SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal ended DECEMBER 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transaction period from __________ to __________

Commission file number 0-26128

NORTHWEST INDIANA BANCORP
(Exact name of registrant as specified in its charter)

INDIANA	35-1927981
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9204 COLUMBIA AVENUE MUNSTER, INDIANA	46321
(Address of principal executive offices)	(Zip Code)

(219) 836-9690
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
NONE

Securities registered pursuant to Section 12(g) of the Act:
COMMON STOCK, WITHOUT PAR VALUE

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Based on the average bid and ask prices for the registrant's Common Stock at February 28, 1997, at that date, the aggregate market value of the voting stock held by nonaffiliates of the registrant (assuming solely for the purposes of this calculation that all directors and executive officers of the registrant are "affiliates") was $27,456,096.

There were 1,380,846 shares of the registrant's Common Stock, without par value, outstanding at February 28, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents have been incorporated by reference into this Annual Report on Form 10-K:

1. 1996 Annual Report to Shareholders. (Parts II and IV)

2. Definitive Proxy Statement for the 1997 Annual Meeting of Shareholders. (Part III)

PART I

ITEM 1. BUSINESS

GENERAL

NorthWest Indiana Bancorp, an Indiana corporation (the "Company"), was incorporated on January 31, 1994, and is the holding company for Peoples Bank SB (the "Bank"), the resulting Indiana savings bank in the conversion of Peoples Bank from a federal stock savings bank to an Indiana stock savings bank. Pursuant to the conversion, on July 31, 1994, all of the outstanding stock of Peoples Bank was converted into shares of Common Stock, without par value, of the Company. As a result, Peoples Bank SB is a wholly owned subsidiary of the Company. The Company has no other business activity other than being the holding company for Peoples Bank SB.

The Bank is primarily engaged in the business of attracting deposits from the general public and the origination of loans, mostly upon the security of single family residences, and to a lesser extent commercial real estate and construction loans, as well as various types of consumer loans and commercial business loans, within its primary market area of Lake County, in northwest Indiana. In addition, the Bank's trust department provides estate planning, guardianships, land trusts, retirement planning, self-directed IRA and Keogh accounts, investment agency accounts, and serves as personal representative of estates and acts as trustee for revocable and irrevocable trusts.

The Bank's deposit accounts are insured up to applicable limits by the Savings Association Insurance Fund ("SAIF") which is administered by the Federal Deposit Insurance Corporation ("FDIC"), an agency of the federal government. As the holding company for the Bank, the Company is subject to comprehensive examination, supervision and regulation by the Board of Governors of the Federal Reserve System ("FRB"), while the Bank is subject to comprehensive examination, supervision and regulation by both the FDIC and the Indiana Department of Financial Institutions ("DFI"). The Bank is also subject to regulation by the FRB governing reserves required to be maintained against certain deposits and other matters. The Bank is also a member of the Federal Home Loan Bank ("FHLB") of Indianapolis, which is one of the twelve regional banks comprising the system of Federal Home Loan Banks ("FHLB System").

The Company maintains its corporate office at 9204 Columbia Avenue, Munster, Indiana, from which it oversees the operation of its seven branch locations. For further information, see "Properties."

FORWARD-LOOKING STATEMENTS

Statements contained in this filing on Form 10-K that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. The Company cautions readers that forward-looking statements, including without limitation those relating to the Company'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, among other things, to factors identified in this filing, including the following:

REGULATORY RISK. The banking industry is heavily regulated. These regulations are intended to protect depositors, not shareholders. As discussed above, the Bank and Company are subject to regulation and supervision by the DFI, FDIC, and FRB. The burden imposed by federal and state regulations puts banks at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies and leasing companies. The banking industry continues to lose market share to competitors. In addition, legislative reactions to the problems of the thrift industry have increased the regulatory and supervisory requirements for financial institutions, which have resulted and will continue to result in increased operating expenses, and which during 1996 resulted in a substantial deposit insurance assessment as described below.

LEGISLATION. Because of concerns relating to the competitiveness and the safety and soundness of the industry, Congress continues to consider a number of wide-ranging proposals for altering the structure, regulation, and competitive relationships of the nation's financial institutions. Among such bills are proposals to combine banks and thrifts under a unified charter, to combine regulatory agencies, to alter the statutory separation of commercial and investment banking, and to further expand the powers of depository institutions, bank holding companies, and competitors of depository institutions. Management cannot predict whether or in what form any of these proposals will be adopted or the extent to which the business of the Company or the Bank may be affected thereby.

