
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended **June 30, 2008**, or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____

Commission File Number: **0-26128**

NorthWest Indiana Bancorp

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction of incorporation
or organization)

35-1927981

(I.R.S. Employer
Identification Number)

9204 Columbia Avenue
Munster, Indiana

(Address of principal executive offices)

46321

(ZIP code)

Registrant's telephone number, including area code: (219) 836-4400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 2,804,835 shares of the registrant's Common Stock, without par value, outstanding at June 30, 2008.

NorthWest Indiana Bancorp
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NorthWest Indiana Bancorp
Consolidated Statements of Income
(unaudited)

(Dollars in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Interest income:				
Loans receivable				
Real estate loans	\$ 6,372	\$ 6,657	\$ 12,719	\$ 13,298
Commercial loans	959	969	1,998	2,015
Consumer loans	38	49	78	99
Total loan interest	7,369	7,675	14,795	15,412
Securities	1,387	1,136	2,761	2,242
Other interest earning assets	17	36	46	58
Total interest income	8,773	8,847	17,602	17,712
Interest expense:				
Deposits	2,604	3,770	5,890	7,450
Borrowed funds	549	652	1,131	1,427
Total interest expense	3,153	4,422	7,021	8,877
Net interest income	5,620	4,425	10,581	8,835
Provision for loan losses	820	5	950	5
Net interest income after provision for loan losses	4,800	4,420	9,631	8,830
Noninterest income:				
Fees and service charges	707	745	1,403	1,425
Wealth management operations	208	169	417	338
Increase in cash value of bank owned life insurance	102	97	205	195
Gain on sale of securities, net	30	19	146	48
Gain on sale of loans, net	31	64	70	118
Gain on foreclosed real estate	—	(6)	19	(6)
Other	104	5	120	13
Total noninterest income	1,182	1,093	2,380	2,131
Noninterest expense:				
Compensation and benefits	2,153	1,805	4,334	3,655
Occupancy and equipment	719	657	1,415	1,270
Data processing	216	224	428	445
Marketing	115	60	219	119
Other	944	852	1,818	1,617
Total noninterest expense	4,147	3,598	8,214	7,106
Income before income tax expenses	1,835	1,915	3,797	3,855
Income tax expenses	390	494	704	948
Net income	\$ 1,445	\$ 1,421	\$ 3,093	\$ 2,907
Earnings per common share:				
Basic	\$ 0.51	\$ 0.51	\$ 1.10	\$ 1.04
Diluted	\$ 0.51	\$ 0.50	\$ 1.09	\$ 1.03
Dividends declared per common share	\$ 0.36	\$ 0.36	\$ 0.72	\$ 0.72

See accompanying notes to consolidated financial statements.

NorthWest Indiana Bancorp
Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Balance at beginning of period	\$ 54,241	\$ 50,775	\$ 52,733	\$ 50,010
Comprehensive income:				
Net income	1,445	1,421	3,093	2,907
Net unrealized gain on securities available-for-sale, net of reclassifications and tax effects	(2,242)	(730)	(1,434)	(542)
Amortization of unrecognized gain	(3)	(3)	(7)	(5)
Comprehensive income	(800)	688	1,652	2,360
Issuance of common stock, under stock based compensation plan, including tax effects	3	71	41	156
Stock based compensation expense	14	22	31	40
Sale of treasury stock	50	—	64	—
Stock repurchase	(226)	—	(226)	—
Adjustment to retained earnings for adoption of EITF 06-4	(20)	—	(20)	—
Cash dividends	(1,009)	(1,010)	(2,022)	(2,020)
Balance at end of period	<u>\$ 52,253</u>	<u>\$ 50,546</u>	<u>\$ 52,253</u>	<u>\$ 50,546</u>

See accompanying notes to consolidated financial statements.

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NorthWest Indiana Bancorp
Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended June 30,	
	2008	2007
(Dollars in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,093	\$ 2,907
Adjustments to reconcile net income to net cash provided by operating activities:		
Origination of loans for sale	(2,891)	(7,149)
Sale of loans originated for sale	2,927	6,595
Depreciation and amortization, net of accretion	780	727
Amortization of mortgage servicing rights	37	40
Amortization of investment in real estate limited partnerships	16	13
Equity in (gain)/loss of investment in limited partnership, net of interest received	52	20
Stock based compensation expense	31	40
Net gains on sales and calls of securities	(146)	(48)
Net gains on sale of loans	(70)	(118)
Net gain on sale of foreclosed real estate	(19)	6
Provision for loan losses	950	5
Net change in:		
Interest receivable	226	252
Other assets	(255)	(195)
Cash value of bank owned life insurance	(205)	537
Accrued expenses and other liabilities	(780)	(690)
Total adjustments	653	35
Net cash from operating activities	3,746	2,942
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities and pay downs of securities available-for-sale	20,704	13,250
Proceeds from sales of securities available-for-sale	1,494	5,213
Purchase of securities available-for-sale	(28,461)	(24,150)
Purchase of securities held-to-maturity	(1,762)	(1,873)
Proceeds from maturities and pay downs of securities held-to-maturity	1,171	471
Loan participations purchased	(200)	(1,704)
Net change in loans receivable	(18,467)	16,295
Purchase of premises and equipment, net	(1,361)	(645)
Proceeds from sale of foreclosed real estate	—	338
Investment in title company	—	(40)
Net cash from investing activities	(26,882)	7,155
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in deposits	17,765	(11,245)
Proceeds from FHLB advances	28,000	24,500
Repayment of FHLB advances	(16,000)	(21,500)
Change in other borrowed funds	(4,331)	(3,357)
Tax effect of nonqualified stock option exercise	—	15
Proceeds from issuance of common stock	41	141
Proceeds from sale of treasury stock	64	—
Dividends paid	(2,023)	(1,989)
Treasury stock purchased	(226)	—
Net cash from financing activities	23,290	(13,435)
Net change in cash and cash equivalents	154	(3,338)
Cash and cash equivalents at beginning of period	12,111	15,764
Cash and cash equivalents at end of period	\$ 12,265	\$ 12,426
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 7,458	\$ 8,800
Income taxes	\$ 690	\$ 980
SUPPLEMENTAL NONCASH INFORMATION:		
Transfers from loans to foreclosed real estate	\$ 463	\$ 151

See accompanying notes to consolidated financial statements.

NorthWest Indiana Bancorp
Notes to Consolidated Financial Statements

Note 1 — Basis of Presentation

The consolidated financial statements include the accounts of NorthWest Indiana Bancorp (the “Bancorp”), its wholly-owned subsidiary, Peoples Bank SB (the “Bank”), and the Bank’s wholly-owned subsidiaries, Peoples Service Corporation, NWIN, LLC and NWIN Funding, Inc. The Bancorp has no other business activity other than being a holding company for the Bank. The Bancorp’s earnings are dependent upon the earnings of the Bank. The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Form 10-Q and, therefore, do not include all disclosures required by U.S. generally accepted accounting principles for complete presentation of financial statements. In the opinion of management, the consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated balance sheets of the Bancorp as of June 30, 2008 and December 31, 2007, and the consolidated statements of income and changes in stockholders’ equity for the three and six months ended June 30, 2008 and 2007, and cash flows for the six months ended June 30, 2008 and 2007. The income reported for the six-month period ended June 30, 2008 is not necessarily indicative of the results to be expected for the full year.

Note 2 — Use of Estimates

Preparing financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period, as well as the disclosures provided. Actual results could differ from those estimates. Estimates associated with the allowance for loan losses, fair values of financial instruments and status of contingencies are particularly susceptible to material change in the near term.

Note 3 — Loans Receivable

Non-performing loans at period end were as follows:

	(Dollars in thousands)	
	<u>6/30/2008</u>	<u>12/31/2007</u>
Loans past due over 90 days still on accrual	\$ 910	\$ 842
Non-accrual loans	8,996	7,776

Impaired loans at period end were as follows:

	(Dollars in thousands)	
	<u>6/30/2008</u>	<u>12/31/2007</u>
Period end loans with no allocated allowance for loan losses	\$ 2,062	\$ 687
Period end loans with allocated allowance for loan losses	5,014	5,319
Total	\$ 7,076	\$ 6,006
Amount of the allowance for loan losses allocated	\$ 1,684	\$ 824
Average of impaired loans during the period	\$ 7,091	\$ 6,311
Interest income recognized during impairment	—	—
Cash-basis interest income recognized	—	—

Note 4 — Concentrations of Credit Risk

The primary lending area of the Bancorp encompasses all of Lake County in northwest Indiana, where a majority of loan activity is concentrated. The Bancorp is also an active lender in Porter County, and to a lesser extent, LaPorte, Newton and Jasper counties in Indiana, and Lake, Cook and Will counties in Illinois. Substantially all loans are secured by specific items of collateral including residences, business assets and consumer assets.

Note 5 — Earnings Per Share

Earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding. A reconciliation of the numerators and denominators of the basic and diluted earnings per common share computation for the three months and six months ended June 30, 2008 and June 30, 2007 are presented below:

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Basic earnings per common share:				
Net income as reported	\$ 1,445	\$ 1,421	\$ 3,093	\$ 2,907
Weighted average common shares outstanding:	2,810,431	2,804,827	2,810,326	2,803,202
Basic earnings per common share:	\$ 0.51	\$ 0.51	\$ 1.10	\$ 1.04
Diluted earnings per common share:				
Net income as reported	\$ 1,445	\$ 1,421	\$ 3,093	\$ 2,907
Weighted average common shares outstanding:	2,810,431	2,804,827	2,810,326	2,803,202
Add: Dilutive effect of assumed stock option exercises:	16,920	26,260	16,752	27,047
Weighted average common and dilutive potential common shares outstanding:	2,827,351	2,831,087	2,827,078	2,830,249
Diluted earnings per common share:	\$ 0.51	\$ 0.50	\$ 1.09	\$ 1.03

Note 6 — Stock Based Compensation

Financial Accounting Standards No. 123R (FAS 123R), “Share-Based Payment”, requires companies to record compensation cost for stock options provided to employees in return for employment service. The cost is measured at the fair value of the options when granted, and this cost is expensed over the employment service period, which is normally the vesting period of the options. Compensation cost will also be recorded for prior option grants that vest after the date of adoption. For the three months ended June 30, 2008, stock based compensation expense of \$14,000 was recorded, compared to \$22,000 for the quarter ended June 30, 2007. For the six months ended June 30, 2008, stock based compensation expense of \$29,000 was recorded, compared to \$40,000 for the six months ended June 30, 2007. It is anticipated that current outstanding vested and unvested options will result in additional compensation expense of approximately \$27,000 in 2008 and \$35,000 in 2009.

A summary of option activity under the Bancorp’s stock option plan for the six months ended June 30, 2008 is presented below:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2008	75,952	\$ 23.25		
Granted	1,000	\$ 28.50		
Exercised	(1,955)	\$ 20.86		
Forfeited or expired	(1,600)	\$ 20.50		
Outstanding at June 30, 2008	73,397	\$ 23.44	3.5	278,232
Exercisable at June 30, 2008	61,972	\$ 22.27	3.0	277,670

During the six months ended June 30, 2008, the Bancorp granted 1,000 shares from the stock option plan. There were no options granted during the first six months of 2007. The total intrinsic value of options exercised during the six months ended June 30, 2008 and 2007, was \$11,523 and \$68,233.

Note 7 — Adoption of New Accounting Standards

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements. This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This Statement establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The standard is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued Staff Position (FSP) 157-2, Effective Date of FASB Statement No. 157. This FSP delays the effective date of FAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The impact of adoption was not material.

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In February 2007, the FASB issued Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. The standard provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The Company did not elect the fair value option for any financial assets or financial liabilities as of January 1, 2008, the effective date of the standard.

In September 2006, the FASB Emerging Issues Task Force finalized Issue No. 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements. This issue requires that a liability be recorded during the service period when a split-dollar life insurance agreement continues after participants' employment or retirement. The required accrued liability will be based on either the post-employment benefit cost for the continuing life insurance or based on the future death benefit depending on the contractual terms of the underlying agreement. This issue is effective for fiscal years beginning after December 15, 2007. A liability of \$20,000 was recorded and was reflected as an adjustment to retained earnings.

On November 5, 2007, the SEC issued Staff Accounting Bulletin No. 109, Written Loan Commitments Recorded at Fair Value through Earnings ("SAB 109"). Previously, SAB 105, Application of Accounting Principles to Loan Commitments, stated that in measuring the fair value of a derivative loan commitment, a company should not incorporate the expected net future cash flows related to the associated servicing of the loan. SAB 109 supersedes SAB 105 and indicates that the expected net future cash flows related to the associated servicing of the loan should be included in measuring fair value for all written loan commitments that are accounted for at fair value through earnings. SAB 105 also indicated that internally-developed intangible assets should not be recorded as part of the fair value of a derivative loan commitment, and SAB 109 retains that view. SAB 109 is effective for derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. The Bancorp does not expect the impact of this standard to be material.

Note 8 — Fair Value

Statement 157 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing and asset or liability.

The fair values of securities available for sale are determined by matrix pricing, which is a mathematical technique widely used to in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities.

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	<i>(in 000's)</i>	Fair Value Measurements at June 30, 2008 Using					
		30-Jun-08	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets:							
Available for sale securities	\$100,548	\$	—	\$	100,548	\$	—

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Assets and liabilities measured at fair value on a non-recurring basis are summarized below:

(in 000's)

	Fair Value Measurements at June 30, 2008 Using			
	30-Jun-08	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Impaired loans	\$ 3,330	\$ —	\$ 744	\$ 2,586

Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a carrying amount of \$5.0 million, with a valuation allowance of \$1.7 million, resulting in an additional specific allocation of \$900 thousand for the period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Summary

NorthWest Indiana Bancorp (the "Bancorp") is a bank holding company registered with the Board of Governors of the Federal Reserve System. Peoples Bank SB, an Indiana savings bank, is a wholly-owned subsidiary of the Bancorp. The Bancorp has no other business activity other than being the holding company for the Bank.

