



Indiana Business BancorpSM

FOR IMMEDIATE RELEASE
November 18, 2011

INDIANA BUSINESS BANCORP REPORTS
THIRD QUARTER RESULTS OF OPERATIONS

Indianapolis, IN, November 18, 2011 – Indiana Business Bancorp (OTC BB:IBBI.OB), the holding company for Indiana Business Bank, announced results for the three months ended September 30, 2011.

The Company recorded a profit of \$135,136, or \$.09 per share for the quarter. This compares to a net loss of (\$347,888) or (\$.23) per share for the quarter ended September 30, 2010. This improvement is attributable to increased non-interest income, lower provision expense, and lower non-interest expense.

Net interest income for the third quarter of 2011 was 8% lower than the same quarter of 2010. The \$61,788 reduction is a result of a smaller loan portfolio. The portfolio contraction reflects a continuation of management's decision to exit relationships with an unsatisfactory credit risk profile or yield. Additionally, management's strategy of selling the guaranteed portion of all newly originated Small Business Administration (SBA) guaranteed loans in the secondary market reduced the size of our loan portfolio.

Non-interest income of \$195,624 for the quarter was \$11,745 better than the same quarter of 2010. Non-interest income in the most recent quarter is reported net of a \$59,383 loss on sale of Other Real Estate Owned ("OREO") in the quarter, and a \$44,660 write down of an unrelated piece of OREO that is under contract for a sale that is expected to close in the fourth quarter of this year. Gain on sale of SBA loans was up substantially year over year, from \$116,038 in the 3rd quarter of 2010 to \$237,056 for the same quarter this year.

Non-interest expense (generally salaries and other operating expenses) declined by \$83,067 or 12%, compared to the same quarter of the prior year. Lower salary expense, FDIC insurance expense, and data processing expense drove these savings.

The provision for loan losses declined from \$630,000 in the third quarter of 2010 to \$180,000 in the third quarter of 2011. This reflects the improving credit profile of our portfolio and lower loan balances. At September 30, 2011, the allowance for loan losses was \$1,422,890 which represents 2.7% of total loans.

Non-accrual loans, OREO, and renegotiated loans totaled \$5,093,011 at September 30, 2011. This figure reflects a 27% reduction from September 30, 2010. Non-performing assets, which consist of non-accrual loans and OREO, were \$2,312,179 at quarter end, down 63%, relative to the year earlier period. These improvements are the result of liquidation of collateral, note sales to third parties, OREO sales, and loan restructurings.

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

President and CEO, James S. Young stated, "We are pleased on numerous fronts with our results this year. Our substantial improvement in our net interest margin, the gains recorded from SBA loan sales and our reduction in non-performing assets, have all contributed to a solid year-to-date performance". Young added, "We will continue to monitor our current loan portfolio and will look to expand our lending efforts in 2012 by pursuing quality small business relationships in our local market."

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; our ability to improve credit quality and successfully dispose of problem assets; 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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UNAUDITED

| | As of and for the Three Months Ending September 30 | | As of and for the Nine Months Ending September 30 | |
|-------------------------------------|---|-----------|--|-------------|
| | 2011 | 2010 | 2011 | 2010 |
| Operating Data | | | | |
| Net Interest Income | 709,594 | 771,382 | 2,083,726 | 2,236,505 |
| Provision for Loan Losses | 180,000 | 630,000 | 460,000 | 1,896,250 |
| Noninterest Income | 195,624 | 183,879 | 495,589 | 417,908 |
| Noninterest Expense | 590,082 | 673,149 | 1,773,317 | 2,109,777 |
| Net Income (Loss) | 135,136 | (347,888) | 345,998 | (1,351,614) |
| Per Share Data | | | | |
| Net Earnings (Loss) per share | .09 | (.23) | .23 | (.90) |
| Weighted Average Shares Outstanding | 1,511,660 | 1,503,270 | 1,511,660 | 1,503,270 |

| Balance Sheet Data | As of | | |
|----------------------------|--------------------|-------------------|--------------------|
| | September 30, 2011 | December 31, 2010 | September 30, 2010 |
| Total Assets | 67,741,111 | 80,518,284 | 87,538,270 |
| Total Loans | 53,511,222 | 64,849,760 | 68,562,232 |
| Allowance for Loan Losses | 1,422,890 | 1,507,164 | 1,439,496 |
| Investment Securities | 3,486,940 | 7,061,850 | 5,105,084 |
| Total Deposits | 55,156,541 | 65,560,836 | 72,187,486 |
| Total Shareholders' Equity | 8,495,408 | 8,076,745 | 8,497,437 |