



FOR IMMEDIATE RELEASE
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FOR ADDITIONAL INFORMATION
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**NORTHEAST INDIANA BANCORP, INC.
ANNOUNCES INCREASED YEAR END 2010 EARNINGS**

HUNTINGTON, INDIANA, -- Northeast Indiana Bancorp, Inc., (OTC Bulletin Board: NIDB), the parent company of First Federal Savings Bank, today announced earnings for the year ended December 31, 2010 of \$2.0 million (\$1.64 per diluted common share) compared to net income of \$1.9 million (\$1.53 per diluted common share) for the year ended December 31, 2009. The full year 2010 earnings equates to an annualized return on average assets (ROA) of 0.78% and a return on average equity (ROE) of 8.49% as compared to an ROA of 0.75% and an ROE of 8.32% for the full year 2009.

Commenting on the financial results, First Federal Savings Bank President Michael S. Zahn stated, "We are very happy with the Company's performance in 2010 and extremely proud to have achieved this level of success without any government assistance. In a continued challenging economic environment, the Company was able to significantly increase our core deposits while sharply reducing higher costing borrowed funds, increase earnings, increase capital and continue to aggressively fund the allowance for loan losses. This enabled the board to reward our shareholders with an increased dividend in 2010."

Net interest income increased by \$405,000 or 5.0% to \$8.6 million for the year ended December 31, 2010 when compared to \$8.2 million for the year ended December 31, 2009. The Company's net interest margin increased 9 basis points to 3.54% for the twelve months ended December 31, 2010 versus 3.45% for the twelve months ended December 31, 2009.

The Company made a \$1.7 million provision for loan loss for the year ended December 31, 2010 compared to a \$1.4 million provision for loan loss for the year ended December 31, 2009. Management continues to feel it is prudent to increase the allowance for loan losses by setting aside provisions for loan losses at higher levels during these uncertain economic conditions. The bank recorded net charge-offs of \$1.3 million for the year ended December 31, 2010 compared to net charge-offs of \$282,000 for the year ended December 31, 2009.

Noninterest income increased by \$274,000 to \$2.6 million for the year ended December 31, 2010 when compared to \$2.3 million for the year ended December 31, 2009. This increase is primarily due to decreased losses on security sales as well as a net gain on the sale of repossessed assets for 2010 compared to a net loss in the same area for 2009. Brokerage fees also increased sharply in 2010. These increases more than offset a decrease in service charges on deposits due to regulatory changes implemented on courtesy overdraft programs.

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Non-interest expenses increased to \$6.7 million for the year ended December 31, 2010 compared to \$6.3 million for the year ended December 31, 2009. This increase came from both increases in wages and occupancy from the first full year of a new full service branch which opened in Fort Wayne, Indiana during September 2009.

Net income was reported at \$530,000 for the three months ended December 31, 2010, an increase of \$179,000 or 51.1% from net income of \$351,000 for the three months ended December 31, 2009. The sharp increase between quarterly periods is primarily due to increased noninterest income, increased net interest income as well as lower levels of loan loss provisions taken between quarterly periods. Net interest income increased \$158,000 due to an improving net interest margin for the current quarter ended December 31, 2010 compared to the quarter one year ago. Noninterest income increased to \$735,000 for the three months ended December 31, 2010 when compared to \$468,000 for the three months ended December 31, 2009 due to significantly increased net gains on the sale of loans as well as increased net gain on the sale of repossessed assets. Noninterest expenses increased \$218,000 to \$1.8 million for the quarter ended December 31, 2010 when compared to \$1.6 million for the quarter ended December 31, 2009, primarily due to increased wages and valuation allowances on repossessed assets. Valuation allowances on repossessed assets for the quarter ended December 31, 2010 included an additional reserve of \$148,000 set up against some real estate parcels in REO.

Total assets increased \$3.4 million to \$256.1 million at December 31, 2010 compared to December 31, 2009 assets of \$252.7 million. Net loans receivable decreased to \$182.9 million at December 31, 2010 from \$191.3 million at December 31, 2009. Total deposits increased \$21.8 million or 14.1% to \$176.4 million at December 31, 2010 from \$154.6 million at December 31, 2009. Non-maturity deposit balances increased \$36.8 million while time deposit balances declined by \$15.0 million over the current twelve month period. Borrowed funds decreased \$19.5 million or 36.4% to \$53.6 million at December 31, 2010 compared to \$73.1 million at December 31, 2009.

Shareholder's equity at December 31, 2010 was \$24.1 million compared to the \$23.0 million reported at December 31, 2009. The Company paid out cash dividends of \$855,000 to shareholders during the year ended December 31, 2010. The book value of NIDB stock was \$19.46 per common share as of December 31, 2010 as compared to a book value of \$18.66 per common share as of December 31, 2009. The number of outstanding common shares was 1,239,946. The last reported trade of the stock on December 31, 2010 was \$13.00 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.

