

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

Key Ratios	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2012	2011	2012	2011
Return on equity	9.16%	9.74%	9.91%	11.32%
Return on assets	0.90%	0.89%	0.97%	1.05%
Basic earnings per share	\$1.05	\$1.01	\$0.57	\$0.59
Diluted earnings per share	\$1.05	\$1.01	\$0.57	\$0.59
Yield on loans	4.95%	5.11%	4.92%	5.10%
Yield on security investments	2.93%	3.38%	2.88%	3.36%
Total yield on earning assets	4.20%	4.58%	4.17%	4.55%
Cost of deposits	0.32%	0.52%	0.31%	0.51%
Cost of borrowings	1.36%	1.58%	1.33%	1.51%
Total cost of funds	0.43%	0.62%	0.41%	0.60%
Net interest margin - tax equivalent	3.99%	4.22%	3.97%	4.21%
Noninterest income / average assets	0.91%	1.07%	0.85%	1.28%
Noninterest expense / average assets	3.00%	3.07%	2.81%	3.08%
Net noninterest margin / average assets	-2.09%	-2.00%	-1.96%	-1.80%
Efficiency ratio	67.01%	64.14%	63.90%	61.85%
Effective tax rate	21.98%	17.03%	23.15%	19.70%
Dividend declared per common share	\$0.34	\$0.30	\$0.19	\$0.15

	June 30,	December 31,
	2012	2011
	(Unaudited)	
Net worth / total assets	9.54%	9.66%
Book value per share	\$22.87	\$22.20
Non-performing assets to total assets	2.19%	2.68%
Non-performing loans to total loans	2.74%	3.56%
Allowance for loan losses to non-performing loans	68.02%	56.03%
Allowance for loan losses to loans outstanding	1.86%	1.99%
Foreclosed real estate to total assets	0.33%	0.38%

Consolidated Statements of Income (Dollars in thousands)	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2012	2011	2012	2011
Interest income:				
Loans	\$ 10,270	\$ 10,561	\$ 5,161	\$ 5,202
Securities & short-term investments	2,783	3,113	1,393	1,586
Total interest income	13,053	13,674	6,554	6,788
Interest expense:				
Deposits	854	1,385	410	674
Borrowings	405	384	204	182
Total interest expense	1,259	1,769	614	856
Net interest income	11,794	11,905	5,940	5,932
Provision for loan losses	1,075	2,065	550	955
Net interest income after provision for loan losses	10,719	9,840	5,390	4,977
Noninterest income:				
Fees and service charges	1,248	1,221	610	637
Wealth management operations	646	584	314	310
Gain on sale of securities, net	617	500	251	237
Gain on sale of loans held-for-sale, net	347	110	272	29
Increase in cash value of bank owned life insurance	194	202	97	101
(Loss)/Gain on foreclosed real estate, net	(84)	788	(120)	728
Other-than-temporary credit impairment of debt securities	(6)	-	(6)	-
Other	58	28	5	8
Total noninterest income	3,020	3,433	1,423	2,050
Noninterest expense:				
Compensation and benefits	5,132	4,911	2,507	2,546
Occupancy and equipment	1,582	1,691	763	844
Data processing	548	501	277	249
Federal deposit insurance premiums	291	596	147	265
Marketing	158	216	83	75
Other	2,216	1,922	928	957
Total noninterest expense	9,927	9,837	4,705	4,936
Income before income taxes	3,812	3,436	2,108	2,091
Income tax expenses	838	585	488	412
Net income	\$ 2,974	\$ 2,851	\$ 1,620	\$ 1,679

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**Balance Sheet Data**

(Dollars in thousands)

	June 30, 2012 (Unaudited)	December 31, 2011	Change %	Mix %
Total assets	\$ 680,081	\$ 651,758	4.3%	
Cash & cash equivalents	19,415	26,367	-26.4%	
Securities - available for sale	192,705	186,962	3.1%	
Loans receivable:				
Construction and land development	20,618	21,143	-2.5%	4.8%
1-4 first liens	136,103	132,231	2.9%	31.6%
Multifamily	21,243	7,313	190.5%	4.9%
Commercial real estate	156,223	146,402	6.7%	36.2%
Commercial business	68,661	63,293	8.5%	15.9%
1-4 Junior Liens	1,718	1,814	-5.3%	0.4%
HELOC	15,944	17,434	-8.5%	3.7%
Lot loans	2,706	2,656	1.9%	0.6%
Consumer	481	472	1.9%	0.1%
Government and other	7,659	8,643	-11.4%	1.8%
Total loans	431,356	401,401	7.5%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	59,710	55,577	7.4%	10.9%
Interest bearing checking	105,346	102,294	3.0%	19.2%
Savings	75,094	71,417	5.1%	13.7%
MMDA	128,100	120,671	6.2%	23.4%
Total core deposits	368,250	349,959	5.2%	67.2%
Certificates of deposit	179,250	176,922	1.3%	32.8%
Total deposits	547,500	526,881	3.9%	100.0%
Borrowings	59,064	52,013	13.6%	
Stockholder's equity	64,921	62,960	3.1%	

**Asset Quality**

(Dollars in thousands)

	June 30, 2012 (Unaudited)	December 31, 2011	Change %
Nonaccruing loans	\$ 11,819	\$ 14,010	-15.6%
Accruing loans delinquent more than 90 days	7	279	-97.5%
Securities in non-accrual	703	717	-2.0%
Foreclosed real estate	2,245	2,457	-8.6%
Total nonperforming assets	14,774	17,463	-15.4%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	1,294	1,599	-19.1%
ALL general allowances for loan portfolio	6,750	6,406	5.4%
Total ALL	8,044	8,005	0.5%

**Capital Adequacy**

	At June 30, 2012 Actual Ratio (Unaudited)	Required to be well capitalized
Total capital to risk-weighted assets	14.0%	10.0%
Tier 1 capital to risk-weighted assets	12.8%	6.0%
Tier 1 capital to adjusted average assets	9.2%	5.0%