At June 30, 2008, the Bancorp had total assets of \$652.9 million, total loans of \$486.6 million and total deposits of \$511.1 million. Stockholders' equity totaled \$52.3 million or 8.0% of total assets, with book value per share at \$18.63. Net income for the quarter ended June 30, 2008, was \$1.4 million, or \$0.51 earnings per common share for basic and \$0.51 for diluted calculations. The annualized return on average assets (ROA) was 0.96%, while the annualized return on average stockholders' equity (ROE) was 11.19%, for the six months ended June 30, 2008.

Financial Condition

During the six months ended June 30, 2008, total assets increased by \$24.2 million (3.8%), with interest-earning assets increasing by \$21.4 million (3.6%). At June 30, 2008, interest-earning assets totaled \$609.9 million and represented 93.4% of total assets.

Loans receivable totaled \$486.6 million at June 30, 2008, compared to \$468.5 million at December 31, 2007. At June 30, 2008, loans receivable represented 79.8% of interest-earning assets, 74.5% of total assets and 95.2% of total deposits. The loan portfolio, which is the Bancorp's largest asset, is a significant source of both interest and fee income. The Bancorp's lending strategy stresses quality loan growth, product and geographic diversification, and competitive and profitable pricing. The loan portfolio includes \$47.3 million (9.7%) in construction and development loans, \$228.3 million (46.9%) in residential mortgage loans, \$13.7 million (2.8%) in multifamily loans, \$0.8 million (0.2%) in a farmland loan, \$131.1 million (27.0%) in commercial real estate loans, \$2.2 million (0.5%) in consumer loans, \$51.2 million (10.5%) in commercial business loans and \$11.8 million (2.4%) in government and other loans. Adjustable rate loans comprised 57.1% of total loans at June 30, 2008. During the six months ended June 30, 2008, loans increased by \$18.1 million (3.9%). During the period, growth occurred in commercial real estate, commercial business, construction and development, government, and multifamily loans, while residential, and consumer loan balances decreased. During the six month period, loan balances increased as a result of stable loan demand within the Bancorp's primary market area.

The Bancorp is primarily a portfolio lender. Mortgage banking activities are generally limited to the sale of fixed rate mortgage loans with contractual maturities greater than 15 years. These loans are identified as held for sale when originated and sold, on a case-by-case basis, in the secondary market as part of the Bancorp's efforts to manage interest rate risk. During the six months ended June 30, 2008, the Bancorp sold \$2.9 million in fixed rate mortgages originated for sale compared to \$6.6 million during the six months ended June 30, 2007. During the current six month period, loan sales decreased as a result of higher fees charged by governmental agencies to purchaser loans in the secondary markets. Net gains realized from sales for the six months ended June 30, 2008, totaled \$70 thousand compared to \$118 thousand for the six months ended June 30, 2007. At June 30, 2008, the Bancorp had no loans that were classified as held for sale.

The primary objective of the Bancorp's investment portfolio is to provide for the liquidity needs of the Bancorp and to contribute to profitability by providing a stable flow of dependable earnings. Funds are generally invested in federal funds, interest bearing balances in financial institutions, U.S. government securities, federal agency obligations and obligations of state and local municipalities. The securities portfolio totaled \$123.0 million at June 30, 2008, compared to \$118.2 million at December 31, 2007, an increase of \$4.8 million (4.1%). At June 30, 2008, the securities portfolio represented 20.2% of interest-earning assets and 18.8% of total assets. The securities portfolio was comprised of 11.0% in U.S. government agency debt securities, 51.3% in U.S. government agency mortgage-backed securities and collateralized mortgage obligations, 30.0% in municipal securities, 1.7% in corporate securities, and 6.0% in trust preferred securities. At June 30, 2008, securities available-for-sale ("AFS") totaled \$100.5 million or 84.2% of total securities. AFS securities are those the Bancorp may decide to sell if needed for liquidity, asset-liability management or other reasons. In addition, at June 30, 2008, the Bancorp had \$3.6 million in Federal Home Loan Bank (FHLB) stock.

The allowance for loan losses (ALL) is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses, and decreased by charge-offs less recoveries. A loan is charged-off against the allowance by management as a loss when deemed uncollectible, although collection efforts continue and future recoveries may occur. The determination of the amounts of the ALL and provisions for loan losses is based on management's current judgments about the credit quality of the loan portfolio with consideration given to all known relevant internal and external factors that affect loan collectability as of the reporting date. The appropriateness of the current year provision

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and the overall adequacy of the ALL are determined through a disciplined and consistently applied quarterly process that combines a review of the current position with a risk assessment worksheet.

The Risk Assessment Worksheet covers the residential, commercial real estate, commercial business, and consumer loan portfolios. Management uses a risk rating system to assist in determining the appropriate level for the ALL. Management assigns risk factors to non-performing loans; loans that management has internally classified as impaired, substandard, doubtful, loss, or watch; and performing loans.

Risk factors for non-performing and internally classified loans are based on an analysis of the estimated collateral liquidation value for individual loans defined as substandard or doubtful. Estimated collateral liquidation values are based on established loan underwriting standards and adjusted for current mitigating factors on a loan-by-loan basis. Aggregate substandard loan collateral deficiencies are determined for residential, commercial real estate, commercial business, and consumer loan portfolios. These deficiencies are then stated as a percentage of the total substandard balances to determine the appropriate risk factors.

Risk factors for performing and non-classified loans are based on the average net charge-offs for the most recent five years, which are then stated as a percentage of average loans for the same period. Historical risk factors are calculated for residential, commercial real estate, commercial business, and consumer loans. The historical factors are then adjusted for current subjective risks attributable to: local and national economic factors; loan growth and changes in loan composition; organizational structure; composition of loan staff; loan concentrations; policy changes and out of market lending activity.

Non-performing loans include those loans that are 90 days or more past due and those loans that have been placed on non-accrual status. Non-performing loans totaled \$9.9 million at June 30, 2008, compared to \$8.6 million at December 31, 2007, an increase of \$1.3 million or 14.6%. The increase in non-performing loans is concentrated with two borrowers, with eleven cross collateralized construction loans totaling \$1.2 million that had previously been classified as substandard, and are now also classified as impaired. As previously reported, the Bank's June 30, 2008 and December 31, 2007 non-performing and impaired loan balances have been negatively impacted by two past due commercial real estate participation loans that carry a balance of \$4.1 million and \$956 thousand. These loans were originally classified as substandard and impaired during the third quarter of 2007. For both loans, management is in contract with the lead lenders and continues to take the appropriate steps for protection of the bank's interest in the collateral. Based on the current information provided by the lead lenders, management has had to make certain estimates regarding both projects' cash flows, collateral values and strength of personal guarantees. At June 30, 2008, for the first commercial real estate participation, a \$4.1 million loan for a condominium conversion project in Ann Arbor, Michigan, management's current estimates indicate a collateral deficiency. In July 2008, the lead lender provided management with a new appraisal that indicated a decrease in collateral value. As a result, management increased the specific allowance for the collateral deficiency by \$900 thousand as of June 30, 2008. The total specific allowance established for this commercial real estate participation loan is \$1.5 million. Management has retained legal counsel to actively pursue potential material violations of the participation agreement and the underlying loan documentation by the lead lender. During the first quarter of 2008, management filed a lawsuit against the lead lender. For the second commercial real estate participation loan totaling \$956 thousand, a condominium project in Portland, Oregon, management's current estimates indicate a collateral deficiency. Based on the current collateral deficiencies, the appropriate specific allowances have been established for both commercial real estate participation loans. To the extent that actual cash flows, collateral values and strength of personal guarantees differ from current estimates, additional provisions to the allowance for loan losses may be required for both commercial real estate participation loans.

The ratio of non-performing loans to total loans was 2.03% at June 30, 2008, compared to 1.84% at December 31, 2007. The ratio of non-performing loans to total assets was 1.51% at June 30, 2008, compared to 1.37% at December 31, 2007. The June 30, 2008, non-performing loan balances include \$9.0 million in loans accounted for on a non-accrual basis and \$910 thousand in accruing loans, which were contractually past due 90 days or more. Loans, internally classified as substandard totaled \$12.0 million at June 30, 2008, compared to \$10.9 million at December 31, 2007. The increase in substandard loans at June 30, 2008, is related to the previously mentioned construction loans in the amount of \$1.2 million. No loans were classified as doubtful or loss. Substandard loans include non-performing loans and potential problem loans, where information about possible credit issues or other conditions causes management to question the ability of such borrowers to comply with loan covenants or repayment terms. In addition to identifying and monitoring non-performing and other classified loans, management maintains a list of watch loans. Watch loans represent loans management is closely monitoring due to one or more factors that may cause the loan to become classified. Watch loans totaled \$10.2 million at June 30, 2008, compared to \$10.8 million at December 31, 2007.

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A loan is considered impaired when, based on current information and events, it is probable that a borrower will be unable to pay all amounts due according to the contractual terms of the loan agreement. At June 30, 2008, impaired loans totaled \$7.1 million, compared to \$6.0 million at December 31, 2007. The June 30, 2008, impaired loan balances consist of fifteen loans to five commercial borrowers that are secured by business assets and real estate, and are personally guaranteed by the owners of the businesses. The June 30, 2008 ALL contained \$1.7 million in specific allowances for collateral deficiencies, compared to \$824 thousand in specific allowances at December 31, 2007. During the second quarter of 2008, eleven real estate loans to one construction lender in the amount of \$1.2 million were classified as impaired. Management's current estimate indicates that a specific allowance is not required for these loans. In addition, during the current quarter, one commercial real estate loan in the amount of \$191 thousand was removed from impaired status. The June 30, 2008, impaired loan balances were also included in the previously discussed non-performing and substandard loan balances. There were no other loans considered to be impaired loans for the quarter ended, June 30, 2008.

At June 30, 2008, management is of the opinion that there are no loans, except those discussed above, where known information about possible credit problems of borrowers causes management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms and which may result in disclosure of such loans as non-accrual, past due or restructured loans. Also, at June 30, 2008, no other interest bearing assets were required to be disclosed as non-accrual, past due or restructured. Management does not presently anticipate that any of the non-performing loans or classified loans would materially impact future operations, liquidity or capital resources.

The Bancorp is a party to financial instruments in the normal course of business to meet financing needs of its customers. These financial instruments, which include commitments to make loans and standby letters of credit, are not reflected in the accompanying consolidated financial statements. Such financial instruments are recorded when they are funded. The Bancorp has a \$1.1 million participation in a \$6.4 million letter of credit, which acts as payment support to bondholders. Cash flows from the security collateralizing the letter of credit have been negatively impacted due to the closing of the tenant. The letter of credit is also secured by a cash collateral account in the amount of \$1.0 million. During July 2008, a new forbearance agreement was executed, which will expire on December 31, 2008. For receiving the continued forbearance, an additional \$500 thousand in cash collateral was contributed. The addition of the cash collateral eliminated prior collateral deficiencies. As a result, management has reversed a previously established \$72 thousand contingent liability as of June 30, 2008. Past letters of intent to purchase the property have not resulted in an offer to purchase. The borrower is continuing to actively market the property. Management will continue to monitor the letter of credit and bond repayments.

For the six months ended June 30, 2008, \$950 thousand in additions to the ALL account were required, compared to \$5 thousand for the six months ended June 30, 2007. The increase in the 2008 ALL provisions was related to the need for additional specific allowances for the collateral deficiency associated with \$4.1 million commercial real estate participation loan. Charge-offs, net of recoveries, totaled \$77 thousand for the six months ended June 30, 2008, compared to \$1 thousand for the six months ended June 30, 2007. The ALL provisions take into consideration management's current judgments about the credit quality of the loan portfolio, loan portfolio balances, changes in the portfolio mix and local economic conditions. In determining the provision for loan loss for the current period, management has given consideration to increased risks associated with in the local economy, changes in loan balances and mix, and asset quality.

The ALL to total loans was 1.12% at June 30, 2008, compared to 0.98% at December 31, 2007. The ALL to non-performing loans (coverage ratio) was 55.2% at June 30, 2008, compared to 53.2% at December 31, 2007. The June 30, 2008 balance in the ALL account of \$5.5 million is considered adequate by management after evaluation of the loan portfolio, past experience and current economic and market conditions. While management may periodically allocate portions of the allowance for specific problem loans, the whole allowance is available for any loan charge-offs that occur. The allocation of the ALL reflects performance and growth trends within the various loan categories, as well as consideration of the facts and circumstances that affect the repayment of individual loans, and loans which have been pooled as of the evaluation date, with particular attention given to non-performing loans and loans which have been classified as substandard, doubtful or loss. Management has allocated general reserves to both performing and non-performing loans based on current information available. During the current quarter, the subjective risk factor for non-classified residential real estate loans was evaluated by management relating to the strength of the non-classified residential real estate loan portfolio and the low level of losses given past and present economic conditions. Management's evaluation was focused on determining whether the subjective risk factor for non-classified residential real estate loans appropriately represents past loss history and current risk trends within the residential real estate loan portfolio. Management's evaluation indicated that for the period 1998 thru 2007, the bank's net charge-offs for loans secured by residential real estate totaled \$69 thousand. Also, due to the strict underwriting quality as to loans held in the bank's portfolio, the sale of "A" agency rated loans and the requirement of private mortgage insurance for loan to

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values in excess of 80%, the current risk trend for residential real estate loans has been improving over the past four quarters. Classified and delinquent residential real estate loan balances have been declining. The growth rate for residential real estate loans has been negative for the past four quarters as a result of the sale of fixed rate mortgage loans. Given the low charge-off history for the past ten years and the trend of declining risk in residential real estate loans, the subjective risk factor for non-classified residential real estate loans was decreased from 0.14% to 0.03%. The change in the subjective risk factor results in a loan allowance allocation of \$68 thousand for non-classified residential real estate loans, which represents an estimate that is consistent with past history and current risk trends. By lowering the subjective risk factor for non-classified residential real estate loans, the aggregate allowance allocation for residential real estate loans decreased from \$897 thousand to \$628 thousand as of June 30, 2008.

