

**NorthWest Indiana Bancorp**  
**Financial Report**

| Key Ratios                              | Three Months Ended |        | Twelve Months Ended |        |
|---|--------------------|--------|---------------------|--------|
|   | December 31,       |        | December 31,        |        |
|   | (Unaudited)        |        | (Unaudited)         |        |
|   | 2011               | 2010   | 2011                | 2010   |
| Return on equity                        | 8.86%              | 7.68%  | 8.90%               | 9.03%  |
| Return on assets                        | 0.87%              | 0.70%  | 0.84%               | 0.77%  |
| Basic earnings per share                | \$0.50             | \$0.40 | \$1.90              | \$1.83 |
| Diluted earnings per share              | \$0.50             | \$0.40 | \$1.90              | \$1.83 |
| Yield on loans                          | 5.08%              | 5.34%  | 5.10%               | 5.39%  |
| Yield on security investments           | 2.94%              | 3.26%  | 3.20%               | 3.45%  |
| Total yield on earning assets           | 4.38%              | 4.72%  | 4.49%               | 4.84%  |
| Cost of deposits                        | 0.39%              | 0.58%  | 0.47%               | 0.71%  |
| Cost of borrowings                      | 1.40%              | 1.74%  | 1.50%               | 2.04%  |
| Total cost of funds                     | 0.48%              | 0.68%  | 0.56%               | 0.82%  |
| Net interest margin - tax equivalent    | 4.14%              | 4.28%  | 4.17%               | 4.25%  |
| Noninterest income / average assets     | 0.97%              | 0.96%  | 0.97%               | 0.86%  |
| Noninterest expense / average assets    | 3.00%              | 3.07%  | 3.10%               | 2.89%  |
| Net noninterest margin / average assets | -2.03%             | -2.11% | -2.13%              | -2.03% |
| Efficiency ratio                        | 64.77%             | 64.82% | 66.42%              | 62.62% |
| Effective tax rate                      | 20.54%             | 10.32% | 17.96%              | 13.34% |
| Dividend declared per common share      | \$0.15             | \$0.15 | \$0.60              | \$0.72 |

|   | December 31, | December 31, |
|---|--------------|--------------|
|   | 2011         | 2010         |
|   | (Unaudited)  | (Unaudited)  |
| Net worth / total assets                          | 9.66%        | 8.89%        |
| Book value per share                              | \$22.20      | \$19.84      |
| Non-performing assets to total assets             | 2.68%        | 4.46%        |
| Non-performing loans to total loans               | 3.56%        | 5.77%        |
| Allowance for loan losses to non-performing loans | 56.03%       | 37.82%       |
| Allowance for loan losses to loans outstanding    | 1.99%        | 2.18%        |
| Foreclosed real estate to total assets            | 0.38%        | 0.52%        |

| Consolidated Statements of Income<br>(Dollars in thousands) | Three Months Ended |                 | Twelve Months Ended |                 |
|---|--------------------|-----------------|---------------------|-----------------|
|   | December 31,       |                 | December 31,        |                 |
|   | (Unaudited)        |                 | (Unaudited)         |                 |
|   | 2011               | 2010            | 2011                | 2010            |
| Interest income:  |                    |                 |                     |                 |
| Loans   | \$ 5,183           | \$ 5,683        | \$ 20,893           | \$ 24,051       |
| Securities & short-term investments                         | 1,448              | 1,465           | 6,093               | 6,035           |
| Total interest income                                       | <u>6,631</u>       | <u>7,148</u>    | <u>26,986</u>       | <u>30,086</u>   |
| Interest expense:   |                    |                 |                     |                 |
| Deposits  | 507                | 779             | 2,473               | 3,914           |
| Borrowings  | 189                | 216             | 758                 | 1,075           |
| Total interest expense                                      | <u>696</u>         | <u>995</u>      | <u>3,231</u>        | <u>4,989</u>    |
| Net interest income   | 5,935              | 6,153           | 23,755              | 25,097          |
| Provision for loan losses                                   | 875                | 1,450           | 3,510               | 5,570           |
| Net interest income after provision for loan losses         | <u>5,060</u>       | <u>4,703</u>    | <u>20,245</u>       | <u>19,527</u>   |
| Noninterest income:   |                    |                 |                     |                 |
| Fees & service charges                                      | 636                | 642             | 2,501               | 2,538           |
| Gain on sale of loans, net                                  | 119                | 657             | 256                 | 1,263           |
| Wealth management operations                                | 300                | 278             | 1,177               | 1,165           |
| Gain on sale of securities, net                             | 283                | 59              | 966                 | 913             |
| Cash value increase from bank owned life insurance          | 99                 | 97              | 398                 | 403             |
| Other-than-temporary impairment of securities               | (1)                | -               | (1)                 | (128)           |
| Gain/(loss) on foreclosed real estate                       | 101                | (181)           | 887                 | (381)           |
| Other income  | 26                 | 5               | 63                  | 17              |
| Total noninterest income                                    | <u>1,563</u>       | <u>1,557</u>    | <u>6,247</u>        | <u>5,790</u>    |
| Noninterest expense:  |                    |                 |                     |                 |
| Compensation & benefits                                     | 2,523              | 2,306           | 9,953               | 9,599           |
| Occupancy & equipment                                       | 764                | 624             | 3,333               | 3,010           |
| Federal deposit insurance premiums                          | 141                | 223             | 946                 | 950             |
| Data processing   | 258                | 242             | 1,005               | 941             |
| Marketing   | 99                 | 156             | 403                 | 485             |
| Other   | 1,071              | 1,447           | 4,288               | 4,356           |
| Total noninterest expense                                   | <u>4,856</u>       | <u>4,998</u>    | <u>19,928</u>       | <u>19,341</u>   |
| Income before income taxes                                  | 1,767              | 1,262           | 6,564               | 5,976           |
| Income tax expenses   | 363                | 130             | 1,179               | 797             |
| Net income  | <u>\$ 1,404</u>    | <u>\$ 1,132</u> | <u>\$ 5,385</u>     | <u>\$ 5,179</u> |