CREDIT RISK. One of the greatest risks facing lenders is credit risk, that is, the risk of losing principal and interest due to a borrower's failure to perform according to the terms of a loan agreement. While management attempts to provide an allowance for loan losses at a level adequate to cover losses based on loan portfolio growth, past loss experience, general economic conditions, information about specific borrower situations, and other factors, future adjustments to reserves may become necessary, and net income could be significantly affected, if circumstances differ substantially from assumptions used with respect to such factors.

EXPOSURE TO LOCAL ECONOMIC CONDITIONS. The Bank's primary market area for deposits and loans encompasses Lake County, in northwest Indiana, where all of its offices are located. Ninety-five percent of the Bank's business activities are within this area. This concentration exposes the Bank to risks resulting from changes in the local economy. A dramatic drop in local real

estate values would, for example, adversely affect the quality of the Bank's loan portfolio.

INTEREST RATE RISK. The Bank's earnings depend to a great extent upon the level of net interest income, which is the difference between interest income earned on loans and investments and the interest expense paid on deposits and other borrowings. While the Bank attempts to balance the maturities of the Bank's assets in relation to maturities of liabilities (gap management), gap management is not an exact science. Rather, it involves estimates as to how changes in the general level of interest rates will impact the yields earned on assets and the rates paid on liabilities. Moreover, rate changes can vary depending upon the level of rates and competitive factors. From time to time, maturities of assets and liabilities are not balanced, and a rapid increase or decrease in interest rates could have an adverse effect on net interest margins and results of operations of the Company. For example, as further discussed in Management's Discussion and Analysis to the Company's Annual Report to Shareholders, given the current gap, the Bank will be adversely affected by a rising or high interest rate environment.

COMPETITION. The activities of the Company and the Bank in the geographic market served involve competition with other banks as well as with other financial institutions and enterprises, many of which have substantially greater resources than those available to the Company. In addition, non-bank competitors are generally not subject to the extensive regulation applicable to the Company and the Bank.

LENDING ACTIVITIES

GENERAL. Over the years, the Bank has directed its lending efforts toward the origination of loans with adjustable rates and/or shorter terms to maturity. Product offerings include adjustable rate residential and commercial mortgages, commercial business loans tied to the prime interest rate, variable rate home equity lines of credit and consumer loans. All programs are marketed aggressively and priced competitively. Fixed rate loans generally have a contractual maturity of fifteen years or less. These loans are made at rates of interest which exceed those of adjustable rate products thereby offering some protection against the possibility of escalating interest rates.

The Bank is primarily a portfolio lender. Mortgage banking activities are limited to the sale of fixed rate mortgage loans with contractual maturities of thirty years. These loans are sold in the secondary market because of the additional exposure to interest rate risk associated with this product. All loan sales are made to the Federal Home Loan Mortgage Corporation ("FHLMC") using the Freddie Mac "Gold Cash Program". Sales within this program avoid issues relating to the valuation of excess servicing rights, as well as costs associated with asset securitization. Loans are sold in the secondary market with servicing retained by the Bank. All loans held for sale are recorded at the lower of cost or market value.

Under Indiana Law, an Indiana stock savings bank generally may not make any loan to a borrower or its related entities if the total of all such loans by the savings bank exceeds 15% of its capital and unimpaired surplus (plus up

to an additional 10% of capital and unimpaired surplus, in the case of loans fully collateralized by readily marketable collateral); provided, however, that certain specified types of loans are exempted from these limitations or subject to different limitations. The maximum amount which the Bank could have loaned to one borrower and the borrower's related entities at December 31, 1996, under the 15% of capital and surplus limitation was approximately $4,605,000. At December 31, 1996, the Bank had no loans which exceeded the regulatory limitations.

At December 31, 1996, there were no concentrations of loans in any type of industry which exceeded 10% of total loans that were not otherwise disclosed as a loan category.