At June 30, 2008, the Bancorp had five properties in foreclosed real estate totaling \$616 thousand, compared to four properties totaling \$134 thousand at December 31, 2007.

Deposits are a fundamental and cost-effective source of funds for lending and other investment purposes. The Bancorp offers a variety of products designed to attract and retain customers, with the primary focus on building and expanding relationships. At June 30, 2008, deposits totaled \$511.1 million. During the six months ended June 30, 2008, deposits increased by \$17.7 million (3.6%). Checking account balances increased by \$25.4 million (21.8%). The increase in checking account balances is primarily related to local municipalities that received tax distributions from the local county treasurer. Savings account balances increased by \$1.3 million (2.5%) during the current period. Money market deposit accounts (MMDA's) decreased by \$5.9 million (5.3%). The decrease in MMDA's was a result of withdrawals by a local governmental unit. Certificates of deposit decreased by \$3.1 million (1.4%). During the current quarter, certificate of deposits declined as a result of increased pricing competition within the Bancorp's local market as several banks offered above market interest rates to aggressively acquire funds. At June 30, 2008, the deposit base was comprised of 27.7% checking accounts, 20.5% MMDA's, 10.5% savings accounts and 41.3% certificates of deposit.

Borrowings are primarily used to fund asset growth not supported by deposit generation. At June 30, 2008, borrowed funds totaled \$84.6 million compared to \$76.9 million at December 31, 2007, an increase of \$7.7 million (10.0%). During the current six month period, borrowings were acquired to fund loan and investment growth. Retail repurchase agreements totaled \$12.7 million at June 30, 2008, compared to \$14.2 million at December 31, 2007, a decrease of \$1.5 million (10.3%). The decrease in retail repurchase agreements was related to a reduction in sweep account balances for commercial business. Federal Home Loan Bank (FHLB) fixed, variable and line of credit advances totaled \$63.0 million at June 30, 2008, compared to \$61.8 million at December 31, 2007, an increase of \$1.2 million (1.9%). During the three months ended June 30, 2008, FHLB advance balances increased by \$12.8 million as a result of a decrease in municipal checking account balances. In addition, other short-term borrowings totaled \$8.9 million at June 30, 2008, compared to \$897 thousand at December 31, 2007, a increase of \$8.0 million. The increase in short-term borrowing is primarily related to the use of purchased fed funds.

Liquidity and Capital Resources

For the Bancorp, liquidity management refers to the ability to generate sufficient cash to fund current loan demand, meet deposit withdrawals, and pay dividends and operating expenses. Because profitability and liquidity are often conflicting objectives, management attempts to maximize the Bancorp's net interest margin by making adequate, but not excessive, liquidity provisions.

Changes in the liquidity position result from operating, investing and financing activities. Cash flows from operating activities are generally the cash effects of transactions and other events that enter into the determination of net income. The primary investing activities include loan originations, loan repayments, investments in interest bearing balances in financial institutions, and the purchase, sale, and maturity of investment securities. Financing activities focus almost entirely on the generation of customer deposits. In addition, the Bancorp utilizes borrowings (i.e., retail repurchase agreements and advances from the FHLB) as a source of funds.

During the six months ended June 30, 2008, cash and cash equivalents increased by \$154 thousand compared to a \$3.3 million decrease for the six months ended June 30, 2007. The primary sources of cash were proceeds from pay downs of securities, loan sales, loan repayments and funds from deposit growth, FHLB advances and other borrowed funds. The primary uses of cash were the purchase of securities, loan originations, funding of withdrawals for short-term local government funds, repayment of FHLB advances and the payment of common stock dividends. Cash provided from operating activities totaled \$3.8 million for the six months ended June 30, 2008, compared to \$2.9 million for the period ended June 30, 2007. The increase in cash provided from operating activities was a result of a reduction in loan sales for the current period. Cash outflows from investing activities totaled \$26.9 million for the current period, compared to cash inflows of \$7.2 million for the six months ended June 30, 2007. The change was

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related to the increase in loan originations during the current quarter. Net cash inflows from financing activities totaled \$23.3 million during the current period compared to net cash outflows of \$13.4 million for the six months ended June 30, 2007. The change in net cash inflows from financing activities was a result of the deposit growth during the three months ended June 30, 2008. The Bancorp paid dividends on common stock of \$2.0 million for the six months ended June 30, 2008 and 2007.

At June 30, 2008, outstanding commitments to fund loans totaled \$94.2 million. Approximately 37% of the commitments were at variable rates. Management believes that the Bancorp has sufficient cash flow and borrowing capacity to fund all outstanding commitments and to maintain proper levels of liquidity.

During April 2008, the Bancorp began the construction of a state-of-the-art banking center in Gary, Indiana. The cost of the new facility is expected to be approximately \$1.2 million. During the current quarter, construction disbursements totaled \$75 thousand. Approximately \$1.1 million in additional construction disbursements will occur in 2008. The funding for these disbursements will be acquired from current period cash inflows. The facility is expected to open in the fall of 2008 and will not have a material impact on noninterest expense during the current year. The new facility will provide opportunities to expand market share for the Bancorp's products and services within the city of Gary. During July 2008, the Bancorp entered into an agreement to purchase land for a future banking center in St. John, Indiana. St. John is a growing community in northwest Indiana and will provide the Bancorp with future growth potential.

Management strongly believes that maintaining a high level of capital enhances safety and soundness. During the six months ended June 30, 2008, stockholders' equity decreased by \$480 thousand (0.9%). During the current six months, stockholders' equity was increased by net income of \$3.1 million, \$73 thousand from stock based compensation plans and \$64 thousand from the sale of treasury stock. Items decreasing stockholders' equity was the net change in the valuation of the available-for-sale securities of \$1.4 million, the declaration of \$2.0 million in cash dividends and treasury stock purchases of \$226 thousand.

The Bancorp is subject to risk-based capital guidelines adopted by the Board of Governors of the Federal Reserve System (the "FRB"), and the Bank is subject to risk-based capital guidelines adopted by the FDIC. As applied to the Bancorp and the Bank, the FRB and FDIC capital requirements are substantially identical. The Bancorp and the Bank are required to maintain a total risk-based capital ratio of 8%, of which 4% must be Tier 1 capital. In addition, the FRB and FDIC regulations provide for a minimum Tier 1 leverage ratio (Tier 1 capital to adjusted average assets) of 3% for financial institutions that meet certain specified criteria, including that they have the highest regulatory rating and are not experiencing or anticipating significant growth. All other financial institutions are required to maintain a Tier 1 leverage ratio of 3% plus an additional cushion of at least one to two percent.

The following table shows that, at June 30, 2008, and December 31, 2007, the Bancorp's capital exceeded all regulatory capital requirements. The Bancorp's and the Bank's regulatory capital ratios were substantially the same at both dates. The dollar amounts are in millions.

At June 30, 2008	Actual Amount Ratio		Required for adequate capital Amount Ratio		To be well capitalized Amount Ratio	
Total capital to risk-weighted assets	\$58.6	11.9%	\$39.4	8.0%	\$49.2	10.0%
Tier 1 capital to risk-weighted assets	\$53.1	10.8%	\$19.7	4.0%	\$29.5	6.0%
Tier 1 capital to adjusted average assets	\$53.1	8.2%	\$19.5	3.0%	\$32.5	5.0%
At December 31, 2007	Actual Amount Ratio		Required for adequate capital Amount Ratio		To be well capitalized Amount Ratio	
Total capital to risk-weighted assets	\$56.8	12.0%	\$37.8	8.0%	\$47.2	10.0%
Tier 1 capital to risk-weighted assets	\$52.2	11.0%	\$18.9	4.0%	\$28.3	6.0%
Tier 1 capital to adjusted average assets	\$52.2	8.3%	\$18.8	3.0%	\$31.4	5.0%

The Bancorp's ability to pay dividends to its shareholders is entirely dependent upon the Bank's ability to pay dividends to the Bancorp. Under Indiana law, the Bank may pay dividends from its undivided profits (generally, earnings less losses, bad debts, taxes and other operating expenses) as is considered expedient by the Bank's Board of Directors. However, the Bank must obtain the approval of the Indiana Department of Financial Institutions for the payment of a dividend if the total of all dividends declared by the Bank during the current

year, including the proposed dividend, would exceed the sum of retained net income for the year to date plus its retained net income for the previous two years. For this purpose, "retained net income," means net income as calculated for call report purposes, less all dividends declared for the applicable period. Moreover, the FDIC and the Federal Reserve Board may prohibit the payment of dividends if it determines that the payment of dividends would constitute an unsafe or unsound practice in light of the financial condition of the Bank. The aggregate amount of dividends, which may be declared by the Bank in 2008, without prior regulatory approval, approximates \$4,907,000 plus current 2008 net profits.

Results of Operations — Comparison of the Quarter Ended June 30, 2008 to the Quarter Ended June 30, 2007

Net income for the quarter ended June 30, 2008 was \$1.4 million, compared to \$1.4 million for the quarter ended June 30, 2007, an increase of \$24 thousand (1.7%). The earnings represent a ROA of 0.89% for the quarter ended June 30, 2008, compared to 0.93% for the quarter ended June 30, 2007. The ROE was 10.36% for the quarter ended June 30, 2008, compared to 11.00% for the quarter ended June 30, 2007.

Net interest income for the three months ended June 30, 2008 was \$5.6 million, an increase of \$1.2 million (27.0%), compared to \$4.4 million for the quarter ended June 30, 2007. The increase in net interest income has been positively impacted by the loan growth for the current quarter and a decrease in the cost of funds as a result of the Federal Reserve's action in lowering short-term interest rates. The weighted-average yield on interest-earning assets was 5.77% for the three months ended June 30, 2008, compared to 6.23% for the three months ended June 30, 2007. The weighted-average cost of funds for the quarter ended June 30, 2008, was 2.14% compared to 3.19% for the quarter ended June 30, 2007. The impact of the 5.77% return on interest earning assets and the 2.13% cost of funds resulted in an interest rate spread of 3.63% for the current quarter compared to 3.04% for the quarter ended June 30, 2007. During the current quarter, total interest income decreased by \$74 thousand (0.8%) while total interest expense decreased by \$1.3 million (28.7%). The net interest margin was 3.69% for the three months ended June 30, 2008, compared to 3.12% for the quarter ended June 30, 2007. On a tax equivalent basis, the Bancorp's net interest margin was 3.85% for the three months ended June 30, 2008, compared to 3.21% for the quarter ended June 30, 2007. Comparing the net interest margin on a tax equivalent basis more accurately compares the returns on tax-exempt loans and securities to those on taxable interest-earning assets.

During the three months ended June 30, 2008, interest income from loans decreased by \$306 thousand (4.0%), compared to the three months ended June 30, 2007. The change was primarily due to a decrease in the weighted-average yield of the loan portfolio. The weighted-average yield on loans outstanding was 6.05% for the current quarter, compared to 6.23% for the three months ended June 30, 2007. Loan balances averaged \$487.1 million for the current quarter, an increase of \$25.6 million (5.5%) from \$461.5 million for the three months ended June 30, 2007. During the three months ended June 30, 2008, interest income on securities and other interest bearing balances increased by \$232 thousand (19.8%), compared to the quarter ended June 30, 2007. The increase was due to higher securities balances and an increase in the weighted-average portfolio yield. The weighted-average yield on securities and other interest bearing balances was 4.62%, for the current quarter, compared to 4.41% for the three months ended June 30, 2007. Securities balances averaged \$118.0 million for the current quarter, up \$17.7 million (17.6%) from \$100.3 million for the three months ended June 30, 2007. The increase in security average balances is a result of consistent portfolio growth during 2007. Other interest bearing balances averaged \$3.5 million for the current quarter, down \$1.1 million (45.0%) from \$2.4 million for the three months ended June 30, 2007.

Interest expense on deposits decreased by \$1.2 million (30.9%) during the current quarter compared to the three months ended June 30, 2007. The change was primarily due to a decrease in the weighted-average rate paid on deposits. The weighted-average rate paid on deposits for the three months ended June 30, 2008 was 2.02%, compared to 3.05% for the quarter ended June 30, 2007. Total deposit balances averaged \$516.5 million for the current quarter, up \$22.4 million (4.5%) from \$494.1 million for the quarter ended June 30, 2007. Interest expense on borrowed funds decreased by \$103 thousand (15.8%) during the current quarter due to a decrease in average daily balances and a decrease in the weighted average paid for borrowing funds. The weighted-average cost of borrowed funds was 2.99% for the current quarter compared to 4.27% for the three months ended June 30, 2007. Borrowed funds averaged \$73.4 million during the quarter ended June 30, 2008, a decrease of \$12.3 million (20.2%) from \$61.1 million for the quarter ended June 30, 2007.

