

NorthWest Indiana Bancorp
Quarterly Financial Report

Key Ratios	Three Months Ended	
	March 31,	
	(Unaudited)	
	2012	2011
Return on equity	8.36%	8.12%
Return on assets	0.83%	0.73%
Basic earnings per share	\$0.48	\$0.41
Diluted earnings per share	\$0.48	\$0.41
Yield on loans	4.98%	5.13%
Yield on security investments	2.75%	3.41%
Total yield on earning assets	4.24%	4.61%
Cost of deposits	0.34%	0.54%
Cost of borrowings	1.40%	1.67%
Total cost of funds	0.44%	0.63%
Net interest margin - tax equivalent	4.02%	4.24%
Noninterest income / average assets	0.98%	0.86%
Noninterest expense / average assets	3.19%	3.05%
Net noninterest margin / average assets	-2.21%	-2.19%
Efficiency ratio	70.09%	66.62%
Effective tax rate	20.53%	12.86%
Dividend declared per common share	\$0.15	\$0.15

	March 31,	December 31,
	2012	2011
	(Unaudited)	(Unaudited)
Net worth / total assets	9.54%	9.66%
Book value per share	\$22.47	\$22.20
Non-performing assets to total assets	2.44%	2.68%
Non-performing loans to total loans	3.22%	3.56%
Allowance for loan losses to non-performing loans	61.60%	56.03%
Allowance for loan losses to loans outstanding	1.98%	1.99%
Foreclosed real estate to total assets	0.33%	0.38%

Consolidated Statements of Income (Dollars in thousands)	Three Months Ended	
	March 31,	
	(Unaudited)	
	2012	2011
Interest income:		
Loans	\$ 5,109	\$ 5,359
Securities & short-term investments	1,390	1,527
Total interest income	<u>6,499</u>	<u>6,886</u>
Interest expense:		
Deposits	444	712
Borrowings	201	201
Total interest expense	<u>645</u>	<u>913</u>
Net interest income	5,854	5,973
Provision for loan losses	525	1,110
Net interest income after provision for loan losses	<u>5,329</u>	<u>4,863</u>
Noninterest income:		
Fees and service charges	638	585
Gain on sale of securities, net	366	263
Wealth management operations	332	274
Increase in cash value of bank owned life insurance	97	101
Gain on sale of loans held-for-sale, net	75	81
Gain on foreclosed real estate, net	36	59
Other	53	20
Total noninterest income	<u>1,597</u>	<u>1,383</u>
Noninterest expense:		
Compensation and benefits	2,625	2,365
Occupancy and equipment	819	848
Data processing	271	252
Federal deposit insurance premiums	144	373
Marketing	75	141
Other	1,288	922
Total noninterest expense	<u>5,222</u>	<u>4,901</u>
Income before income taxes	1,704	1,345
Income tax expenses	350	173
Net income	<u>\$ 1,354</u>	<u>\$ 1,172</u>

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Balance Sheet Data

(Dollars in thousands)

	March 31, 2012 (Unaudited)	December 31, 2011	Change %	Mix %
Total assets	\$ 668,538	\$ 651,758	2.6%	
Cash & cash equivalents	30,628	26,367	16.2%	
Securities - available for sale	188,104	186,962	0.6%	
Loans receivable:				
Construction and land development	21,338	21,143	0.9%	5.2%
1-4 first liens	135,541	132,231	2.5%	32.8%
Multifamily	14,682	7,313	100.8%	3.5%
Commercial real estate	148,816	146,402	1.6%	36.0%
Commercial business	64,678	63,293	2.2%	15.6%
1-4 Junior Liens	1,773	1,814	-2.3%	0.4%
HELOC	16,451	17,434	-5.6%	4.0%
Lot loans	2,687	2,656	1.2%	0.7%
Consumer	563	472	19.3%	0.1%
Government and other	7,238	8,643	-16.3%	1.7%
Total loans	413,767	401,401	3.1%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	61,791	55,577	11.2%	11.5%
Interest bearing checking	94,267	102,292	-7.8%	17.6%
Savings	75,752	71,417	6.1%	14.1%
MMDA	124,438	120,671	3.1%	23.2%
Total core deposits	356,248	349,957	1.8%	66.4%
Certificates of deposit	180,617	176,924	2.1%	33.6%
Total deposits	536,865	526,881	1.9%	100.0%
Borrowings	60,469	52,013	16.3%	
Stockholder's equity	63,755	62,960	1.3%	

Asset Quality

(Dollars in thousands)

	March 31, 2012 (Unaudited)	December 31, 2011	Change %
Nonaccruing loans	\$ 13,321	\$ 14,010	-4.9%
Accruing loans delinquent more than 90 days	-	279	-100.0%
Securities in non-accrual	802	717	11.9%
Foreclosed real estate	2,222	2,457	-9.6%
Total nonperforming assets	16,345	17,463	-6.4%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	1,866	1,599	16.7%
ALL general allowances for loan portfolio	6,340	6,406	-1.0%
Total ALL	8,206	8,005	2.5%

Capital Adequacy

At March 31, 2012

	Actual Ratio (Unaudited)	Required to be 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%