LOAN PORTFOLIO. The following table sets forth selected data relating to the composition of the Bank's loan portfolio by type of loan and type of security at the end of each of the last five years. The amounts are in thousands (000's).
<TABLE>
<CAPTION>

	1996	1995	1994	1993	1993(1)
<S>	<C>	<C>	<C>	<C>	<C>
Type of loan:					
Conventional real estate loans:					
Construction and development loans	$ 13,248	$ 8,913	$ 8,451	$ 4,893	$ 5,870
Loans on existing properties (2)	208,601	194,779	196,468	182,571	179,299
Consumer loans	4,890	3,527	3,172	3,833	3,912
Commercial business, other(3)	17,957	15,074	13,839	12,908	13,002
Loans receivable(4)	$244,696	$222,293	$221,930	$204,205	$202,083
Type of security:					
Real estate:					
1-to-4 family	$164,590	$152,485	$152,208	$136,806	$132,106
Other dwelling units, land and commercial real estate	57,259	51,207	52,711	50,658	53,063
Consumer loans	4,619	3,335	2,960	3,370	3,587
Commercial business, other(3)	16,306	13,893	13,288	12,520	12,083
Loans receivable (4)	$242,774	$220,920	$221,167	$203,354	$200,839

Average loans outstanding during the period (4)	$232,465	$221,352	$213,349	$202,106	$192,409

<FN>

(1) During the fourth quarter of 1993, the Bank changed its fiscal year-end from June 30 to December 31.
(2) Includes construction loans converted to permanent loans and commercial real estate loans.

(3) Includes government loans and overdrafts to deposit accounts.
(4) Net of unearned income and deferred loan fees.
</TABLE>

LOAN ORIGINATIONS, PURCHASES AND SALES. Set forth below is a table showing loan origination and sale activity for each of the last three years. The amounts are in thousands (000's).
<TABLE>
<CAPTION>

	1996	1995	1994
Loans originated:			
Conventional real estate loans:			
Construction and development loans	$ 16,244	$ 9,434	$13,685
Loans on existing property	26,811	12,914	27,791
Loans refinanced	10,253	15,961	17,470
Total conventional real estate loans originated	53,308	38,309	58,946
Commercial business loans	53,580	41,844	34,657
Consumer loans	7,290	4,690	2,505
Total loans originated	$114,178	$84,843	$96,108
Loan participations purchased	$ --	$ 33	$ 94
Whole loans and participations sold	$ 2,011	$ 2,986	$ 933

</TABLE>

LOAN MATURITY SCHEDULE. The following table sets forth certain information at December 31, 1996, regarding the dollar amount of loans in the Bank's portfolio based on their contractual terms to maturity. Demand loans, loans having no schedule of repayments and no stated maturity, and overdrafts are reported as due in one year or less. Contractual principal repayments of loans do not necessarily reflect the actual term of the loan portfolio. The average life of mortgage loans is substantially less than their contractual terms because of loan prepayments and because of enforcement of due-on-sale clauses, which give the Bank the right to declare a loan immediately due and payable in the event, among other things, that the borrower sells the property subject to the mortgage and the loan is not repaid. The amounts are stated in thousand's (000's).
<TABLE>
<CAPTION>

	Maturing			
	Within one year	After one but within five years	After five years	Total
Real estate loans	$ 36,384	$ 55,836	$ 129,629	$221,849
Consumer loans	2,263	2,607	20	4,890
Commercial business loans	11,761	5,336	860	17,957
Total loans receivable	$ 50,408	$ 63,779	$ 130,509	$244,696

</TABLE>

The table below sets forth the dollar amount of all loans due after one year from December 31, 1996, which have predetermined interest rates or have floating or adjustable interest rates. The amounts are stated in thousands (000's).
<TABLE>
<CAPTION>

	Predetermined rates	Floating or adjustable rates	Total
Real estate loans	$65,756	$119,709	$185,465

Consumer loans	2,330	297	2,627
Commercial business loans	2,542	3,654	6,196
Total	$70,628	$123,660	$194,288

</TABLE>

LENDING AREA. The primary lending area of the Bank encompasses all of Lake County in northwest Indiana, where a majority of loan activity is concentrated. The Bank is also an active lender in Porter, LaPorte, Newton and Jasper counties in Indiana. During the past 15 years, the communities of Munster, Highland, Crown Point, Dyer, St. John, Merrillville and Schererville have experienced rapid growth and, therefore, have provided the greatest lending opportunities. At December 31, 1996, the housing vacancy rate in Bank's primary lending area was below 5%.

