



FOR IMMEDIATE RELEASE  
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FOR ADDITIONAL INFORMATION  
CONTACT: RANDY J. SIZEMORE  
SR VICE PRESIDENT, CFO  
(260) 358-4680

**NORTHEAST INDIANA BANCORP, INC.  
ANNOUNCES SECOND QUARTER EARNINGS**

**HUNTINGTON, INDIANA**, -- Northeast Indiana Bancorp, Inc. (OTC Bulletin Board: NIDB), the parent company of First Federal Savings Bank, today announced net income of \$491,000 (\$0.40 per diluted common share) for the Company's second quarter ended June 30, 2010 compared to net income of \$476,000 (\$0.39 per diluted common share) for the second quarter ended June 30, 2009. The current three months earnings equates to an annualized return on average assets (ROA) of 0.76% and a return on average equity (ROE) of 8.38% compared to an annualized ROA of 0.77% and an ROE of 8.61% for the months ended June 30, 2009.

Net interest income increased by \$138,000 or 6.9% to \$2.1 million for the quarter ended June 30, 2010 when compared to \$2.0 million for the quarter ended June 30, 2009. The Company's net interest margin increased by twelve basis points to 3.55% for the current quarter compared to 3.43% in the year earlier quarter. Sequentially, the current quarter's 3.55% net interest margin was also a seven basis point improvement over the quarter ended March 31, 2010 net interest margin of 3.48%.

The Company made a \$500,000 provision for loan loss during the quarter ended June 30, 2010 compared to a \$300,000 provision for loan loss for the quarter ended June 30, 2009. Management continues to feel it is prudent to maintain or increase the allowance for loan losses by setting aside provisions for loan losses at higher levels during these weak economic conditions. The bank recorded net charge-offs of \$452,000 for the quarter ended June 30, 2010 compared to net charge-offs of \$25,000 for the quarter ended June 30, 2009.

Noninterest income increased by \$73,000 or 11.6% to \$701,000 during the quarter ended June 30, 2010 when compared to \$628,000 in the same quarterly period a year ago. This was primarily due to an increase in brokerage fees from improving asset values in wealth management as well as a reduction in net losses on sale of securities.

Noninterest expense increased by \$34,000 to \$1.7 million for the current quarter compared with \$1.6 million for the quarter ended June 30, 2009. Increases in salaries/benefits and occupancy were due to our new Fort Wayne branch office that opened September 2009. Legal expenses were higher due to increased collection efforts during the current period. These increases were largely offset by a sharp reduction in FDIC premiums by \$104,000. The quarter ended June 30, 2009 contained an FDIC Special Assessment levied on all FDIC-insured financial institutions of \$115,000. The Company's efficiency ratio improved to 58.5% for the current three month period compared to 61.9% in the prior year three month period.

Net income for the six months ended June 30, 2010 decreased to \$944,000 (\$0.76 per diluted common share) compared to net income of \$1.0 million (\$0.82 per diluted common share) for the six months ended June 30, 2009. The decrease in net income between six month periods is primarily due to an increase in loan loss provisions of \$275,000 between six month periods, as well as a sharp reduction of \$184,000 in net gain on sale of loans due to significantly reduced mortgage refinance volumes.

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These items were partially offset by increased net interest income of \$165,000, reduced FDIC premiums of \$87,000 and a lower effective tax rate for the current six month period due to the implementation of a Nevada Investment Subsidiary/REIT during the fourth quarter of 2009.

Total assets increased \$5.5 million to \$258.2 million at June 30, 2010 compared to December 31, 2009 assets of \$252.7 million. Net loans decreased \$1.2 million to \$190.0 million at June 30, 2010 compared to \$191.2 million at December 31, 2009. Total deposits increased sharply by \$17.3 million to \$171.9 million at June 30, 2010 from \$154.6 million at December 31, 2009. The significant increase in total deposits came in non-interest bearing DDA, NOW, MMDA and Savings balances through First Federal's full service branches. These newly acquired lower-costing deposits were utilized to pay off maturing brokered deposits and wholesale borrowed funds. Borrowed funds declined \$13.2 million or 18.1% to \$59.9 million June 30, 2010 compared to \$73.1 million at December 31, 2009.

