally, gains on the sale of US Government guaranteed loans increased from zero in the second quarter of 2008 to \$41,364 for the second quarter of 2009. Non-interest income for the six month period ending June 30, 2009 was down \$20,107 versus the same period in 2008. This decrease was a result of our decision to exit the residential mortgage business in late 2008. The bank recorded \$69,080 of fee income from this business line in the first half of 2008 and none for the same period of 2009.

Non-interest expense increased \$75,169, quarter over quarter, as a result of \$71,000 in FDIC assessments and “special” FDIC assessments which were experienced by all in the industry. Expenses related to other real estate owned (OREO) increased \$17,439. Non-interest expense increased 8% for the six months ended June 30, 2009 compared to the same period of 2008, due primarily to increased FDIC costs (\$93,500) and increased OREO expenses (\$39,981).

Total deposits were basically flat at \$70,181,415 for June 30, 2009, versus \$70,248,502 at the same point in 2008. Non-interest bearing deposits grew over 16% from the second quarter 2008 to the second quarter of 2009.

At June 30, 2009, gross loans totaled \$74,673,037, a \$497,321 decrease from \$75,170,358 at June 30, 2008. The decrease is a result of payoffs of loans purchased from other community banks. Our client count and in-house loan originations continued to increase. Our allowance for loan losses was \$1,285,182 at June 30, 2009, which represents 1.72% of total loans. Our capital ratios exceeded regulatory guidelines for "well capitalized" institutions at June 30, 2009.

President and CEO James S. Young stated, "We are pleased with our progress during 2009. Despite an extremely difficult economic environment, with many financial companies in distress, and skyrocketing FDIC insurance costs, we have remained profitable. We have improved our net interest margin by increasing the return on our assets and decreasing the cost of our liabilities, as well as increasing Small Business Administration loan activity and tightly controlling expenses.

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 June 30		As of and for the Six Months Ending June 30	
	2009	2008	2009	2008
Operating Data				
Net Interest Income	803,065	661,164	1,543,615	1,326,636
Provision for Loan Losses	40,000	142,709	60,000	193,613
Noninterest Income	72,555	40,898	108,290	128,397
Noninterest Expense	797,713	722,544	1,521,746	1,410,669
Net Income (Loss)	37,907	(163,191)	70,159	(149,249)
Per Share Data				
Net Earnings (Loss) per share	.03	(.11)	.05	(.10)
Weighted Average Shares Outstanding	1,484,100	1,484,100	1,484,100	1,484,100

Balance Sheet Data	As of		
	June 30, 2009	December 31, 2008	June 30, 2008
Total Assets	88,752,860	89,978,662	89,461,477
Total Loans	74,673,037	78,460,697	75,170,358
Allowance for Loan Losses	1,285,182	1,344,796	1,058,783
Investment Securities	6,540,900	7,146,900	5,200,000
Total Deposits	70,181,415	71,382,245	70,248,502
Total Shareholders' Equity	9,831,133	9,899,594	10,461,477