



FOR IMMEDIATE RELEASE
JULY 14, 2011
FOR ADDITIONAL INFORMATION
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**NORTHEAST INDIANA BANCORP, INC.
ANNOUNCES INCREASED QUARTERLY EARNINGS**

HUNTINGTON, INDIANA, -- Northeast Indiana Bancorp, Inc. (OTC Bulletin Board: NIDB), the parent company of First Federal Savings Bank, today announced net income of \$677,000 (\$0.55 per diluted common share) for the Company's second quarter ended June 30, 2011, an increase of \$186,000 or 37.9% when compared to net income of \$491,000 (\$0.40 per diluted common share) for the second quarter ended June 30, 2010. The current three months earnings equates to an annualized return on average assets (ROA) of 1.05% and a return on average equity (ROE) of 11.05% compared to an annualized ROA of 0.76% and an ROE of 8.38% for the three months ended June 30, 2010.

Commenting on the financial results, CEO Michael S. Zahn stated "We are very pleased to have recorded such strong earnings for our shareholders in a challenging environment. These results are a reflection of the dedication and commitment by our employees. As a community bank, we take pride in serving our customers and the communities in which we operate."

Net interest income increased by \$107,000 or 5.0% to \$2.2 million for the quarter ended June 30, 2011 when compared to \$2.1 million for the quarter ended June 30, 2010. The Company's net interest margin increased by nineteen basis points to 3.74% for the current quarter compared to 3.55% in the year earlier quarter. Sequentially, the current quarter's 3.74% net interest margin was also a sixteen basis point improvement over the quarter ended March 31, 2011 net interest margin of 3.58%.

The Company made a \$350,000 provision for loan loss during the quarter ended June 30, 2011 compared to a \$500,000 provision for loan loss for the quarter ended June 30, 2010. 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 \$432,000 for the quarter ended June 30, 2011 compared to net charge-offs of \$452,000 for the quarter ended June 30, 2010.

Noninterest income increased by \$16,000 to \$717,000 during the quarter ended June 30, 2011 when compared to \$701,000 in the same quarterly period a year ago. This was primarily due to an increase in net gains on security sales partially offset by reductions in service charges, brokerage fees and other income.

Noninterest expense increased by \$39,000 but was relatively unchanged at \$1.7 million for the quarter ended June 30, 2011 and for the quarter June 30, 2010. Modest increases in occupancy and data processing were partially offset by a decrease to other expense. Professional fees increased as collection efforts remain high while compliance costs have been increasing as well. The Company's efficiency ratio improved to 57.4% for the current three month period compared to 58.5% in the prior year three month period.

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Net income for the six months ended June 30, 2011 decreased to \$663,000 (\$0.54 per diluted common share) compared to net income of \$944,000 (\$0.76 per diluted common share) for the six months ended June 30, 2010. The decrease in net income between six month periods is solely due to an increase in loan loss provisions of \$700,000 that management elected to take during the quarter ended March 31, 2011 to bolster the allowance for loan losses due to continued weak real estate markets in which we do business.

Noninterest income was unchanged between six month periods at \$1.2 million while noninterest expense increased \$91,000 or 2.8% during the same time frame due mostly to higher occupancy and professional fees.

Total assets decreased \$891,000 to \$255.2 million at June 30, 2011 compared to December 31, 2010 assets of \$256.1 million. Net loans decreased \$8.7 million to \$174.2 million at June 30, 2011 compared to \$182.9 million at December 31, 2010 as weak loan demand continues to persist. Total deposits increased by \$7.7 million to \$184.9 million at June 30, 2011 from \$176.4 million at December 31, 2010. The increase in total deposits came in 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 \$9.7 million or 18.0% to \$43.9 million at June 30, 2011 compared to \$53.6 million at December 31, 2010.

Shareholder's equity increased to \$24.9 million at June 30, 2011 compared to \$24.1 million at December 31, 2010. The book value of NIDB's stock was \$20.08 per common share as of June 30, 2011. The number of outstanding common shares was 1,239,946 as of the same date. The last reported trade of the stock on July 13, 2011 was \$11.95 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>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Interest-earning cash and cash equivalents	\$ 10,026,304	\$ 9,450,979
Noninterest earning cash and cash equivalents	2,316,321	2,045,215
Total cash and cash equivalents	12,342,625	11,496,194
Securities available for sale	52,398,200	46,477,692
Securities held to maturity	505,008	400,000
Loans held for sale	571,000	353,642
Loans receivable, net of allowance for loan loss June 30, 2011 \$3,608,088 and December 31, 2010 \$3,227,844	174,204,600	182,913,386
Accrued interest receivable	980,598	981,357
Premises and equipment	2,526,198	2,554,170
Investments in limited liability partnerships	193,407	233,001
Cash surrender value of life insurance	6,892,218	6,765,215
Other assets	4,596,256	3,926,783
Total Assets	\$ 255,210,110	\$ 256,101,440
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-interest bearing deposits	12,852,438	14,301,482
Interest bearing deposits	171,250,359	162,099,970
Borrowed Funds	43,899,081	53,565,973
Accrued interest payable and other liabilities	2,309,902	1,998,866
Total Liabilities	230,311,780	231,966,291
Retained earnings – substantially restricted	24,898,330	24,135,149
Total Liabilities and Shareholder's Equity	\$ 255,210,110	\$ 256,101,440

