



FOR IMMEDIATE RELEASE
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FOR ADDITIONAL INFORMATION
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**NORTHEAST INDIANA BANCORP, INC.
ANNOUNCES INCREASED THIRD QUARTER EARNINGS**

HUNTINGTON, INDIANA, -- Northeast Indiana Bancorp, Inc. (OTCQB: NIDB), the parent company of First Federal Savings Bank, today announced net income increased \$92,000 or 17.1% to \$631,000 (\$0.51 per diluted common share) for the Company's third quarter ended September 30, 2011 compared to net income of \$539,000 (\$0.44 per diluted common share) for the third quarter ended September 30, 2010. The current three months earnings equates to an annualized return on average assets (ROA) of 0.98% and a return on average equity (ROE) of 9.97% compared to an annualized ROA of 0.83% and an ROE of 9.02% for the three months ended September 30, 2010.

Net interest income increased by \$129,000 or 5.9% to \$2.3 million for the quarter ended September 30, 2011 when compared to \$2.2 million for the quarter ended September 30, 2010. The Company's net interest margin increased by thirty basis points to 3.85% for the current quarter compared to 3.55% in the year earlier quarter. On a linked quarter basis, the Company's 3.85% net interest margin was eleven basis points higher compared to the 3.74% net interest margin reported for the quarter ended June 30, 2011.

The Company made a \$375,000 provision for loan loss during the quarter ended September 30, 2011 compared to a \$500,000 provision for loan loss for the quarter ended September 30, 2010. 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 weak economic conditions. The Company experienced a decline in net charge-offs to \$123,000 for the quarter ended September 30, 2011 compared to net charge-offs of \$515,000 for the quarter ended September 30, 2010. In addition, total non-performing assets declined \$1.6 million or 17.0% to \$8.0 million at September 30, 2011 compared to \$9.6 million at June 30, 2011.

Noninterest income increased slightly to \$727,000 for the third quarter ended September 30, 2011 compared to \$687,000 during the quarter ended September 30, 2010. The modest increase is mostly due to an increase of \$188,000 in net gains on security sales more than offsetting an increase in net losses on repossessed asset sales and a decline in net gain on loan sales between quarterly periods.

Noninterest expense increased \$175,000 to \$1.8 million for the quarter ended September 30, 2011 when compared to \$1.6 million for the quarter ended September 30, 2010. This increase was due to a \$90,000 non-recurring payment into the bank's frozen defined benefit pension plan to remain adequately funded. In addition, management set up a \$67,500 valuation allowance on three real estate owned parcels due to continued weak market pricing on similar collateral.

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Net income for the nine months ended September 30, 2011 decreased to \$1.29 million (\$1.05 per diluted common share) compared to net income of \$1.48 million (\$1.21 per diluted common share) for the nine months ended September 30, 2010. Net interest income increased \$351,000 or 5.5% to \$6.69 million for the nine months ended September 30, 2011 compared to \$6.34 million for the prior year nine month period. The Company made a \$1.93 million provision for loan loss for the nine months ended September 30, 2011 compared to a \$1.35 million provision for loan loss for the nine months ended September 30, 2010. Noninterest income increased slightly to \$1.92 million for the nine months ended September 30, 2011 compared to \$1.88 million for September 30, 2010. Noninterest expense was \$266,000 higher for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010. Increases in salaries and employee benefits between nine month periods were due to the non-recurring pension payment as well as the establishment of a valuation allowance on real estate owned, both of which were discussed with quarterly results. These increases were partially offset by decreases in deposit insurance premiums.

Total assets increased \$3.07 million or 1.2% to \$259.17 million at September 30, 2011 compared to December 31, 2010 assets of \$256.10 million. Net loans decreased \$3.45 million to \$179.46 million at September 30, 2011 compared to \$182.91 million at December 31, 2010. However, net loans increased 3.0% or \$5.26 million for the current quarter when compared to net loans reported of \$174.20 million at June 30, 2011. Total deposits increased sharply by \$13.16 million or 7.5% to \$189.56 million at September 30, 2011 from \$176.40 million at December 31, 2010. The increase in total deposits came in noninterest 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 decreased \$12.18 million or 22.7% to \$41.38 million at September 30, 2011 compared to \$53.56 million at December 31, 2010.

Shareholder's equity at September 30, 2011 was \$25.57 million compared to \$24.13 million at December 31, 2010. The book value of NEIB's stock was \$20.62 per common share as of September 30, 2011. The number of outstanding common shares was 1,239,946. The last reported trade of the stock on October 11, 2011 was \$12.10 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 OTC Markets Group, Inc. (www.otcmarkets.com) utilizing the OTCQB platform 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>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Interest-earning cash and cash equivalents	\$ 8,993,434	\$ 9,450,979
Noninterest earning cash and cash equivalents	3,065,342	2,045,215
Total cash and cash equivalents	12,058,776	11,496,194
Securities available for sale	51,463,727	46,477,692
Securities held to maturity	483,304	400,000
Loans held for sale	1,248,200	353,642
Loans receivable, net of allowance for loan loss September 30, 2011 \$3,859,859 and December 31, 2010 \$3,227,844	179,465,188	182,913,386
Accrued interest receivable	968,755	981,357
Premises and equipment	2,510,383	2,554,170
Investments in limited liability partnerships	173,610	233,001
Cash surrender value of life insurance	6,954,356	6,765,215
Other assets	3,843,423	3,926,783
Total Assets	\$ 259,169,722	\$ 256,101,440
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-interest bearing deposits	14,616,806	14,301,482
Interest bearing deposits	174,947,410	162,099,970
Borrowed Funds	41,385,764	53,565,973
Accrued interest payable and other liabilities	2,649,100	1,998,866
Total Liabilities	233,599,080	231,966,291
Retained earnings – substantially restricted	25,570,642	24,135,149
Total Liabilities and Shareholders' Equity	\$ 259,169,722	\$ 256,101,440