Noninterest income for the quarter ended June 30, 2008 was \$1.18 million, an increase of \$89 thousand (8.1%) from \$1.09 million for the quarter ended June 30, 2007. During the current quarter, fees and service charges totaled \$707 thousand, a decrease of \$38 thousand (5.1%) from \$745 thousand for the quarter ended June 30, 2007. Fees from Wealth Management operations totaled \$208 thousand for the quarter ended June 30,

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2008, an increase of \$39 thousand (23.1%) from \$169 thousand for the quarter ended June 30, 2007. The increase in Wealth Management income is related to consistent asset growth that has occurred during the past twelve months. Gains from the sale of securities totaled \$30 thousand for the current quarter, an increase of \$11 thousand (57.9%) from \$19 thousand for the quarter ended June 30, 2007. Current market conditions provided opportunities to recognize gains from the sales of securities, while reinvesting in different sectors with similar yields. Gains from loan sales totaled \$31 thousand for the current quarter, a decrease of \$33 thousand (51.6%), compared to \$64 thousand for the quarter ended June 30, 2007. The decrease in gains from the sale of loans is a result of changing customer preference to adjustable rate loans, which the Bank retains in its portfolio. Income from an increase in the cash value of bank owned life insurance totaled \$102 thousand for the quarter ended June 30, 2008, an increase of \$5 thousand (5.2%), compared to \$97 thousand for the quarter ended June 30, 2007. For the quarter ended June 30, 2008, no gain on foreclosed real estate was realized. There were \$6 thousand in losses from the sale of foreclosed real estate for the quarter ended June 30, 2007. During the current quarter, other noninterest income totaled \$104 thousand, an increase of \$99 thousand (1980%) from \$5 thousand for the quarter ended June 30, 2007. This increase was primarily due to the reversal of the impairment on a letter of credit that was taken at December 31, 2007.

Noninterest expense for the quarter ended June 30, 2008 was \$4.15 million, an increase of \$549 thousand (15.3%) from \$3.60 million for the three months ended June 30, 2007. During the current quarter, compensation and benefits totaled \$2.15 million, an increase of \$348 thousand (19.3%) from \$1.81 million for the quarter ended June 30, 2007. The change in compensation and benefits is related to the increase in additional personnel for lending and retail banking activities. Occupancy and equipment totaled \$719 thousand for the current quarter, an increase of \$62 thousand (9.4%) compared to \$657 thousand for the quarter ended June 30, 2007. The increase is related to the operations of a new banking center in Crown Point, Indiana that was opened during December 2007. Data processing expense totaled \$216 thousand for the three months ended June 30, 2008, a decrease of \$8 thousand (3.6%) from \$224 thousand for the three months ended June 30, 2007. Marketing expense related to banking products totaled \$115 thousand for the current quarter, an increase of \$55 thousand (91.7%) from \$60 thousand for the three months ended June 30, 2007. The additional marketing expense is associated with the Bank's newly reengineered marketing function. During the current quarter, the change in marketing expense is associated with increased communications of its brand and products offerings, and the implementation of new marketing systems. Other expenses related to banking operations totaled \$944 thousand for the quarter ended June 30, 2008, an increase of \$92 thousand (10.8%) from \$852 thousand for the quarter ended June 30, 2007. The change in other expenses is a result of an increase in third-party professional services, community contributions and operating expenses related to loan and deposit products. The Bancorp's efficiency ratio was 61.0% for the quarter ended June 30, 2008, compared to 65.2% for the three months ended June 30, 2007. The ratio is determined by dividing total noninterest expense by the sum of net interest income and total noninterest income for the period.

Income tax expenses for the three months ended June 30, 2008 totaled \$390 thousand, compared to \$494 thousand for the three months ended June 30, 2007, a decrease of \$104 thousand (21.1%). The combined effective federal and state tax rates for the Bancorp was 21.3% for the three months ended June 30, 2008, compared to 25.8% for the three months ended June 30, 2007.

Results of Operations — Comparison of the Six Months Ended June 30, 2008 to the Six Months Ended June 30, 2007

Net income for the six months ended June 30, 2008 was \$3.1 million, compared to \$2.9 million for the six months ended June 30, 2007, an increase of \$186 thousand (6.4%). The earnings represent a ROA of 0.96% for the six months ended June 30, 2008, compared to 0.95% for the six months ended June 30, 2007. The ROE was 11.19% for the six months ended June 30, 2008, compared to 11.36% for the six months ended June 30, 2007.

Net interest income for the six months ended June 30, 2008 was \$10.6 million, an increase of \$1.7 million (19.8%), compared to \$8.8 million for the six months ended June 30, 2007. The increase in net interest income has been positively impacted by loan growth for the current six months and a decrease in the cost of funds as a result of the Federal Reserve's action in lowering short-term interest rates. The weighted-average yield on interest-earning assets was 5.84% for the six months ended June 30, 2008, compared to 6.21% for the six months ended June 30, 2007. The weighted-average cost of funds for the six months ended June 30, 2008, was 2.41% compared to 3.18% for the six months ended June 30, 2007. The impact of the 5.84% return on interest earning assets and the 2.41% cost of funds resulted in an interest rate spread of 3.43% for the current six months compared to 3.03% for the six months ended June 30, 2007. During the current six months, total interest income decreased by \$110 thousand (0.6%) while total interest expense decreased by \$1.9 million (20.9%). The net interest margin was 3.51% for the six months ended June 30, 2008, compared to 3.10% for the six months ended June 30, 2007. On a tax equivalent basis, the Bancorp's net interest margin was 3.67% for the six months ended June 30, 2008, compared to 3.19% for the six months ended June 30, 2007. Comparing the net interest margin

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on a tax equivalent basis more accurately compares the returns on tax-exempt loans and securities to those on taxable interest-earning assets.

During the six months ended June 30, 2008, interest income from loans decreased by \$617 thousand (4.0%), compared to the six months ended June 30, 2007. The change was primarily due to a decrease in the weighted-average yield of the loan portfolio. The weighted-average yield on loans outstanding was 6.14% for the current six months, compared to 6.62% for the six months ended June 30, 2007. Loan balances averaged \$481.6 million for the current six months, an increase of \$16 million (3.4%) from \$465.6 million for the six months ended June 30, 2007. During the six months ended June 30, 2008, interest income on securities and other interest bearing balances increased by \$507 thousand (22.0%), compared to the six months ended June 30, 2007. The increase was due to higher securities balances and an increase in the weighted-average portfolio yield. The weighted-average yield on securities and other interest bearing balances was 4.64%, for the current six months, compared to 4.38% for the six months ended June 30, 2007. Securities balances averaged \$117.5 million for the current six months, up \$18.1 million (18.2%) from \$99.4 million for the six months ended June 30, 2007. The increase in security average balances is a result of consistent portfolio growth during 2007. Other interest bearing balances averaged \$3.5 million for the current six months, down \$1.4 million (66.7%) from \$2.1 million for the six months ended June 30, 2007.

Interest expense on deposits decreased by \$1.6 million (20.9%) during the current six months compared to the six months ended June 30, 2007. The change was primarily due to a decrease in the weighted-average rate paid on deposits. The weighted-average rate paid on deposits for the six months ended June 30, 2008 was 2.28%, compared to 3.03% for the six months ended June 30, 2007. Total deposit balances averaged \$516.3 million for the current six months, up \$24.8 million (5.0%) from \$491.5 million for the six months ended June 30, 2007. Interest expense on borrowed funds decreased by \$296 thousand (20.7%) during the current six months due to a decrease in average daily balances and a decrease in the weighted average paid for borrowing funds. The weighted-average cost of borrowed funds was 3.37% for the current six months compared to 4.24% for the six months ended June 30, 2007. Borrowed funds averaged \$67.1 million during the six months ended June 30, 2008, a decrease of \$213 thousand (0.3%) from \$67.3 million for the six months ended June 30, 2007.

Noninterest income for the six months ended June 30, 2008 was \$2.38 million, an increase of \$249 thousand (11.7%) from \$2.13 million for the six months ended June 30, 2007. During the current six months, fees and service charges totaled \$1.40 million, a decrease of \$22 thousand (1.5%) from \$1.43 million for the six months ended June 30, 2007. Fees from Wealth Management operations totaled \$417 thousand for the six months ended June 30, 2008, an increase of \$79 thousand (23.4%) from \$338 thousand for the six months ended June 30, 2007. The increase in Wealth Management income is related to consistent asset growth that has occurred during the past twelve months. Gains from the sale of securities totaled \$146 thousand for the current six months, an increase of \$98 thousand (204.2%) from \$48 thousand for the six months ended June 30, 2007. Current market conditions provided opportunities to recognize gains from the sales of securities, while reinvesting in different sectors with similar yields. Gains from loan sales totaled \$70 thousand for the current six months, a decrease of \$48 thousand (40.7%), compared to \$118 thousand for the six months ended June 30, 2007. The decrease in gains from the sale of loans is a result of changing customer preference to adjustable rate loans, which the Bank retains in its portfolio. Income from an increase in the cash value of bank owned life insurance totaled \$205 thousand for the six months ended June 30, 2008, an increase of \$10 thousand (5.1%), compared to \$195 thousand for the six months ended June 30, 2007. For the six months ended June 30, 2008, a \$19 thousand gain from the transfer of a loan to foreclosed real estate was realized. There were \$6 thousand in losses from the sale of foreclosed real estate for the quarter ended June 30, 2007. During the six months ended June 30, 2008, other noninterest income totaled \$120 thousand, an increase of \$107 thousand (823%) from \$13 thousand for the six months ended June 30, 2007. This increase was primarily due to the reversal of impairment on a letter of credit that was taken at December 31, 2007.

Noninterest expense for the six months ended June 30, 2008 was \$8.21 million, an increase of \$1.11 million (15.6%) from \$7.11 million for the six months ended June 30, 2007. During the current six months, compensation and benefits totaled \$4.33 million, an increase of \$679 thousand (18.6%) from \$3.66 million for the six months ended June 30, 2007. The change in compensation and benefits is related to the increase in additional personnel for lending and retail banking activities. Occupancy and equipment totaled \$1.42 million for the current six months, an increase of \$145 thousand (11.4%) compared to \$1.27 million for the six months ended June 30, 2007. The increase is related to the operations of a new banking center in Crown Point, Indiana that was opened during December 2007. Data processing expense totaled \$428 thousand for the six months ended June 30, 2008, a decrease of \$17 thousand (3.8%) from \$445 thousand for the six months ended June 30, 2007. Marketing expense related to banking products totaled \$219 thousand for the current six months, an increase of \$100 thousand (84.0%) from \$119 thousand for the six months ended June 30, 2007. The additional marketing expense is associated with the Bank's newly reengineered marketing function. During the current six months, the change in marketing expense is associated with increased communications

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of its brand and products offerings, and the implementation of new marketing systems. Other expenses related to banking operations totaled \$1.82 million for the six months ended June 30, 2008, an increase of \$201 thousand (12.4%) from \$1.62 million for the six months ended June 30, 2007. The change in other expenses is a result of an increase in third-party professional services, community contributions and operating expenses related to loan and deposit products. The Bancorp's efficiency ratio was 63.38% for the six months ended June 30, 2008, compared to 64.8% for the six months ended June 30, 2007.

Income tax expenses for the six months ended June 30, 2008 totaled \$704 thousand, compared to \$948 thousand for the six months ended June 30, 2007, a decrease of \$244 thousand (25.7%). The combined effective federal and state tax rates for the Bancorp was 18.5% for the six months ended June 30, 2008, compared to 24.6% for the six months ended June 30, 2007. The decrease in the effective tax rate for the six months is a result of the reversal of an \$84 thousand tax liability, which had been established for municipal securities held in the Bank's investment subsidiary. During the current six months, management received tax information that indicated the established reserve was no longer required.

Critical Accounting Policies

Critical accounting policies are those accounting policies that management believes are most important to the portrayal of the Bancorp's financial condition and that require management's most difficult, subjective or complex judgments. The Bancorp's critical accounting policies from December 31, 2007 remain unchanged.

Forward-Looking Statements

Statements contained in this report that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are also intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. The Bancorp cautions readers that forward-looking statements, including without limitation those relating to the Bancorp's future business prospects, interest income and expense, net income, liquidity, and capital needs are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements, due to, among other things, factors identified in this report, including those identified in the Bancorp's 2007 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4T. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

The Bancorp maintains disclosure controls and procedures (as defined in Sections 13a — 15(e) and 15d — 15(e)) of regulations promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”) that are designed to ensure that information required to be disclosed by the Bancorp in the reports that it files or submits under the “Exchange Act” is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Bancorp in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Bancorp’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The Bancorp’s chief executive officer and chief financial officer evaluate the effectiveness of the Bancorp’s disclosure controls and procedures as of the end of each quarter. Based on that evaluation as of June 30, 2008, the Bancorp’s chief executive officer and chief financial officer have concluded that such disclosure controls and procedures were effective as of that date in ensuring that information required to be disclosed by the Bancorp under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

(b) Changes in Internal Control Over Financial Reporting

There was no change in the Bancorp’s internal control over financial reporting identified in connection with the Bancorp’s evaluation of controls that occurred during the three months ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Bancorp’s internal control over financial reporting.

PART II — Other Information

Item 1. Legal Proceedings

The Bancorp is not party to any material legal proceedings. From time to time, the Bank is a party to ordinary routine litigation incidental to its business, including foreclosures.

Item 1A. Risk Factors

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There are no matters reportable under this item.

Item 3. Defaults Upon Senior Securities

There are no matters reportable under this item.

Item 4. Submission of Matters to a Vote of Security Holders

The Bancorp held its annual meeting of shareholders on April 23, 2008. At this meeting the shareholders:

1. Elected the following directors for a three-year term:

	Number of Votes		
	For	Against	Abstain
Frank J. Bochnowski	1,877,704	—	18,686
Lourdes M. Dennison	1,875,752	1,110	19,528
Joel Gorelick	1,878,004	—	18,836
Don Fesko	1,877,644	—	18,746

Other directors whose term of office as a director continued after the meeting include:

David A. Bochnowski	Joel Gorelick
Edward J. Furticella	Kenneth V. Krupinski
Stanley E. Mize	Anthony Puntillo
James L. Wieser	Amy Han

2. Ratified the appointment of Crowe Chizek and Company LLC as the auditors for the Bancorp for the year ending December 31, 2008.

		Number of Votes		
		For	Against	Abstain
		1,887,207	8,000	1,184

Item 5. Other Information

There are no matters reportable under this item.