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Total interest income	\$ 3,054,984	\$ 3,235,620	\$ 6,084,635	\$ 6,443,281
Total interest expense	811,963	1,100,060	1,696,326	2,276,889
Net interest income	\$ 2,243,021	\$ 2,135,560	\$ 4,388,309	\$ 4,166,392
Provision for loan losses	350,000	500,000	1,550,000	850,000
Net interest income after provision for loan losses	\$ 1,893,021	\$ 1,635,560	\$ 2,838,309	\$ 3,316,392
<i>Service charges on deposit accounts</i>	154,307	177,870	289,989	343,316
<i>Net gain (loss) on sale of securities</i>	114,180	(5,646)	114,180	(39,847)
<i>Net gain on sale of loans</i>	192,274	214,723	254,086	245,568
<i>Net loss on sale of repossessed assets</i>	(51,795)	(37,575)	(101,296)	(53,342)
<i>Brokerage fees</i>	93,602	106,870	190,157	217,745
<i>Increase in cash surrender value of life insurance</i>	62,138	63,319	127,003	126,638
<i>Other income</i>	152,697	181,083	317,129	349,068
Total noninterest income	\$ 717,403	\$ 700,644	\$ 1,191,248	\$ 1,189,146
<i>Salaries and employee benefits</i>	859,351	865,240	1,709,110	1,705,032
<i>Occupancy</i>	245,581	224,035	471,347	428,388
<i>Data processing</i>	197,936	187,372	392,573	377,719
<i>Deposit insurance premiums</i>	79,000	78,000	163,000	149,400
<i>Professional fees</i>	109,643	81,172	186,841	143,170
<i>Correspondent bank charges</i>	34,977	31,653	67,327	60,547
<i>Other expense</i>	171,738	191,284	350,982	385,569
Total noninterest expenses	\$ 1,698,226	\$ 1,658,756	\$ 3,341,180	\$ 3,249,825
Income before income tax expenses	\$ 912,198	\$ 677,448	\$ 688,377	\$ 1,255,713
Income tax expense	235,419	186,668	25,760	312,105
Net Income	\$ 676,779	\$ 490,780	\$ 662,617	\$ 943,608

NORTHEAST INDIANA BANCORP
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Basic Earnings per common share	0.55	0.40	0.54	0.76
Dilutive Earnings per share	0.55	0.40	0.54	0.76
Net interest margin	3.74%	3.55%	3.66%	3.52%
Return on average assets	1.05%	0.76%	0.51%	0.74%
Return on average equity	11.05%	8.38%	5.44%	9.64%
Efficiency ratio	57.36%	58.49%	59.88%	60.69%
Average shares outstanding - primary	1,231,675	1,238,246	1,231,419	1,236,933
Average shares outstanding - diluted	1,231,675	1,238,246	1,231,728	1,236,966

Allowance for loan losses:

Balance at beginning of period	\$	3,690,382	\$	2,790,401	\$	3,227,844	\$	2,868,468
Charge-offs:								
One-to-four family		-		7,292		330,453		99,359
Commercial real estate		289,340		128,082		289,340		128,082
Land/land development		-		-		284,961		-
Commercial		77,705		328,269		124,292		675,061
Consumer		76,048		8,983		158,903		9,353
Gross charge-offs		443,093		472,627		1,187,949		911,855
Recoveries:								
One-to-four family		650		975		1,450		1,950
Commercial real estate		-		-		-		-
Land/land development		-		-		-		-
Commercial		-		-		-		-
Consumer		10,149		19,611		16,743		29,797
Gross recoveries		10,799		20,586		18,193		31,747
Net charge-offs		432,294		452,041		1,169,756		880,108
Additions charged to operations		350,000		500,000		1,550,000		850,000
Balance at end of period	\$	3,608,088	\$	2,838,360	\$	3,608,088	\$	2,838,360

Net loan charge-offs to average loans (1)	0.96%	0.93%	1.27%	0.90%
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Nonperforming assets (000's)	At June 30,		At March 31,		At December 31,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
Loans:						
Non-accrual	\$	5,640	\$	5,908	\$	7,275
Past 90 days or more and still accruing		-		-		-
Troubled debt restructured		2,421		2,611		737
Total nonperforming loans		8,061		8,520		8,012
Real estate owned		1,586		1,694		594
Other repossessed assets		1		1		-
Total nonperforming assets	\$	9,648	\$	10,215	\$	8,606
Nonperforming assets to total assets		3.78%		3.99%		3.36%
Nonperforming loans to total loans		4.53%		4.65%		4.30%
Allowance for loan losses to nonperforming loans		44.77%		43.32%		40.29%
Allowance for loan losses to net loans receivable		2.07%		2.05%		1.76%

	At June 30,	
	<u>2011</u>	<u>2010</u>
Stockholders' equity as a % of total assets	9.76%	9.18%
Book value per share	\$	20.08
Common shares outstanding- EOP	1,239,946	1,239,946

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