Shareholder's equity increased to \$23.7 million at June 30, 2010 compared to \$23.0 million at December 31, 2009. The book value of NIDB's stock was \$19.11 per common share as of June 30, 2010. The number of outstanding common shares was 1,239,946 as of the same date. The last reported trade of the stock on July 9, 2010 was \$10.89 per common share.

Northeast Indiana Bancorp, Inc. is headquartered at 648 N. Jefferson Street, Huntington, Indiana. The company offers a full array of banking and financial brokerage services to its customers through its main office in Huntington and four full-service Indiana offices in Huntington (2), Warsaw and Fort Wayne. The Company is traded on the Over the Counter Bulletin Board under the symbol "NIDB". Our web site address is [www.firstfedindiana.com](http://www.firstfedindiana.com).

This press release may contain forward-looking statements, which are based on management's current expectations regarding economic, legislative and regulatory issues. Factors which may cause future results to vary materially include, but are not limited to, general economic conditions, changes in interest rates, loan demand, and competition. Additional factors include changes in accounting principles, policies or guidelines; changes in legislation or regulation; and other economic, competitive, regulatory and technological factors affecting each company's operations, pricing, products and services.

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**NORTHEAST INDIANA BANCORP**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**

<i>ASSETS</i>	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Interest-earning cash and cash equivalents	\$ 10,070,222	\$ 10,929,272
Noninterest earning cash and cash equivalents	3,067,599	2,473,235
Total cash and cash equivalents	13,137,821	13,402,507
Securities available for sale	39,676,977	33,025,298
Securities held to maturity	400,000	550,000
Loans held for sale	530,000	53,200
Loans receivable, net of allowance for loan loss June 30, 2010 \$2,838,360 and December 31, 2009 \$2,868,468	190,036,234	191,267,218
Accrued interest receivable	1,054,149	1,040,528
Premises and equipment	2,133,987	2,158,406
Investments in limited liability partnerships	272,595	317,643
Cash surrender value of life insurance	6,641,027	6,514,390
Other assets	4,311,537	4,395,150
<b>Total Assets</b>	<b>\$ 258,194,327</b>	<b>\$ 252,724,340</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Non-interest bearing deposits	13,250,043	11,065,663
Interest bearing deposits	158,729,029	143,563,858
Borrowed Funds	59,906,344	73,064,228
Accrued interest payable and other liabilities	2,615,284	2,065,832
<b>Total Liabilities</b>	<b>234,500,700</b>	<b>229,759,581</b>
Retained earnings – substantially restricted	23,693,627	22,964,759
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 258,194,327</b>	<b>\$ 252,724,340</b>

**CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Total interest income	\$ 3,235,620	\$ 3,422,105	\$ 6,443,281	\$ 6,983,887
Total interest expense	1,100,060	1,424,302	2,276,889	2,982,482
Net interest income	\$ 2,135,560	\$ 1,997,803	\$ 4,166,392	\$ 4,001,405
Provision for loan losses	500,000	300,000	850,000	575,000
Net interest income after provision for loan losses	\$ 1,635,560	\$ 1,697,803	\$ 3,316,392	\$ 3,426,405
Service charges on deposit accounts	177,870	177,420	343,316	331,190
Net loss on sale of securities	(5,646)	(45,198)	(39,847)	(46,790)
Net gain on sale of loans	214,723	205,577	245,568	429,235
Net loss on sale of repossessed assets	(37,575)	(10,684)	(53,342)	(87,597)
Brokerage fees	106,870	61,791	217,745	138,411
Increase in cash surrender value of life insurance	63,319	61,626	126,638	127,873
Other income	181,083	177,439	349,068	308,212
Total noninterest income	\$ 700,644	\$ 627,971	\$ 1,189,146	\$ 1,200,534
Salaries and employee benefits	865,240	758,304	1,705,032	1,496,598
Occupancy	224,035	192,149	428,388	395,096
Data processing	187,372	193,689	377,719	384,714
Deposit insurance premiums	78,000	182,000	149,400	236,000
Professional fees	81,172	50,083	143,170	112,880
Correspondent bank charges	31,653	31,630	60,547	62,720
Other expense	191,284	216,607	385,569	440,245
Total noninterest expenses	\$ 1,658,756	\$ 1,624,462	\$ 3,249,825	\$ 3,128,253
Income before income tax expenses	\$ 677,448	\$ 701,312	\$ 1,255,713	\$ 1,498,686
Income tax expense	186,668	224,843	312,105	489,519
Net Income	\$ 490,780	\$ 476,469	\$ 943,608	\$ 1,009,167