LOAN COMMITMENTS. At the present time, residential real estate loan commitments must be accepted within 14 days by the borrower(s) signing a commitment acceptance and paying required loan fees. Fixed rate loans must close within 45 days of the date of the application, while adjustable loans must close within 60 days of the date of the application. Days are measured by calendar days from the date on the commitment letter. Approximately 90% of all commitments issued are exercised by borrowers. Loan commitments on commercial real estate and non-mortgage loans are given under various terms and conditions as may be warranted by the project.

LOAN ORIGINATION FEES. All loan origination and commitment fees, as well as incremental direct loan origination costs, are deferred and amortized into income as yield adjustments over the contractual lives of the related loans.

LOAN ORIGINATION PROCEDURE. The primary sources for loan originations are referrals from real estate brokers and builders, solicitations by the Bank's lending staff, and advertising of loan programs and rates. The Bank employs no staff appraisers. All appraisals are performed by fee appraisers that have been approved by the Bank's Board of Directors and who meet all federal guidelines and state licensing and certification requirements.

Designated officers of the Bank have authorities, established by the Bank's Board of Directors, to approve loans. Loans from $350,000 to $600,000 may be approved by a committee of senior officers of the Bank. All loans in excess of $600,000 must be approved by the Bank's Board of Directors or its Executive Committee. (All members of the Bank's Board of Directors and Executive Committee are also members of the Company's Board of Directors and Executive Committee, respectively.) Loans to executive officers of the Bank or the Company and their affiliated parties must be approved by a disinterested majority of the Bank's Board of Directors. Loans to directors and principal shareholders must be approved by a disinterested majority of the Bank's Board of Directors when the extension of credit exceeds $50,000 or, when the aggregated amount of all extensions of credit exceeds $500,000.

All loans secured by personal property must be covered by insurance in an amount sufficient to cover the full amount of the loan. All loans secured by real estate must be covered by insurance in an amount sufficient to cover the full amount of the loan or restore the property to its original state. First mortgage loans must be covered by a lenders title insurance policy in the amount of the loan.

THE CURRENT LENDING PROGRAMS

RESIDENTIAL MORTGAGE LOANS. The primary lending activity of the Bank has been the granting of conventional mortgage loans to enable borrowers to purchase existing homes or construct new homes. The residential loan portfolio also includes loans on two-to-four family dwellings. Conventional loans are made up to a maximum of 95% of the appraised value of the property, or purchase price if lower than the appraisal. For loans made in excess of 80% of value, private mortgage insurance is required in an amount sufficient to reduce the Bank's exposure to 80% or less of the appraised value of the property. Loans insured by private mortgage insurance companies can be made for up to 95% of value. During 1996, over 90% of mortgage loans closed were conventional loans with borrowers having 20% or more equity in the property. This type of loan does not require private mortgage insurance because of the borrower's level of equity investment.

All fixed-rate loans currently being originated conform to FHLMC guidelines for loans purchased under the 1-to-4 family program. Loan interest rates are determined based on secondary market yield requirements and local market conditions. Thirty year fixed rate mortgage loans have been sold and/or classified as held for sale to control exposure to interest rate risk.

The Bank has offered Adjustable Rate Mortgage Loans ("ARMs") since 1984. The "Mini-Fixed ARM" has been very popular with Bank customers. The "Mini-Fixed" mortgage reprices annually after a three or five year period. ARM originations totaled $26.1 million for 1996, $19.5 million for 1995, and $27.8 million during 1994. During 1996, ARMs represented 49% of total mortgage loan originations. The ability of the Bank to successfully market ARM's depends upon loan demand, prevailing interest rates, volatility of interest rates, public acceptance of such loans, and terms offered by competitors.

The 15 year mortgage loan program has gained wide acceptance in the Bank's primary market area. As a result of the shortened maturity of the 15 year loan, the product has been priced an average of 50 basis points less than the comparable 30 year loan offering. Mortgage applicants for the 15 year loan tend to have a larger than normal down payment; this, coupled with the larger principal and interest payment amount, has caused the 15 year mortgage loan portfolio to consist, to a significant extent, of second time home buyers whose underwriting qualifications tend to be above average.