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Total interest income	\$ 3,048,865	\$ 3,248,075	\$ 9,133,501	\$ 9,691,357
Total interest expense	744,798	1,072,797	2,441,124	3,349,686
Net interest income	\$ 2,304,067	\$ 2,175,278	\$ 6,692,377	\$ 6,341,671
Provision for loan losses	375,000	500,000	1,925,000	1,350,000
Net interest income after provision for loan losses	\$ 1,929,067	\$ 1,675,278	\$ 4,767,377	\$ 4,991,671
<i>Service charges on deposit accounts</i>	160,060	172,027	450,048	515,344
<i>Net gain/ (loss) on sale of securities</i>	158,362	(29,412)	272,542	(69,259)
<i>Net gain on sale of loans</i>	187,863	235,142	441,949	480,709
<i>Net (loss) on sale of repossessed assets</i>	(103,607)	(742)	(204,902)	(54,083)
<i>Brokerage fees</i>	113,033	87,169	303,190	304,914
<i>Increase in cash surrender value of life insurance</i>	62,138	61,481	189,141	188,119
<i>Other income</i>	149,236	161,171	466,368	510,238
Total noninterest income	\$ 727,085	\$ 686,836	\$ 1,918,336	\$ 1,875,982
<i>Salaries and employee benefits</i>	925,219	848,710	2,634,326	2,553,739
<i>Occupancy</i>	235,265	226,371	706,614	654,757
<i>Data processing</i>	186,320	188,722	578,892	566,441
<i>Deposit insurance premiums</i>	31,000	84,000	194,000	233,400
<i>Professional fees</i>	102,255	77,412	289,097	221,122
<i>Correspondent bank charges</i>	33,662	32,319	100,989	92,867
<i>Valuation allowances – repossessed assets</i>	67,500	-	67,500	-
<i>Other expense</i>	226,598	174,785	577,585	560,359
Total noninterest expenses	\$ 1,807,819	\$ 1,632,319	\$ 5,149,003	\$ 4,882,685
Income before income tax expense	\$ 848,333	\$ 729,795	\$ 1,536,710	\$ 1,984,968
Income tax expense	217,564	190,325	243,324	502,430
Net Income	\$ 630,769	\$ 539,470	\$ 1,293,386	\$ 1,482,538

NORTHEAST INDIANA BANCORP
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Basic Earnings per common share	0.51	0.44	1.05	1.21
Dilutive Earnings per share	0.51	0.44	1.05	1.21
Net interest margin	3.85%	3.55%	3.72%	3.53%
Return on average assets	0.98%	0.83%	0.67%	0.77%
Return on average equity	9.97%	9.02%	6.99%	8.42%
Efficiency ratio	59.64%	57.03%	59.80%	59.42%
Average shares outstanding- primary	1,232,303	1,229,589	1,231,717	1,229,235
Average shares outstanding- diluted	1,237,507	1,229,872	1,232,584	1,229,919
Allowance for loan losses:				
Balance at beginning of period	\$ 3,608,088	\$ 2,838,360	\$ 3,227,844	\$ 2,868,468
Charge-offs:				
One-to-four family	124,116	213,145	454,569	312,504
Commercial real estate	15,138	174,286	304,479	302,368
Land/land development	-	-	284,961	-
Commercial	-	126,046	124,292	801,106
Consumer	-	21,933	160,945	31,286
Gross charge-offs	141,297	535,410	1,329,246	1,447,264
Recoveries:				
One-to-four family	975	975	2,425	2,925
Commercial real estate	-	455	-	455
Land/land development	-	-	-	-
Commercial	-	6,791	-	6,791
Consumer	17,093	11,945	33,836	41,742
Gross recoveries	18,068	20,166	36,261	51,912
Net charge-offs	123,299	515,244	1,292,985	1,395,352
Additions charged to operations	375,000	500,000	1,925,000	1,350,000
Balance at end of period	\$ 3,859,859	\$ 2,823,116	\$ 3,859,859	\$ 2,823,116
Net loan charge-offs to average loans (1)	0.27%	1.06%	0.94%	0.95%
Nonperforming assets (000's)				
	At September 30,	At September 30,	At June 30,	At December 31,
Loans:	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Non-accrual	\$ 6,750	\$ 6,246	\$ 5,640	\$ 7,275
Past 90 days or more and still accruing	-	-	-	-
Troubled debt restructured	-	708	2,421	737
Total nonperforming loans	6,750	6,954	8,061	8,012
Real estate owned	1,254	1,487	1,586	594
Other repossessed assets	-	19	1	0
Total nonperforming assets	\$ 8,004	\$ 8,460	\$ 9,648	\$ 8,606
Nonperforming assets to total assets	3.10%	3.28%	3.78%	3.36%
Nonperforming loans to total loans	3.68%	3.65%	4.53%	4.30%
Allowance for loan losses to nonperforming loans	57.19%	40.59%	44.77%	40.29%
Allowance for loan losses to net loans receivable	2.11%	1.48%	2.07%	1.76%

	At September 30,	
	<u>2011</u>	<u>2010</u>
Stockholders' equity as a % of total assets	9.87%	9.32%
Book value per share	\$ 20.62	\$ 19.58
Common shares outstanding- EOP	1,239,946	1,239,946

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

