

NorthWest Indiana Bancorp
Quarterly Financial Report

Key Ratios	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2012	2011	2012	2011
Return on equity	13.42%	7.34%	10.61%	8.91%
Return on assets	1.34%	0.70%	1.05%	0.83%
Basic earnings per share	\$0.79	\$0.40	\$1.84	\$1.41
Diluted earnings per share	\$0.79	\$0.40	\$1.84	\$1.41
Yield on loans	4.86%	5.08%	4.92%	5.10%
Yield on security investments	2.77%	3.35%	2.87%	3.54%
Total yield on earning assets	4.17%	4.43%	4.19%	4.53%
Cost of deposits	0.28%	0.44%	0.31%	0.50%
Cost of borrowings	1.28%	1.46%	1.34%	1.54%
Total cost of funds	0.38%	0.53%	0.41%	0.59%
Net interest margin - tax equivalent	4.00%	4.14%	3.99%	4.19%
Noninterest income / average assets	1.41%	0.78%	1.08%	0.97%
Noninterest expense / average assets	2.94%	3.25%	2.98%	3.13%
Net noninterest margin / average assets	-1.53%	-2.47%	-1.90%	-2.16%
Efficiency ratio	59.06%	73.04%	64.14%	66.97%
Effective tax rate	21.69%	16.97%	21.87%	17.01%
Dividend declared per common share	\$0.19	\$0.15	\$0.53	\$0.45

	September 30,	December 31,
	2012	2011
	(Unaudited)	
Net worth / total assets	9.93%	9.66%
Book value per share	\$23.72	\$22.20
Non-performing assets to total assets	1.99%	2.68%
Non-performing loans to total loans	2.72%	3.56%
Allowance for loan losses to non-performing loans	72.87%	56.03%
Allowance for loan losses to loans outstanding	1.98%	1.99%
Foreclosed real estate to total assets	0.14%	0.38%

Consolidated Statements of Income (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2012	2011	2012	2011
Interest income:				
Loans	\$ 5,243	\$ 5,149	\$ 15,512	\$ 15,710
Securities & short-term investments	1,348	1,532	4,132	4,645
Total interest income	6,591	6,681	19,644	20,355
Interest expense:				
Deposits	385	581	1,238	1,966
Borrowings	190	185	595	569
Total interest expense	575	766	1,833	2,535
Net interest income	6,016	5,915	17,811	17,820
Provision for loan losses	550	570	1,625	2,635
Net interest income after provision for loan losses	5,466	5,345	16,186	15,185
Noninterest income:				
Fees and service charges	667	644	1,915	1,865
Wealth management operations	305	293	951	877
Gain on sale of securities, net	118	183	735	683
Gain on sale of loans held-for-sale, net	319	27	665	137
Benefit from bank owned life insurance	587	-	587	-
Increase in cash value of bank owned life insurance	96	97	290	299
Gain/(loss) on foreclosed real estate, net	254	(2)	170	786
Other-than-temporary credit impairment of debt securities	-	-	(6)	-
Other	20	9	79	37
Total noninterest income	2,366	1,251	5,386	4,684
Noninterest expense:				
Compensation and benefits	2,675	2,519	7,807	7,430
Occupancy and equipment	773	877	2,355	2,569
Data processing	285	246	833	747
Federal deposit insurance premiums	143	208	434	805
Marketing	75	88	234	304
Other	1,000	1,297	3,215	3,217
Total noninterest expense	4,951	5,235	14,878	15,072
Income before income taxes	2,881	1,361	6,694	4,797
Income tax expenses	625	231	1,464	816
Net income	\$ 2,256	\$ 1,130	\$ 5,230	\$ 3,981

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Balance Sheet Data

(Dollars in thousands)

	September 30, 2012 (Unaudited)	December 31, 2011	Change %	Mix %
Total assets	\$ 678,621	\$ 651,758	4.1%	
Cash & cash equivalents	19,518	26,367	-26.0%	
Securities - available for sale	192,279	186,962	2.8%	
Loans receivable:				
Construction and land development	22,926	21,143	8.4%	5.3%
1-4 first liens	135,899	132,231	2.8%	31.4%
Multifamily	21,372	7,313	192.2%	4.9%
Commercial real estate	154,144	146,402	5.3%	35.6%
Commercial business	71,352	63,293	12.7%	16.5%
1-4 Junior Liens	1,650	1,814	-9.0%	0.4%
HELOC	15,541	17,434	-10.9%	3.6%
Lot loans	2,458	2,656	-7.5%	0.6%
Consumer	428	472	-9.3%	0.1%
Government and other	6,742	8,643	-22.0%	1.6%
Total loans	432,512	401,401	7.8%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	71,991	55,577	29.5%	13.1%
Interest bearing checking	97,343	102,294	-4.8%	17.8%
Savings	76,387	71,417	7.0%	13.9%
MMDA	124,506	120,671	3.2%	22.7%
Total core deposits	370,227	349,959	5.8%	67.5%
Certificates of deposit	177,447	176,922	0.3%	32.5%
Total deposits	547,674	526,881	3.9%	100.0%
Borrowings	57,691	52,013	10.9%	
Stockholder's equity	67,400	62,960	7.1%	

Asset Quality

(Dollars in thousands)

	September 30, 2012 (Unaudited)	December 31, 2011	Change %
Nonaccruing loans	\$ 11,515	\$ 14,010	-17.8%
Accruing loans delinquent more than 90 days	250	279	-10.4%
Securities in non-accrual	792	717	10.5%
Foreclosed real estate	936	2,457	-61.9%
Total nonperforming assets	13,493	17,463	-22.7%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	1,725	1,609	7.2%
ALL general allowances for loan portfolio	6,848	6,396	7.1%
Total ALL	8,573	8,005	7.1%

Capital Adequacy

At September 30,
2012

	Actual Ratio (Unaudited)	Required to be well capitalized
Total capital to risk-weighted assets	14.5%	10.0%
Tier 1 capital to risk-weighted assets	13.2%	6.0%
Tier 1 capital to adjusted average assets	9.4%	5.0%