**NORTHEAST INDIANA BANCORP**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Basic Earnings per common share	0.40	0.39	0.76	0.82
Dilutive Earnings per share	0.40	0.39	0.76	0.82
Net interest margin	3.55%	3.43%	3.52%	3.40%
Return on average assets	0.76%	0.77%	0.74%	0.81%
Return on average equity	8.38%	8.61%	9.64%	9.16%
Efficiency ratio	58.49%	61.87%	60.69%	60.14%
Average shares outstanding - primary	1,238,246	1,227,920	1,236,933	1,227,816
Average shares outstanding - diluted	1,238,246	1,227,920	1,236,966	1,227,933

Allowance for loan losses:

Balance at beginning of period	\$	2,790,401	\$	1,886,191	\$	2,868,468	\$	1,750,605
Charge-offs:								
One-to-four family		7,292		139,308		99,359		194,266
Commercial real estate		128,082		-		128,082		-
Commercial		328,269		14,358		675,061		14,358
Consumer		8,983		22,039		9,353		117,538
Gross charge-offs		<u>472,627</u>		<u>175,705</u>		<u>911,855</u>		<u>326,162</u>
Recoveries:								
One-to-four family		975		730		1,950		1,130
Commercial real estate		-		-		-		-
Commercial		-		136,635		-		136,635
Consumer		19,611		13,534		29,797		24,207
Gross recoveries		<u>20,586</u>		<u>150,929</u>		<u>31,747</u>		<u>161,972</u>
Net charge-offs		<u>452,041</u>		<u>24,776</u>		<u>880,108</u>		<u>164,190</u>
Additions charged to operations		500,000		300,000		850,000		575,000
Balance at end of period	\$	<u>2,838,360</u>	\$	<u>2,161,415</u>	\$	<u>2,838,360</u>	\$	<u>2,161,415</u>

Net loan charge-offs to average loans (1) 0.93%                      0.05%                      0.90%                      0.16%

Nonperforming assets (000's)	At June 30,		At March 31,		At December 31,	
	<u>2010</u>		<u>2010</u>		<u>2009</u>	
Loans:						
Non-accrual	\$	4,552	\$	5,474	\$	2,826
Past 90 days or more and still accruing		-		-		-
Troubled debt restructured		621		621		3,008
Total nonperforming loans		<u>5,173</u>		<u>6,095</u>		<u>5,834</u>
Real estate owned		1,058		884		934
Other repossessed assets		6		3		11
Total nonperforming assets	\$	<u>6,237</u>	\$	<u>6,982</u>	\$	<u>6,779</u>
Nonperforming assets to total assets		2.42%		2.77%		2.68%
Nonperforming loans to total loans		2.68%		3.12%		3.01%
Allowance for loan losses to nonperforming loans		54.86%		45.78%		49.16%
Allowance for loan losses to net loans receivable		1.49%		1.45%		1.50%

	At June 30,	
	<u>2010</u>	<u>2009</u>
Stockholders' equity as a % of total assets	9.18%	9.01%
Book value per share	\$	19.11
Common shares outstanding- EOP	1,239,946	1,230,670

(1) Ratios for the three-month periods are annualized.