Item 6. Exhibits

Exhibit Number	Description
10.1	Amended NorthWest Indiana Bancorp Amended and Restated 2004 Stock Option and Incentive Plan
10.2	Form of Incentive Stock Option Agreement
10.3	Form of Non-Qualified Stock Option Agreement
10.4	Form of Agreement for Restricted Stock
10.5	Form of Agreement for Stock Appreciation Rights
10.6	Form of Agreement for Performance Share Award
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

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Exhibit Number	Description
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHWEST INDIANA BANCORP

Date: August 12, 2008

/s/ David A. Bochnowski

David A. Bochnowski
Chairman of the Board and Chief Executive Officer

Date: August 12, 2008

/s/ Robert T. Lowry

Robert T. Lowry
Senior Vice President, Chief Financial Officer and Treasurer

INDEX TO EXHIBITS

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32.1	Section 1350 Certifications

AMENDED
NORTHWEST INDIANA BANCORP
AMENDED AND RESTATED
2004 STOCK OPTION AND INCENTIVE PLAN

1. Plan Purpose. The purpose of the Plan is (i) to align the personal interests of Plan Participants with those of the shareholders of the Company, (ii) to encourage key individuals to accept or continue employment or service with the Company and its subsidiaries, and (iii) to furnish incentive to such key individuals to improve operations and increase profits by providing such key individuals the opportunity to acquire Common Stock of the Company or to receive monetary payments based on the value of such Common Stock. It is intended that certain Awards granted under the Plan will qualify as performance-based compensation within the meaning of Section 162(m) of the Code, to the extent applicable.

2. Definitions. The following definitions are applicable to the Plan.

“Affiliate” — means any “parent corporation” or “subsidiary corporation” of the Company as such terms are defined in Section 424(e) and (f), respectively, of the Code.

“Award” — means the grant by the Committee of Incentive Stock Options, Non-Qualified Stock Options, Unrestricted Stock, Restricted Stock, Performance Shares, Performance Units, Stock Appreciation Rights or any combination thereof, as provided in the Plan.

“Board” — means the Board of Directors of the Company.

“Change in Control” — means each of the events specified in the following clauses (i) through (iii): (i) any third “person” (including a group), as defined in Section 13(d)(3) of the Exchange Act shall, after the date of the adoption of the Plan by the Board, first become the beneficial owner of shares of the Company with respect to which 25% or more of the total number of votes for the election of the Board of Directors of the Company may be cast, (ii) as a result of, or in connection with, any cash tender offer, exchange offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Company shall cease to constitute a majority of the Board of Directors of the Company or (iii) the shareholders of the Company shall approve an agreement providing either for a transaction in which the Company will cease to be an independent publicly owned entity or for a sale or other disposition of all or substantially all the assets of the Company; provided, however, that the occurrence of any of such events shall not be deemed a Change in Control if, prior to such occurrence, a resolution specifically providing that such occurrence shall not constitute a Change in Control under the Plan shall have been adopted by at least a majority of the Board of Directors of the Company.

“Code” — means the Internal Revenue Code of 1986, as amended.

“Committee” — means the Committee referred to in Section 3 hereof.

“Company” — means NorthWest Indiana Bancorp, an Indiana corporation.

“Continuous Service” — means, in the case of an Employee, the absence of any interruption or termination of service as an Employee of the Company or an Affiliate; and in the case of an individual who is not an Employee, the absence of any interruption or termination of the service relationship between the individual and the Company or an Affiliate. Service shall not be considered interrupted in the case of sick leave, military leave or any other leave of absence approved by the Company or in the case of any transfer between the Company and an Affiliate or any successor to the Company.

“Director” — means any individual who is a member of the Board.

“Disability” — means, with respect to a Participant, a medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than 12 months and that entitles the Participant to income replacement benefits under the Company’s disability plan.

“Employee” — means any person, including an officer, who is employed by the Company or any Affiliate.

“Exchange Act” — means the Securities Exchange Act of 1934, as amended.

“Exercise Price” — means the price per Share at which the Shares subject to an Option may be purchased upon exercise of such Option.

“Incentive Stock Option” — means an option to purchase Shares granted by the Committee pursuant to the terms of the Plan that is intended to qualify under Section 422 of the Code.

“Market Value” — means the last reported sale price on the date in question (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred) of one Share on the principal exchange on which the Shares are listed for trading, or if the Shares are not listed for trading on any exchange, on the NASDAQ National Market System or any similar system then in use, or, if the Shares are not listed on the NASDAQ National Market System, the mean between the closing high bid and low asked quotations of one Share on the date in question as reported by NASDAQ or any similar system then in use, or, if no such quotations are available, the fair market value on such date of one Share as the Committee shall determine.

“Non-Qualified Stock Option” — means an option to purchase Shares granted by the Committee pursuant to the terms of the Plan, which option is not intended to qualify under Section 422 of the Code.

“Option” — means an Incentive Stock Option or a Non-Qualified Stock Option.

“Participant” — means any individual selected by the Committee to receive an Award.

“Performance Criteria” — means any of the following areas of performance of the Company, or any Subsidiary, as determined under generally accepted accounting principles or as reported by the Company: (i) earnings per share; (ii) return on equity; (iii) return on assets; (iv) operating income; (v) market value per share; (vi) EBITDA; (vii) cash flow; (viii) net income (before or after taxes); (ix) revenues; (x) cost reduction goals; (xi) market share; (xii) total return to shareholders; (xiii) improvements in the Company’s credit quality as measured by changes to the Company’s allowance for loan losses, the ratio of the allowance for loan losses to total loans, net of unearned income, or the ratio of net charge-offs to average loans, net of unearned income; (xiv) fee income; (xv) net interest income; (xvi) growth in loans; and (xvii) growth in deposits.

“Performance Goal” — means if the Performance Shares, Performance Units or Restricted Stock is intended to comply with Code Section 162(m), an objectively determinable performance goal established by the Committee with respect to a given award of Performance Shares, Performance Units or Restricted Stock that is based on one or more Performance Criteria and if the Performance Shares, Performance Units or Restricted Stock are not intended to comply with Code Section 162(m) any performance goal established by the Committee based on any performance criteria.

“Performance Cycle” — means the period of time, designated by the Committee, over which Performance Shares or Performance Units may be earned.

“Performance Shares” — means Shares awarded pursuant to Section 12 of the Plan.

“Performance Unit” — means an Award granted to a Participant pursuant to Section 12 of the Plan.

“Plan” — means this Amended and Restated 2004 Stock Option and Incentive Plan of the Company.

“Reorganization” — means the liquidation or dissolution of the Company or any merger, consolidation or combination of the Company (other than a merger, consolidation or combination in which the Company is the continuing entity and which does not result in the outstanding Shares being converted into or exchanged for different securities, cash or other property or any combination thereof).

“Restricted Period” — means the period of time selected by the Committee for the purpose of determining when restrictions are in effect under Section 10 hereof with respect to Restricted Stock awarded under the Plan.

“Restricted Stock” — means Shares which have been contingently awarded to a Participant by the Committee subject to the restrictions referred to in Section 10 hereof, so long as such restrictions are in effect.

“Retirement” — means, with respect to a Participant, the termination of the Participant’s status as an Employee, for any reason other than death, after having attained age 65.

“Securities Act” — means the Securities Act of 1933, as amended.

“Shares” — means the Common Stock, without par value, of the Company.

“Stock Appreciation Rights” — means an Award granted to a Participant pursuant to Section 11 the Plan.

“Unrestricted Stock” — means Shares awarded to a Participant by the Committee without any restrictions.

3. Administration. The Plan shall be administered by a Committee consisting of two or more members of the Board, each of whom shall be a “non-employee director” as provided under Rule 16b-3 of the Exchange Act, and an “outside director” as provided under Code Section 162(m). The members of the Committee shall be appointed by the Board. Except as limited by the express provisions of the Plan, the Committee shall have sole and complete authority and discretion to (a) select Participants and grant Awards; (b) determine the number of Shares to be subject to types of Awards generally, as well as to individual Awards granted under the Plan; (c) determine the terms and conditions upon which Awards shall be granted under the Plan; (d) prescribe the form and terms of instruments evidencing such grants; (e) establish from time to time procedures and regulations for the administration of the Plan; (f) interpret the Plan; and (g) make all determinations deemed necessary or advisable for the administration of the Plan.

A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee without a meeting, shall be acts of the Committee. All determinations and decisions made by the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

4. Participants. The Committee may select from time to time Participants in the Plan from those Directors, Employees or consultants of the Company or its Affiliates who, in the opinion of the Committee, have the capacity for contributing in a substantial measure to the successful performance of the Company or its Affiliates.

5. Substitute Options. In the event the Company or an Affiliate consummates a transaction described in Code Section 424(a), persons who become Employees or Directors on account of such transaction may be granted Options in substitution for Options granted by the former employer. The Committee, in its sole discretion and consistent with Code Section 424(a) shall determine the Exercise Price of the substitute Options.

6. Shares Subject to Plan. Subject to adjustment by the operation of Section 13 hereof, the maximum number of Shares with respect to which Awards may be made under the Plan is 250,000 Shares, all of which may be subject to grants of Incentive Stock Options. The number of Shares which may be granted under the Plan to any Participant during any calendar year of the Plan under all forms of Awards shall not exceed 50,000 Shares. The Shares with respect to which Awards may be made under the Plan may either be authorized and unissued shares or unissued shares heretofore or hereafter reacquired and held as treasury shares. Any Award that expires, terminates or is surrendered for cancellation, or with respect to Restricted Shares, which is forfeited (so long as any cash dividends paid on such Shares are also forfeited), may be subject to new Awards under the Plan with respect to the number of Shares as to which an expiration, termination, cancellation or forfeiture has occurred. Additionally, Shares that are withheld by the Company or delivered by the Participant to the Company in order to satisfy payment of the Exercise Price or any tax withholding obligation and Shares granted pursuant to an Award which is subsequently settled in cash rather than Shares, may be subject to new Awards under the Plan.

7. General Terms and Conditions of Options. The Committee shall have full and complete authority and discretion, except as expressly limited by the Plan, to grant Options and to provide the terms and conditions (which need not be identical among Participants) thereof. In particular, the Committee shall prescribe the following terms and conditions: (a) the Exercise Price, which shall not be less than the Market Value per Share on the date the Option is granted, (b) the number of Shares subject to, and the expiration date of, any Option, (c) the manner, time and rate (cumulative or otherwise) of exercise of such Option, (d) the restrictions, if any, to be placed upon such

Option or upon Shares which may be issued upon exercise of such Option, (e) the conditions, if any, under which a Participant may transfer or assign Options, and (f) any other terms and conditions as the Committee, in its sole discretion, may determine. The Committee may, as a condition of granting any Option, require that a Participant agree to surrender for cancellation one or more Options previously granted to such Participant.

8. Exercise of Options.

(a) Except as provided in Section 16, an Option granted under the Plan shall be exercisable during the lifetime of the Participant to whom such Option was granted only by such Participant, and except as provided in paragraphs (c), (d) and (e) of this Section 8, no such Option may be exercised unless at the time such Participant exercises such Option, such Participant has maintained Continuous Service since the date of the grant of such Option.

(b) To exercise an Option under the Plan, the Participant must give written notice to the Company (which shall specify the number of Shares with respect to which such Participant elects to exercise such Option) together with full payment of the Exercise Price. The date of exercise shall be the date on which such notice is received by the Company. Payment shall be made either (i) in cash (including by check, bank draft or money order), (ii) by delivering Shares already owned by the Participant for at least six (6) months prior to the date of exercise and having a Market Value on the date of exercise equal to part or all of the Exercise Price, (iii) a combination of cash and such Shares, or (iv) by any other means determined by the Committee in its sole discretion.

(c) If the Continuous Service of a Participant is terminated for cause, or voluntarily by the Participant for any reason other than death, Disability or Retirement, all rights under any Option of such Participant shall terminate immediately upon such cessation of Continuous Service. If the Continuous Service of a Participant is terminated by reason of death, Disability or Retirement, such Participant may exercise such Option, but only to the extent such Participant was entitled to exercise such Option at the date of such cessation, at any time during the remaining term of such Option, or, in the case of Incentive Stock Options, during such shorter period as the Committee may determine and so provide in the applicable instrument or instruments evidencing the grant of such Option. If a Participant shall cease to maintain Continuous Service for any reason other than those set forth above in this paragraph (c) of this Section 8, such Participant may exercise such Option to the extent that such Participant was entitled to exercise such Option at the date of such cessation but only within the period of three months immediately succeeding such cessation of Continuous Service, and in no event after the expiration date of the subject Option; provided, however, that such right of exercise after cessation of Continuous Service shall not be available to a Participant if the Company otherwise determines and so provides in the applicable instrument or instruments evidencing the grant of such Option.

(d) In the event of the death of a Participant while in the Continuous Service of the Company or an Affiliate, the person to whom any Option held by the Participant at the time of his death is transferred by will or by the laws of descent and distribution may exercise such Option on the same terms and conditions that such Participant was entitled to exercise such Option. Following the death of any Participant to whom an Option was granted under the Plan, the Committee, as an alternative means of settlement of such Option, may elect to pay to the person to whom such Option is transferred the amount by which the Market Value per Share on the date of exercise of such Option shall exceed the Exercise Price of such Option, multiplied by the number of Shares with respect to which such Option is properly exercised. Any such settlement of an Option shall be considered an exercise of such Option for all purposes of the Plan.

(e) Notwithstanding the provisions of the foregoing paragraphs of this Section 8, the Committee may, in its sole discretion, establish different terms and conditions pertaining to the effect of the cessation of Continuous Service, to the extent permitted by applicable federal and state law.