**NorthWest Indiana Bancorp**  
Financial Report

**Balance Sheet Data**

(Dollars in thousands)

|                                      | December 31,<br>2011<br>(unaudited) | December 31,<br>2010 | Change<br>% | Mix<br>% |
|--------------------------------------|-------------------------------------|----------------------|-------------|----------|
| Total assets                         | \$ 651,758                          | \$ 631,053           | 3.3%        |          |
| Cash & cash equivalents              | 26,367                              | 10,938               | 141.1%      |          |
| Securities - available for sale      | 186,962                             | 142,055              | 31.6%       |          |
| Securities - held to maturity        | -                                   | 18,397               | -100.0%     |          |
| Loans receivable:                    |                                     |                      |             |          |
| Construction and land development    | 21,143                              | 46,371               | -54.4%      | 5.3%     |
| 1-4 first liens                      | 132,231                             | 127,959              | 3.3%        | 32.9%    |
| Multifamily                          | 7,313                               | 7,605                | -3.8%       | 1.8%     |
| Commercial real estate               | 146,402                             | 138,506              | 5.7%        | 36.5%    |
| Commercial business                  | 63,293                              | 61,726               | 2.5%        | 15.8%    |
| 1-4 Junior Liens                     | 1,814                               | 2,434                | -25.5%      | 0.5%     |
| HELOC                                | 17,434                              | 19,325               | -9.8%       | 4.3%     |
| Lot loans                            | 2,656                               | 3,164                | -16.1%      | 0.7%     |
| Consumer                             | 472                                 | 763                  | -38.1%      | 0.1%     |
| Government and other                 | 8,643                               | 10,380               | -16.7%      | 2.1%     |
| Total loans                          | 401,401                             | 418,233              | -4.0%       | 100.0%   |
| Deposits:                            |                                     |                      |             |          |
| Core deposits:                       |                                     |                      |             |          |
| Noninterest bearing checking         | 55,577                              | 50,712               | 9.6%        | 10.5%    |
| Interest bearing checking            | 102,294                             | 90,984               | 12.4%       | 19.4%    |
| Savings                              | 71,417                              | 65,146               | 9.6%        | 13.6%    |
| MMDA                                 | 120,671                             | 114,983              | 4.9%        | 22.9%    |
| Total core deposits                  | 349,959                             | 321,825              | 8.7%        | 66.4%    |
| Certificates of deposit              | 176,922                             | 198,446              | -10.8%      | 33.6%    |
| Total deposits                       | 526,881                             | 520,271              | 1.3%        | 100.0%   |
| Borrowings and repurchase agreements | 52,013                              | 48,619               | 7.0%        |          |
| Stockholder's equity                 | 62,960                              | 56,089               | 12.3%       |          |

**Asset Quality**

(Dollars in thousands)

|   | December 31,<br>2011<br>(unaudited) | December 31,<br>2010 | Change<br>% |
|---|-------------------------------------|----------------------|-------------|
| Nonaccruing loans                           | \$ 14,010                           | \$ 23,967            | -41.5%      |
| Accruing loans delinquent more than 90 days | 279                                 | 148                  | 88.5%       |
| Securities in non-accrual                   | 717                                 | 742                  | -3.4%       |
| Foreclosed real estate                      | 2,457                               | 3,298                | -25.5%      |
| Total nonperforming assets                  | 17,463                              | 28,155               | -38.0%      |
| Allowance for loan losses (ALL):            |                                     |                      |             |
| ALL specific allowances for impaired loans  | 1,599                               | 2,794                | -42.8%      |
| ALL general allowances for loan portfolio   | 6,406                               | 6,327                | 1.2%        |
| Total ALL                                   | 8,005                               | 9,121                | -12.2%      |

At December 31, 2011  
(unaudited)

**Capital Adequacy**

|   | Actual<br>Ratio | Required to be<br>well capitalized |
|---|-----------------|------------------------------------|
| Total capital to risk-weighted assets     | 14.3%           | 10.0%                              |
| Tier 1 capital to risk-weighted assets    | 13.1%           | 6.0%                               |
| Tier 1 capital to adjusted average assets | 9.2%            | 5.0%                               |