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>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Interest-earning cash and cash equivalents	\$ 9,450,979	\$ 10,929,272
Noninterest earning cash and cash equivalents	2,045,215	2,473,235
Total cash and cash equivalents	11,496,194	13,402,507
Securities available for sale	46,477,692	33,025,298
Securities held to maturity (fair value: Dec. 31, 2010 - \$400,000 and Dec. 31, 2009 - \$550,000)	400,000	550,000
Loans held for sale	353,642	53,200
Loans receivable, net of allowance for loan loss Dec. 31, 2010 \$3,227,844 and Dec. 31, 2009 \$2,868,468	182,913,386	191,267,218
Accrued interest receivable	981,357	1,040,528
Premises and equipment	2,554,170	2,158,406
Investments in limited liability partnerships	233,001	317,643
Cash surrender value of life insurance	6,765,215	6,514,390
Other assets	3,926,783	4,395,150
Total Assets	\$ 256,101,440	\$ 252,724,340
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-interest bearing deposits	14,301,482	11,065,663
Interest bearing deposits	162,099,970	143,563,858
Borrowed Funds	53,565,973	73,064,228
Accrued interest payable and other liabilities	1,998,866	2,065,832
Total Liabilities	231,966,291	229,759,581
Retained earnings - substantially restricted	24,135,149	22,964,759
Total Liabilities and Shareholders' Equity	\$ 256,101,440	\$ 252,724,340

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Total interest income	\$ 3,201,718	\$ 3,357,035	\$ 12,893,073	\$ 13,803,756
Total interest expense	984,273	1,297,815	4,333,959	5,649,469
Net interest income	\$ 2,217,445	\$ 2,059,220	\$ 8,559,114	\$ 8,154,287
Provision for loan losses	350,000	475,000	1,700,000	1,400,000
Net interest income after provision for loan losses	\$ 1,867,445	\$ 1,584,220	\$ 6,859,114	\$ 6,754,287
Service charges on deposit accounts	153,950	188,198	669,294	707,905
Net loss on securities	(102,212)	(150,100)	(171,470)	(234,235)
Other than temporary impairment- securities	-	-	-	-
Net gain on sale of loans	307,061	92,274	787,771	754,283
Net gain (loss) on sale of repossessed assets	81,473	3,437	27,390	(123,219)
Net gain (loss) on sale of fixed assets	(1,068)	(1,645)	(968)	1,703
Brokerage fees	80,560	87,831	385,474	303,521
Other income	215,267	247,644	913,526	927,315
Total noninterest income	\$ 735,031	\$ 467,639	\$ 2,611,017	\$ 2,337,273
Salaries and employee benefits	815,611	738,023	3,369,347	3,052,370
Occupancy	232,580	231,545	887,338	861,214
Data processing	200,322	187,345	766,761	753,975
Deposit insurance premiums	84,000	55,000	317,400	381,000
Professional fees	75,590	85,197	296,711	287,353
Correspondent bank charges	31,629	31,412	124,496	122,861
Valuation allowances - repossessed assets	148,000	-	148,000	-
Other expense	196,429	238,041	756,795	882,669
Total noninterest expenses	\$ 1,784,161	\$ 1,566,563	\$ 6,666,848	\$ 6,341,442
Income/(Loss) before income tax expense	\$ 818,315	\$ 485,296	\$ 2,803,283	\$ 2,750,118
Income tax expense/(benefit)	288,555	134,593	790,985	872,160
Net Income	\$ 529,760	\$ 350,703	\$ 2,012,298	\$ 1,877,958

NORTHEAST INDIANA BANCORP
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Basic Earnings per common share	0.43	0.29	1.64	1.53
Dilutive Earnings per share	0.43	0.29	1.64	1.53
Net interest margin	3.59%	3.47%	3.54%	3.45%
Return on average assets	0.81%	0.55%	0.78%	0.75%
Return on average equity	8.70%	6.05%	8.49%	8.32%
Efficiency Ratio	60.43%	62.00%	59.68%	60.44%
Average shares outstanding - primary	1,228,770	1,228,770	1,229,383	1,228,239
Average shares outstanding - diluted	1,228,770	1,228,770	1,229,895	1,228,779

Allowance for loan losses:				
Balance at beginning of period	\$	2,823,116	\$	2,422,874
Charge-offs:				
One-to-four family		9,645	-	322,150
Commercial real estate		-	-	302,368
Commercial		89,303	-	890,409
Consumer		25,028	39,496	56,314
Gross charge-offs		123,976	39,496	1,571,241
Recoveries:				
One-to-four family		64,525	800	67,450
Commercial real estate		-	-	455
Commercial		101,304	-	108,095
Consumer		12,875	9,290	54,617
Gross recoveries		178,704	10,090	230,617
Net charge-offs (recoveries)		(54,728)	29,406	1,340,624
Additions charged to operations		350,000	475,000	1,700,000
Balance at end of period	\$	3,227,844	\$	2,868,468

Net loan charge-offs (recoveries) to average loans (1)	(0.03)%	0.01%	0.69%	0.14%
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Nonperforming assets (000's)	At December 31,		At September 30,		At June 30,		At December 31,	
	<u>2010</u>		<u>2010</u>		<u>2010</u>		<u>2009</u>	
Loans:								
Non-accrual	\$	7,275	\$	6,246	\$	4,552	\$	2,826
Past 90 days or more and still accruing		-		-		-		-
Troubled debt restructured		737		708		621		3,008
Total nonperforming loans		8,012		6,954		5,173		5,834
Real estate owned		594		1,487		1,058		934
Other repossessed assets		-		19		6		11
Total nonperforming assets	\$	8,606	\$	8,460	\$	6,237	\$	6,779

Nonperforming assets to total assets	3.36%	3.28%	2.42%	2.68%
Nonperforming loans to total loans	4.30%	3.65%	2.68%	3.01%
Allowance for loan losses to nonperforming loans	40.29%	40.59%	54.86%	49.16%
Allowance for loan losses to total receivable	1.76%	1.48%	1.49%	1.50%

	At December 31,	
	<u>2010</u>	<u>2009</u>
Stockholders' equity as a % of total assets	9.42%	9.09%
Book value per share	\$	19.46
Common shares outstanding- EOP	1,239,946	1,230,670

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