9. Incentive Stock Options. Incentive Stock Options may be granted only to Participants who are Employees. Any provisions of the Plan to the contrary notwithstanding, (a) no Incentive Stock Option shall be granted more than ten years after the date the Plan is adopted by the Board of Directors of the Company and no Incentive Stock Option shall be exercisable more than ten years after the date such Incentive Stock Option is granted, (b) the Exercise Price of any Incentive Stock Option shall not be less than the Market Value per Share on the date such Incentive Stock Option is granted, (c) any Incentive Stock Option shall not be transferable by the Participant to whom such Incentive Stock Option is granted other than by will or the laws of descent and distribution and shall be exercisable during such Participant's lifetime only by such Participant, (d) no Incentive Stock Option shall be granted which would permit a Participant to acquire, through the exercise of Incentive Stock Options in any calendar year, Shares or shares of

any capital stock of the Company or any Affiliate thereof having an aggregate Market Value (determined as of the time any Incentive Stock Option is granted) in excess of \$100,000, and (e) no Incentive Stock Option may be exercised more than three months after the Participant's cessation of Continuous Service for any reason other than death or Disability. The foregoing limitation shall be determined by assuming that the Participant will exercise each Incentive Stock Option on the date that such Option first becomes exercisable. Notwithstanding the foregoing, in the case of any Participant who, at the date of grant, owns stock possessing more than 10% of the total combined voting power of all classes of capital stock of the Company or any Affiliate, the Exercise Price of any Incentive Stock Option shall not be less than 110% of the Market Value per Share on the date such Incentive Stock Option is granted and such Incentive Stock Option shall not be exercisable more than five years after the date such Incentive Stock Option is granted. Notwithstanding any other provisions of the Plan, if for any reason any Option granted under the Plan that is intended to be an Incentive Stock Option shall fail to qualify as an Incentive Stock Option, such Option shall be deemed to be a Non-Qualified Stock Option, and such Option shall be deemed to be fully authorized and validly issued under the Plan.

10. Terms and Conditions of Unrestricted Stock and Restricted Stock. The Committee shall have full and complete authority, subject to the limitations of the Plan, to grant Awards of Unrestricted Stock and Restricted Stock and, in addition to the terms and conditions contained in paragraphs (a) through (e) of this Section 10, to provide such other terms and conditions (which need not be identical among Participants) in respect of such Awards, and the vesting thereof, as the Committee shall determine and provide in the agreement referred to in paragraph (d) of this Section 10. Unless the Committee otherwise specifically provides in the applicable instrument evidencing the grant of Restricted Stock, an Award of Restricted Stock will be subject to the following provisions:

(a) At the time of an award of Restricted Stock, the Committee shall establish for each Participant a Restricted Period during which or at the expiration of which, the Shares of Restricted Stock shall vest. The vesting of Restricted Stock may also be conditioned upon the attainment of specified Performance Goals (as defined in Section 12) within specified Performance Cycles. The Committee may also restrict or prohibit the sale, assignment, transfer, pledge or other encumbrance of the Shares of Restricted Stock by the Participant during the Restricted Period. Except for such restrictions, and subject to paragraphs (c), (d) and (e) of this Section 10 and Section 13 hereof, the Participant as owner of such Shares shall have all the rights of a shareholder, including, but not limited to, the right to receive all dividends paid on such Shares and the right to vote such Shares. The Committee shall have the authority, in its discretion, to accelerate the time at which any or all of the restrictions shall lapse with respect to any Shares of Restricted Stock prior to the expiration of the Restricted Period with respect thereto, or to remove any or all of such restrictions, whenever it may determine that such action is appropriate by reason of changes in applicable tax or other laws or other changes in circumstances occurring after the commencement of such Restricted Period.

(b) Except as provided in Section 15 hereof, if a Participant ceases to maintain Continuous Service for any reason (other than death, Disability or Retirement) unless the Committee shall otherwise determine, all Shares of Restricted Stock theretofore awarded to such Participant and which at the time of such termination of Continuous Service are subject to the restrictions imposed by paragraph (a) of this Section 10 shall upon such termination of Continuous Service be forfeited and returned to the Company. If a Participant ceases to maintain Continuous Service by reason of death or Disability, then, unless the Committee shall determine otherwise, the restrictions with respect to the Ratable Portion (as hereinafter defined) of the Shares of Restricted Stock shall lapse and such Shares shall be free of restrictions and shall not be forfeited. The "Ratable Portion" shall be determined with respect to each separate Award of Restricted Stock issued and shall be equal to (i) the number of Shares of Restricted Stock awarded to the Participant multiplied by the portion of the Restricted Period that expired at the date of the Participant's death or Disability, reduced by (ii) the number of Shares of Restricted Stock awarded with respect to which the restrictions had lapsed as of the date of the death or Disability of the Participant.

(c) Each certificate issued in respect of Shares of Restricted Stock awarded under the Plan shall be registered in the name of the Participant and deposited by the Participant, together with a stock power endorsed in blank, with the Company and shall bear the following (or a similar) legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in the Amended and Restated 2004 Stock Option and Incentive Plan of the Corporation, and an Agreement entered into between the registered owner and the Corporation. Copies of such Plan and Agreement are on file in the office of the Secretary of the Corporation."

At the expiration of the restrictions imposed by paragraph (a) of this Section 10, the Company shall redeliver to the Participant (or where the relevant provision of paragraph (b) of this Section 10 applies in the case of a deceased Participant, to his legal representative, beneficiary or heir) the certificate(s) and stock power deposited with it and the Shares represented by such certificate(s) shall be free of the restrictions referred to in paragraph (a) of this Section 10.

(d) At the time of an award of Shares of Restricted Stock, the Participant shall enter into an agreement with the Company in a form specified by the Committee, agreeing to the terms and conditions of the award and containing such other matters as the Committee shall in its sole discretion determine.

11. Stock Appreciation Rights. The Committee may, in its discretion, grant Stock Appreciation Rights independently of or in connection with all or any part of an Option granted under the Plan. Each Stock Appreciation Right shall be subject to such terms and conditions consistent with the Plan as the Committee shall determine from time to time and as may be set forth in an Award Agreement, including the following:

(a) A Stock Appreciation Right may be made part of an Option at the time of its grant.

(b) Each Stock Appreciation Right will entitle the holder to elect to receive an amount in Shares (or, in cash or in Shares, or a combination thereof, all in the sole discretion of the Committee) equal to 100% of the excess of:

(i) the Market Value per Share of the Common Stock on the date of exercise of such right, multiplied by the number of Shares with respect to which the right is being exercised, over

(ii) the aggregate Market Value for such number of Shares as of the date the Stock Appreciation Right was granted.

(c) Each Stock Appreciation Right connected to an Option will be exercisable at the time, in the manner and to the extent the Option to which it relates is exercisable. Each independent Stock Appreciation Right will be exercisable according to the terms and conditions established by the Committee in the instrument evidencing the Award.

(d) Upon the exercise of a Stock Appreciation Right connected to an Option, the Option (or portion thereof) with respect to which such right is exercised shall be surrendered and shall not thereafter be exercisable. Exercise of such a Stock Appreciation Right will reduce the number of Shares purchasable pursuant to the related Option and available for issuance under the Plan to the extent of the number of Shares with respect to which the right is exercised, whether or not any portion of the payment made upon exercise of such right is made in Common Stock.

12. Performance Shares and Performance Units

(a) The Committee, in its sole discretion, may from time to time authorize the grant of Performance Shares and Performance Units upon the achievement of any one or combination of Performance Goals (which may be cumulative and/or alternative) within a designated Performance Cycle as may be established, in writing, by the Committee.

(b) In the case of Performance Units, the Committee shall determine the value of Performance Units under each Award.

(c) As determined in the discretion of the Committee, Performance Goals may differ among Participants and/or relate to performance on a Company-wide or divisional basis.

(d) At such time as it is certified, in writing, by the Committee that the Performance Goals established by the Committee have been attained or otherwise satisfied within the Performance Cycle, the Committee will authorize the payment of Performance Shares or Performance Units in the form of cash or Shares registered in the name of the Participant, or a combination of cash and Shares, equal to the value of the Performance Shares or Performance Units at the end of the Performance Cycle. Payment shall be made in a lump sum following the close of the applicable Performance Cycle. Individuals must be employed on the payment date to receive payment otherwise said payment is forfeited.

(e) The grant of an Award of Performance Shares or Performance Units will be evidenced by an instrument containing the terms and conditions of the Award as determined by the Committee. To the extent required under Code section 162(m), the business criteria under which Performance Goals are determined by the Committee will be resubmitted to shareholders for re-approval no later than the first shareholder meeting that occurs in the fifth year following the year in which shareholders previously approved the Plan.

(f) If the Participant ceases Continuous Service before the end of a Performance Cycle for any reason other than Disability, death or Retirement, the Participant will forfeit all rights with respect to any Performance Shares or Performance Units that were being earned during the Performance Cycle. The Committee, in its sole discretion, may establish guidelines providing that if a Participant ceases Continuous Service before the end of a Performance Cycle by reason of Disability, death or Retirement, the Participant will be entitled to a prorated payment with respect to any Performance Shares or Performance Units that were being earned during the Performance Cycle.

(g) If the Award of Performance Shares or Performance Units are intended to comply with Section 162(m) of the Code, the Committee shall take such additional actions, within the time periods, specified therein.

13. Adjustments Upon Changes in Capitalization. In the event of any change in the outstanding Shares subsequent to the effective date of the Plan by reason of any reorganization, recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation or any change in the corporate structure or Shares of the Company, the maximum aggregate number and class of shares as to which Awards may be granted under the Plan and the number and class of shares, and the exercise price of Options, with respect to which Awards theretofore have been granted under the Plan shall be appropriately adjusted by the Committee, whose determination shall be conclusive. Any shares of stock or other securities received, as a result of any of the foregoing, by a Participant with respect to Restricted Stock shall be subject to the same restrictions and the certificate(s) or other instruments representing or evidencing such shares or securities shall be legended and deposited with the Company in the manner provided in Section 10 hereof.

14. Effect of Reorganization. Unless otherwise provided by the Committee in the instrument evidencing an Award, Awards will be affected by a Reorganization as follows:

(a) If the Reorganization is a dissolution or liquidation of the Company then (i) the restrictions of Section 9(a) on Shares of Restricted Stock shall lapse and (ii) each outstanding Option shall terminate, but each Participant to whom an Option was granted shall have the right, immediately prior to such dissolution or liquidation to exercise the Option in full, notwithstanding the provisions of Section 9, and the Company shall notify each Participant of such right within a reasonable period of time prior to any such dissolution or liquidation.

(b) If the Reorganization is a merger or consolidation, upon the effective date of such Reorganization (i) each Participant shall be entitled, upon exercise of an Option in accordance with all of the terms and conditions of the Plan, to receive in lieu of Shares, shares of such stock or other securities or consideration as the holders of Shares shall be entitled to receive pursuant to the terms of the Reorganization (the "Acquisition Consideration"); (ii) each holder of Restricted Stock shall receive shares of such stock or other securities as the holders of Shares received, which shall be subject to the restrictions set forth in Section 10(a) unless the Committee accelerates the lapse of such restrictions and the certificate(s) or other instruments representing or evidencing such shares or securities shall be legended and deposited with the Company in the manner provided in Section 10 hereof; (iii) each Participant will be entitled, upon exercise of a Stock Appreciation Right in accordance with all the terms and conditions of the Plan, to receive the difference between (A) the aggregate fair market value, on the applicable date, of the Acquisition Consideration receivable upon such Reorganization by a holder of the number of Shares which might have been obtained upon exercise of the Option to which the Stock Appreciation Right relates (or any portion thereof) immediately prior to such Reorganization and (B) the aggregate Exercise Price of such Option (or portion thereof); and (iv) each holder of Performance Shares or Performance Units (with respect to Shares, if any, covered by such Award) will be entitled to receive on the date set forth in such Award, the Acquisition Consideration receivable upon such Reorganization by a holder of the number of Shares which are covered by such Award.

15. Effect of Change in Control.

(a) If the Continuous Service of any Participant is involuntarily terminated, for whatever reason, at any time within 18 months after a Change in Control, unless the Committee shall have otherwise provided in the instrument evidencing the Award, (i) any Restricted Period with respect to Restricted Stock theretofore awarded to such Participant shall lapse upon such termination and all Shares awarded as Restricted Stock shall become fully vested in the Participant to whom such Shares were awarded; and (ii) with respect to Performance Shares and Performance Units, the Participant shall be entitled to receive a pro rata payment to the same extent as if the Participant ceases Continuous Service by reason of death, Disability or Retirement under Section 12 of the Plan.

(b) If a tender offer or exchange offer for Shares (other than such an offer by the Company) is commenced, or if an event specified in clause (ii) or clause (iii) of the definition of a Change in Control contained in Section 2 shall occur, unless the Committee shall have otherwise provided in the instrument evidencing the grant of an Option, all Options theretofore granted and not fully exercisable shall become exercisable in full upon the happening of such event and shall remain so exercisable in accordance with their terms; provided, however, that no Option which has previously been exercised or otherwise terminated shall become exercisable.

16. Assignments and Transfers. Except as otherwise determined by the Committee, neither any Award nor any right or interest of a Participant under the Plan in any instrument evidencing any Award under the Plan may be assigned, encumbered or transferred except, in the event of the death of a Participant, by will or the laws of descent and distribution.

17. No Implied Rights. No officer, Director, Employee or other person shall have a right to be selected as a Participant or, having been so selected, to be selected again as a Participant and no officer, Director, Employee or other person shall have any claim or right to be granted an Award under the Plan or under any other incentive or similar plan of the Company or any Affiliate. Neither the Plan nor any action taken hereunder shall be construed as giving any Employee any right to be retained in the employ of the Company or any Affiliate.

18. Delivery and Registration of Stock. The Company's obligation to deliver Shares with respect to an Award shall, if the Committee so requests, be conditioned upon the receipt of a representation as to the investment intention of the Participant to whom such Shares are to be delivered, in such form as the Company shall determine to be necessary or advisable to comply with the provisions of the Securities Act or any other applicable federal or state securities law. It may be provided that any such representation requirement shall become inoperative upon a registration of the Shares or other action eliminating the necessity of such representation under the Securities Act or other securities law. The Company shall not be required to deliver any Shares under the Plan prior to (a) the admission of such shares to listing on any stock exchange or quotation system on which Shares may then be listed or quoted, and (b) the completion of such registration or other qualification of such Shares under any state or federal law, rule or regulation, as the Company shall determine to be necessary or advisable.

19. Withholding Tax. Prior to the delivery of any Shares or cash pursuant to an Award, the Company has the right and power to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy all applicable tax withholding requirements. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require a Participant to satisfy all or part of the tax withholding obligations in connection with an Award by (a) having the Company withhold otherwise deliverable Shares, or (b) delivering to the Company Shares already owned for a period of at least six months and having a value equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount that the Committee determines, not to exceed the amount determined by using the maximum federal, state and local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined for these purposes. For these purposes, the value of the Shares to be withheld or delivered will be equal to the Market Value as of the date that the taxes are required to be withheld.

20. Termination, Amendment and Modification of Plan. The Board may at any time terminate, and may at any time and from time to time and in any respect amend or modify, the Plan; provided, however, that to the extent necessary and desirable to comply with Rule 16b-3 under the Exchange Act or Section 422 of the Code (or any other applicable law or regulation, including requirements of any stock exchange or quotation system on which the Shares are listed or quoted), shareholder approval of any Plan amendment shall be obtained in such a manner and to such a degree as is required by the applicable law or regulation; and provided further, that no termination, amendment or modification of the Plan shall in any manner affect any Award theretofore granted pursuant to the Plan without the consent of the Participant to whom the Award was granted. To the extent a modification of a stock right causes it to be subject to the deferred compensation rules, it will be further modified to comply with such rules (e.g., by requiring the

stock right to be exercised in a particular calendar year). To the extent any awards under the plan are subject to the deferred compensation rules, such awards will not be paid as a result of the termination of the plan except as permitted by the requirements of Section 409A of the Internal Revenue Code and the regulations thereunder. To the extent an extension of a stock right cause it to be in violation of Section 409A of the Internal Revenue Code such extension shall be prohibited.

21. Effective Date and Term of Plan. The Plan shall become effective upon its adoption by the Board of Directors and shareholders of the Company and shall continue in effect for a term of ten years after the date of adoption unless sooner terminated under Section 20 hereof.

22. Governing Law. The Plan and Award Agreements will be construed in accordance with and governed by the internal laws of the State of Indiana.

23. Shareholder Rights. Except to the extent provided with respect to an Award of Restricted Stock in accordance with Section 10, no Participant shall have any of the rights or privileges of a shareholder of the Company with respect to any Shares issuable pursuant to an Award unless and until certificates representing the Shares shall have been issued and delivered to the Participant.

24. Code Section 409A Standards. To the extent that any terms of the Plan, an instrument evidencing an Award, or an Award would subject any Participant to gross income inclusion, interest, or additional tax pursuant to Section 409A of the Code, those terms are to that extent superseded by the applicable Section 409A Standards.

Adopted by the Board of Directors NorthWest Indiana Bancorp
effective as of July 23, 2008.

INCENTIVE STOCK OPTION AGREEMENT

This Incentive Stock Option Agreement ("Agreement") has been entered into as of the _____ day of _____, 20____, between NorthWest Indiana Bancorp, an Indiana corporation (the "Company"), and _____, an employee of the Company or one of its affiliates ("Participant"), pursuant to the Company's Amended and Restated 2004 Stock Option and Incentive Plan (the "Plan").

WHEREAS, the committee of the Board of Directors of the Company appointed to administer the Plan (the "Committee") has granted to Participant an option to purchase shares of the Company's Common Stock pursuant to the terms and conditions as provided in the Plan and this Agreement; and

WHEREAS, the Company and Participant desire to set forth the terms and conditions of the option;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Company and the Participant agree as follows:

Section 1. Grant of Option and Exercise Price. Subject to the terms and conditions stated in the Plan and this Agreement, on _____, _____ (the "Date of Grant"), the Committee granted to Participant an option (the "Option") to purchase _____ shares of the Company's Common Stock (the "Shares") at an exercise price of \$_____ per Share (the "Exercise Price").

Section 2. Incentive Stock Option. The Option is intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

Section 3. Exercise of Option. The Option shall become exercisable as follows or on such earlier date as provided in the Plan: _____.

Section 4. Term of Option. Unless sooner terminated as provided in the Plan and this Agreement, the Option shall expire on _____, ____.

Section 5. Method of Exercise. The Participant may exercise the Option in the manner stated in the Plan.

Section 6. Restriction on Transfer. The Participant shall not sell, assign, transfer, pledge or otherwise encumber the Option except, in the event of death of Participant, by will or the laws of descent and distribution.

Section 7. Termination. If the Participant ceases to maintain Continuous Service for cause, or voluntarily for any reason other than death, Disability or Retirement, all rights under the Option shall terminate immediately upon cessation of Continuous Service. If the Participant ceases to maintain Continuous Service by reason of death, then the Participant may exercise the Option, but only to the extent the Participant was entitled to exercise the Option at the date of such cessation, at any time during the remaining term of the Option. If the Participant ceases to maintain Continuous Service as the result of Disability the Participant may exercise the Option to the extent that the Participant was entitled to exercise the Option at the date of such cessation for a period of one year or until expiration of the term of the Option, whichever is earlier. If the Participant ceases to maintain Continuous Service as the result of retirement or for any reason other than those set forth above, Participant may exercise the Option to the extent that the Participant was entitled to exercise the Option at the date of such cessation for a period of three months immediately succeeding such cessation of Continuous Service, and in no event after the expiration date of the Option.

Section 8. Plan Controlling. The Option and the terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Committee shall be binding and conclusive upon the Participant and his or her legal representatives.

Section 9. Qualification of Rights. Neither this Agreement nor the existence of the Option shall be construed as giving the Participant any right (a) to be retained in the employ of the Company or any of its affiliates; or (b) as a shareholder with respect to the Shares until the certificates for the Shares have been issued and delivered to the Participant.

Section 10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

Section 11. Notices. All notices and other communications required or permitted under this Agreement shall be written and shall be delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Munster, Indiana, and if to the Participant or his or her successor, to the address last furnished by the Participant to the Company. Each notice and communication shall be deemed to have been given when received by the Company or the Participant.

Section 12. Representations and Warranties of Participant. The Participant represents and warrants to the Company that he or she has received and reviewed a copy of the Plan.

Section 13. Withholding. In connection with the delivery of shares of Common Stock as a result of the exercise of the Option, the Company shall have the right to require the Participant to pay an amount in cash sufficient to cover any tax, including any Federal, state or local income tax, required by any governmental entity to be withheld or otherwise deducted and paid with respect to such delivery ("Withholding Tax"), and to make payment to the appropriate taxing authority of the amount of such Withholding Tax.

Section 14. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

IN WITNESS WHEREOF, the Company and Participant have executed this Agreement as of the date first written above.

NORTHWEST INDIANA BANCORP

By: _____

Name _____

Title _____

[Signature of Participant]

NONQUALIFIED STOCK OPTION AGREEMENT

This Nonqualified Stock Option Agreement ("Agreement") has been entered into as of the ___ day of _____, 20___, between NorthWest Indiana Bancorp, an Indiana corporation (the "Company"), and _____, an [employee/director] of the Company or one of its affiliates ("Participant"), pursuant to the Company's Amended and Restated 2004 Stock Option and Incentive Plan (the "Plan"). Capitalized terms used herein and not defined herein have the meanings set forth in the Plan.

WHEREAS, the committee of the Board of Directors of the Company appointed to administer the Plan (the "Committee") has determined to grant to Participant an option to purchase shares of the Company's Common Stock pursuant to the terms and conditions as provided in the Plan and this Agreement; and

WHEREAS, the Company and Participant desire to set forth the terms and conditions of the option;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Company and the Participant agree as follows:

Section 1. Grant of Option and Exercise Price. Subject to the terms and conditions stated in the Plan and this Agreement as of _____, _____ (the "Date of Grant"), the Committee has granted to Participant an option (the "Option") to purchase _____ shares of the Company's Common Stock (the "Shares") at an exercise price per Share equal to \$ _____ (the "Exercise Price").

Section 2. Nonqualified Stock Option. The Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

Section 3. Exercise of Option. The Option shall become exercisable as follows or on such earlier date as provided in the Plan:

Section 4. Term of Option. Unless sooner terminated as provided in the Plan, the Option shall expire ten years from the Date of Grant.

Section 5. Method of Exercise. The Participant may exercise the Option in the manner stated in the Plan.

Section 6. Termination. If the Participant ceases to maintain Continuous Service for cause, or voluntarily for any reason other than death, Disability or Retirement, all rights under the Option shall terminate immediately upon cessation of Continuous Service. If the Participant ceases to maintain Continuous Service by reason of death, Disability or Retirement, then the Participant may exercise the Option, but only to the extent the Participant was entitled to exercise the Option at the date of such cessation, at any time during the remaining term of the Option. If the Participant ceases to maintain Continuous Service for any reason other than those set forth above, Participant may exercise the Option to the extent that the Participant was entitled to exercise the Option at the date of such cessation for a period of three months immediately succeeding such cessation of Continuous Service, and in no event after the expiration date of the Option.

Section 7. Plan Controlling. The Option and the terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Committee shall be binding and conclusive upon the Participant and his or her legal representatives.

Section 8. Qualification of Rights. Neither this Agreement nor the existence of the Option shall be construed as giving the Participant any right (a) to be retained as a director or employee of the Company or any of its affiliates; or (b) as a shareholder with respect to the Shares until the certificates for the Shares have been issued and delivered to the Participant.

Section 9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

Section 10. Notices. All notices and other communications required or permitted under this Agreement shall be written and shall be delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Munster, Indiana, and

if to the Participant or his or her successor, to the address last furnished by the Participant to the Company. Each notice and communication shall be deemed to have been given when received by the Company or the Participant.

Section 11. Transferability. The Participant shall not sell, assign, transfer, pledge or otherwise encumber the Option, except in the event of death of Participant, by will or laws of descent and distribution.

Section 12. Representations and Warranties of Participant. The Participant represents and warrants to the Company that he or she has received and reviewed a copy of the Plan.

Section 13. Withholding. In connection with the delivery of shares of Common Stock as a result of the exercise of the Option, the Company shall have the right to require the Participant to pay an amount in cash sufficient to cover any tax, including any Federal, state or local income tax, required by any governmental entity to be withheld or otherwise deducted and paid with respect to such delivery ("Withholding Tax"), and to make payment to the appropriate taxing authority of the amount of such Withholding Tax.

Section 14. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

IN WITNESS WHEREOF, the Company and Participant have executed this Agreement as of the date first written above.

NORTHWEST INDIANA BANCORP

By: _____
Name _____
Title _____

[Signature of Participant]

**AGREEMENT FOR RESTRICTED STOCK
GRANTED UNDER NORTHWEST INDIANA BANCORP
AMENDED AND RESTATED 2004 STOCK OPTION AND INCENTIVE PLAN**

This Agreement has been entered into as of the _____ day of _____, 20__ between NorthWest Indiana Bancorp, an Indiana corporation (the "Company"), and _____, a [employee/director] of the Company or one of its affiliates (the "Participant"), pursuant to the Company's Amended and Restated 2004 Stock Option and Incentive Plan (the "Plan") and evidences and sets forth certain terms of the grant to the Participant pursuant to the Plan of an aggregate of _____ shares of Restricted Stock as of the date of this Agreement. Capitalized terms used herein and not defined herein have the meanings set forth in the Plan.

Section 1. Receipt of Plan; Restricted Stock and this Agreement Subject to Plan. The Participant acknowledges receipt of a copy of the Plan. This Agreement and the shares of Restricted Stock granted to Participant are subject to the terms and conditions of the Plan, all of which are incorporated herein by reference.

Section 2. Restricted Period; Lapse of Restrictions and Vesting. Subject to Section 5 of this Agreement and the provisions of the Plan, the restrictions on the shares of Restricted Stock granted to the Participant shall lapse and such shares shall become fully vested and not subject to forfeiture to the Company as follows:

Section 3. Certificates for Shares. Each certificate representing the shares of Restricted Stock granted to the Participant shall be registered in the name of the Participant and deposited by the Participant, together with a stock power endorsed in blank, with the Company and shall bear the following (or a similar) legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in the Amended and Restated 2004 Stock Option and Incentive Plan of NorthWest Indiana Bancorp and an Agreement for Restricted Stock entered into between the registered owner and NorthWest Indiana Bancorp. Copies of such Plan and Agreement are on file in the office of the Secretary of NorthWest Indiana Bancorp."

Upon the lapse of restrictions on such shares of Restricted Stock, the Company shall promptly deliver a stock certificate, free of such legend, for such shares to the Participant.

Section 4. Transferability. Until such time as the restrictions on the shares of Restricted Stock granted to Participant have lapsed and such shares are no longer subject to forfeiture to the Company, the Participant shall not sell, assign, transfer, pledge or otherwise encumber such shares of Restricted Stock.

Section 5. Termination. If the Participant ceases to maintain Continuous Service for any reason (other than death, Disability or Retirement), all shares of Restricted Stock granted to the Participant which at the time of such termination of Continuous Service are still subject to restrictions shall upon such termination of Continuous Service be forfeited and returned to the Company. If the Participant ceases to maintain Continuous Service by reason of death or Disability, then the restrictions with respect to the Ratable Portion of the shares of Restricted Stock granted to the Participant shall lapse and such shares shall be free of restrictions and shall not be forfeited. If the Participant ceases to maintain Continuous Service by reason of Retirement, then the Committee shall, in its sole discretion, determine the effect of such termination on the shares of Restricted Stock granted to the Participant. If the Continuous Service of the Participant is involuntarily terminated, for whatever reason, at any time within 18 months after a Change in Control, any Restricted Period with respect to the shares of Restricted Stock granted to the Participant shall lapse upon such termination and all shares of Restricted Stock granted to the Participant shall become fully vested in the Participant.

Section 6. Dividends. In the event any dividends or other distributions, whether in cash, property or stock of another company, are paid on any of the shares of Restricted Stock granted to the Participant, such dividends or other distributions shall be delivered to the Participant at that time. Stock dividends and shares issued as a result of any stock-split, if any, issued with respect to the Restricted Shares shall be treated as additional Restricted Shares and shall be subject to the same restrictions and other terms and conditions that apply with respect to, and shall vest or be forfeited at the same time as, the Restricted Shares with respect to which such stock dividends or shares are issued.

Section 7. 83(b) Election. The Participant agrees not to make any election under Section 83(b) of the Code with respect to any shares of Restricted Stock granted under this Agreement.

Section 8. No Employment Rights. None of this Agreement, the Plan or the award of shares of Restricted Stock hereunder shall be construed as giving the Participant any right to be retained as an employee or director of the Company or any Affiliate.

Section 9. Withholding. In connection with the delivery of shares of Common Stock as a result of the vesting of Restricted Stock, the Company shall have the right to require the Participant to pay an amount in cash sufficient to cover any tax, including any Federal, state or local income tax, required by any governmental entity to be withheld or otherwise deducted and paid with respect to such delivery ("Withholding Tax"), and to make payment to the appropriate taxing authority of the amount of such Withholding Tax.

Section 10. Plan Controlling. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Committee shall be binding and conclusive upon Participant and his or her legal representatives.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

Section 12. Notices. All notices and other communications required or permitted under this Agreement shall be written and shall be delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Munster, Indiana, and if to Participant or his or her successor, to the address last furnished by Participant to the Company. Each notice and communication shall be deemed to have been given when received by the Company or Participant.

Section 13. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned thereunto duly authorized as of the date first above written.

NORTHWEST INDIANA BANCORP

By: _____

Name:

Title:

[Name of Participant]

**NORTHWEST INDIANA BANCORP
STOCK APPRECIATION RIGHTS AWARD AGREEMENT**

This Stock Appreciation Rights Award Agreement (the "Agreement") has been entered into as of the ___ day of _____, 20__ between NorthWest Indiana Bancorp, Inc., an Indiana corporation (the "Company") and _____ an [employee/director] of the Company or one of its affiliates (the "Participant"), pursuant to the Company's 2004 Amended and Restated Stock Option and Incentive Plan (the "Plan"). Capitalized terms used herein and not defined have the meanings set forth in the Plan.

WHEREAS, the committee of the Board of Directors of the Company appointed to administer the Plan (the "Committee") has determined to grant to Participant a stock appreciation rights award (the "SAR") pursuant to the terms and conditions as provided in the Plan and this Agreement; and

WHEREAS, the Company and Participant desire to set forth the terms and conditions of the Award;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Company and the Participant agree as follows:

Section 1. Award Grant. Subject to the terms and conditions stated in the Plan and this Agreement, on _____, _____ (the "Date of Grant"), the Committee granted to Participant a SAR with respect to _____ shares of the Company's Common Stock (the "Shares"). The grant price of the SAR is \$ _____ per Share (the "Grant Price"), which is the Market Value (as defined in the Plan) of one Share on the date hereof.

Section 2. Exercise of SAR. The SAR shall become exercisable as follows or on such earlier date as provided in the Plan:

_____.

Section 3. Term of SAR. Unless sooner terminated as provided in the Plan and this Agreement, the SAR shall expire on _____, _____.

Section 4. Manner of Exercise of SAR.

4.1 Notice. The SAR may be exercised by delivery to the Company of a written notice which shall state that Participant elects to exercise the SAR as to the number of rights specified in the notice as of the date specified in the notice.

4.2 Amount of Payment. The per Share amount payable to the Participant in Shares (or, to the extent permitted under the Plan, in cash or in Shares, or a combination thereof, all in the sole discretion of the Committee) upon exercise of the SAR (the "Conversion Price") shall be the excess, if positive, of the Market Value (as defined in the Plan) of one Share, on the date of exercise, over the Grant Price as set forth above.

4.3 Manner of Payment. Participant shall be paid that number of Shares equal to (x) the product of the Conversion Price multiplied by the number of Shares subject to the rights exercised, divided by (y) the Market Value of one Share on the date of exercise. Only whole shares of Common Stock shall be issued or delivered, and any fractional shares shall be rounded down to the nearest share. The Company shall pay Participant amounts due upon exercise of the SAR as soon as administratively practicable, but in any event no later than 75 days thereafter.

Section 5. Restriction on Transfer. The Participant shall not sell, assign, transfer, pledge or otherwise encumber the SAR except, in the event of death of Participant, by will or the laws of descent and distribution.

Section 6. Termination. If the Participant ceases to maintain Continuous Service for cause, or voluntarily for any reason other than death, Disability or Retirement, all rights under the SAR shall terminate immediately upon cessation of Continuous Service. If the Participant ceases to maintain Continuous Service by reason of death, Disability or Retirement, then the Participant may exercise the SAR, but only to the extent the Participant was entitled to exercise the SAR at the date of such cessation, at any time during the remaining term of the SAR. If the Participant ceases to maintain Continuous Service for any reason other than those set forth above, Participant may exercise the SAR to the extent that the Participant was entitled to exercise the SAR at the date of such cessation for a period of three months immediately succeeding such cessation of Continuous Service, and in no event after the expiration date of the SAR.

Section 7. Plan Controlling. The SAR and the terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Committee shall be binding and conclusive upon the Participant and his or her legal representatives.

Section 8. Qualification of Rights. Neither this Agreement nor the existence of the SAR shall be construed as giving the Participant any right (a) to be retained in the employ or service of the Company or any of its affiliates; or (b) as a shareholder with respect to the Shares until the certificates for the Shares have been issued and delivered to the Participant.

Section 9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

Section 10. Notices. All notices and other communications required or permitted under this Agreement shall be written and shall be delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Munster, Indiana, and if to the Participant or his or her successor, to the address last furnished by the Participant to the Company. Each notice and communication shall be deemed to have been given when received by the Company or the Participant.

Section 11. Representations and Warranties of Participant. The Participant represents and warrants to the Company that he or she has received and reviewed a copy of the Plan.

Section 12. Withholding. In connection with the delivery of Shares as a result of the exercise of the SAR, the Company shall have the right to require the Participant to pay an amount, in accordance with the Plan, sufficient to cover any tax, including any Federal, state or local income tax, required by any governmental entity to be withheld or otherwise deducted and paid with respect to such delivery ("Withholding Tax"), and to make payment to the appropriate taxing authority of the amount of such Withholding Tax.

Section 13. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

IN WITNESS WHEREOF, the Company and Participant have executed this Agreement as of the date first written above.

NORTHWEST INDIANA BANCORP

By: _____
Name _____
Title _____

[Signature of Participant]

**NORTHWEST INDIANA BANCORP
PERFORMANCE SHARE AWARD AGREEMENT**

This Performance Share Award Agreement (the "Agreement") has been entered into as of the ____ day of _____, 20__ between NorthWest Indiana Bancorp, Inc., an Indiana corporation (the "Company") and ____ an [employee/director] of the Company or one of its affiliates (the "Participant"), pursuant to the Company's 2004 Amended and Restated Stock Option and Incentive Plan (the "Plan"). Capitalized terms used herein and not defined have the meanings set forth in the Plan.

WHEREAS, the committee of the Board of Directors of the Company appointed to administer the Plan (the "Committee") has determined to grant to Participant a performance share award (the "Award") pursuant to the terms and conditions as provided in the Plan and this Agreement; and

WHEREAS, the Company and Participant desire to set forth the terms and conditions of the Award;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Company and the Participant agree as follows:

Section 1. Receipt of Plan; Performance Shares and this Agreement Subject to Plan. The Participant acknowledges receipt of a copy of the Plan. This Agreement and the Performance Shares granted to Participant are subject to the terms and conditions of the Plan, all of which are incorporated herein by reference.

Section 2. Award Grant. The Company hereby grants to the Participant a total of _____ Performance Shares, subject to non-receipt or forfeiture as described herein and to the further terms and conditions applicable to Performance Shares as set forth in the Plan.

Section 3. Performance Cycle. The Performance Cycle with respect to the Award shall be _____.

Section 4. Performance Goals. The Performance Goals applicable to the Award shall be those financial performance criteria, and the targeted level or levels of performance with respect to such criteria, as set forth on Exhibit A attached hereto and incorporated herein by reference.

Section 5. Payments.

(a) *Committee Determination.* At the end of the Performance Cycle, the Committee shall determine the number of Performance Shares earned under this Agreement based upon the levels of achievement of the Performance Goals (the "Earned Performance Shares"). The Committee shall make this determination, which shall be certified in writing and shall be final, conclusive and binding on the Company and Participant.

(b) *Payment for Earned Performance Shares.* Participant shall be paid in the form of shares, cash or a combination thereof, as determined by the Committee, equal to the value of the Earned Performance Shares at the end of the Performance Cycle. The value of the Earned Performance Shares shall be an amount determined by multiplying the number of Earned Performance Shares by the Market Value (as defined in the Plan) of one share of the Company's Common Stock on the last day of the Performance Cycle (the "EPS Price"). In computing the number of Shares to be received, if any, the number will be rounded down to a full share excluding any fractional shares. The amount so determined shall be paid as soon as administratively practicable after the certification by the Committee, but in any event no later than 75 days after the end of the calendar year in which the last day of the Performance Cycle occurs.

(c) *Dividends.* In addition, Participant shall be paid an amount determined by multiplying the number of Earned Performance Shares by the amount of cash dividends that were paid on one Share (acquired on the first day of the Performance Cycle) during the Performance Cycle. This amount shall be paid as soon as administratively practicable after the certification by the Committee, but in any event no later than 75 days thereafter.

Section 6. Forfeiture. If the Participant ceases to maintain Continuous Service for any reason (other than death, Disability or Retirement) during the Performance Cycle, the Award is forfeited. If during the Performance Cycle, the Participant ceases to maintain Continuous Service by reason of death or Disability, then the Participant or his or her beneficiary, as the case may be, shall be entitled to receive prorated payments under the Award at the end of the

Performance Cycle based on the value of any Earned Performance Shares. Such payments shall equal the sum of (i) and (ii) below:

(i) the product of (x) the EPS Price determined in Paragraph 5(b) above, multiplied by (y) a fraction, the numerator of which is the number of whole or partial calendar months in the Performance Cycle prior to the termination of the Participant's Continuous Service, and the denominator of which is the aggregate number of months in the Performance Cycle; and

(ii) the amount determined by multiplying the number of Earned Performance Shares by the amount of cash dividends that were paid on one Share (acquired on the first day of the Performance Cycle) through the date of Participant's termination of Continuous Service.

If the Participant ceases to maintain Continuous Service by reason of Retirement, then the Committee shall, in its sole discretion, determine the effect of such termination on the Award.

Section 7. Withholding. The Company shall have the right to withhold from any payment to Participant, require payment from Participant, or take such other action which the Company deems necessary to satisfy any income or other tax withholding or reporting requirements arising from this Award of Performance Shares, and Participant shall provide to the Company such information, and pay to it upon request such amounts, as the Company determines are required to comply with such requirements.

Section 8. Restriction on Transfer. The Participant shall not sell, assign, transfer, pledge or otherwise encumber this Award except, in the event of the death of the Participant, by will or the laws of descent and distribution.

Section 9. Qualification of Rights. Neither this Agreement nor the existence of the Performance Shares shall be construed as giving the Participant any right (a) to be retained in the employ or service of the Company or any of its affiliates; or (b) as a shareholder with respect to any Shares until the certificates for the Shares have been issued and delivered to the Participant.

Section 10. Plan Controlling. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, which are controlling. All determinations and interpretations of the Committee shall be binding and conclusive upon Participant and his or her legal representatives.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

Section 12. Notices. All notices and other communications required or permitted under this Agreement shall be written and shall be delivered personally or sent by registered or certified first-class mail, postage prepaid and return receipt required, addressed as follows: if to the Company, to the Company's executive offices in Munster, Indiana, and if to Participant or his or her successor, to the address last furnished by Participant to the Company. Each notice and communication shall be deemed to have been given when received by the Company or Participant.

Section 13. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned thereunto duly authorized as of the date first above written.

NORTHWEST INDIANA BANCORP

By: _____
Name:
Title:

[Name of Participant]

EXHIBIT A
PERFORMANCE GOALS

CERTIFICATION PURSUANT TO
 RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
 AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David A. Bochnowski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NorthWest Indiana Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2008

/s/ David A. Bochnowski

 David A. Bochnowski
 Chairman of the Board and Chief Executive Officer

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert T. Lowry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NorthWest Indiana Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2008

/s/ Robert T. Lowry

Robert T. Lowry
Senior Vice President, Chief Financial
Officer and Treasurer

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of NorthWest Indiana Bancorp (the "Company") for the quarterly period ended June 30, 2008, as filed with the Securities and Exchange Commission (the "Report"), each of David A. Bochnowski, Chairman of the Board and Chief Executive Officer of the Company, and Robert T. Lowry, Senior Vice President, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2008

/s/ David A. Bochnowski
David A. Bochnowski
Chairman of the Board and Chief Executive Officer

/s/ Robert T. Lowry
Robert T. Lowry
Senior Vice President, Chief Financial
Officer and Treasurer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NorthWest Indiana Bancorp and will be retained by NorthWest Indiana Bancorp and furnished to the Securities and Exchange Commission or its staff upon request.