CONSTRUCTION LOANS. Construction loans on residential properties are made primarily to individuals. The maximum loan to value ratio is 80% of either the current appraised value or the cost of construction, whichever is less. Residential construction loans are typically made for periods of six months to one year. Loans are also made for the construction of commercial properties. All such loans are made in accordance with well defined underwriting standards, subject to prior lease of the mortgaged property, and in most cases, are personally guaranteed by the borrower. In general, loans made do not exceed 75% of the appraised value of the property.

COMMERCIAL REAL ESTATE LOANS. Commercial real estate loans are typically made to a maximum of 75% of the appraised value. Such loans are generally made on an adjustable rate basis. Loans are typically made for a maximum term of 25 years with a balloon feature calling for a full repayment within 7 to 10 years from the date of the loan, or for a term of 15 years with no balloon. The balloon feature affords the Bank the opportunity to restructure the loan if economic conditions so warrant. Commercial real estate loans include loans secured by commercial rental units, apartments, condominium developments, small shopping centers, commercial/industrial properties, and other retail and commercial developments.

While commercial real estate lending is generally considered to involve a higher degree of risk than single-family residential lending due to the concentration of principal in a limited number of loans and the effects of general economic conditions on real estate developers and managers, the Bank has endeavored to reduce this risk in several ways. In originating commercial real estate loans, the Bank considers the feasibility of the project, the financial strength of the borrowers and lessees, the managerial ability of the borrowers, the location of the project and the economic environment. Management evaluates the debt coverage ratio and analyzes the reliability of cash flows, as well as the quality of earnings. All such loans are made in accordance with well defined underwriting standards and are generally supported by personal guarantees.

Loans for the construction of commercial retail properties and commercial real estate loans are generally located within an area permitting physical inspection and regular review of business records. Projects financed outside of the Bank's primary lending area generally involve borrowers and guarantors who are or were previous customers and residents of the Bank's immediate lending area.

CONSUMER LOANS. The Bank offers consumer loans to individuals for most personal, household or family purposes. Consumer loans are either secured by adequate collateral, or unsecured. Unsecured loans are based on the strength of the applicant's financial condition. All borrowers must meet current underwriting standards. The consumer loan program includes both fixed and variable rate products. The Bank purchases indirect dealer paper from various well established businesses in its immediate banking area.

HOME EQUITY LINE OF CREDIT. The Bank offers "Prime Line", a revolving line of credit secured by the equity in the borrower's home. The offering which is tied to the prime rate of interest requires borrowers to repay 1.5% of their outstanding balance each month. In most cases, Prime Line loans will require a second mortgage appraisal and a second mortgage lenders title insurance policy. Loans are made up to a maximum of 80% of the appraised value of the property less any outstanding liens.

HOME IMPROVEMENT LOANS AND EQUITY LOANS--FIXED TERM. Home improvement and equity loans are made up to a maximum of 80% of the appraised value of the improved property, less any outstanding liens. These loans are offered on both a fixed and variable rate basis with a maximum term of 120 months. All home equity loans are made on a direct basis to borrowers.

COMMERCIAL BUSINESS LOANS. Although the Bank's priority in extending various types of commercial business loans changes from time to time, the basic considerations in determining the makeup of the commercial business loan portfolio are economic factors, regulatory requirements and money market conditions. The Bank seeks commercial loan relationships from the local business community and from its present customers. Conservative lending policies based upon sound credit analysis govern the extension of commercial credit. The following loans, although not inclusive, are considered preferable for the

Bank's commercial loan portfolio: loans collateralized by liquid assets; loans secured by general use machinery and equipment; secured short-term working capital loans to established businesses; short-term loans with established sources of repayment and secured by sufficient equity and real estate; and unsecured loans to customers whose character and capacity to repay are firmly established. Although conservative lending policies have been applied to commercial business loans, the Bank regards the exercise of its commercial lending authority as vital to its asset restructuring program.

NON-PERFORMING ASSETS, ASSET CLASSIFICATION AND PROVISION FOR LOAN LOSSES

Loans are reviewed on a regular basis and are generally placed on a non-accrual status when, in the opinion of management, the collection of additional interest is doubtful. Residential mortgage loans are generally placed on non-accrual status when either principal or interest is 120 days or more past due. Consumer loans are generally placed on non-accrual status when the loan is 90 days or more past due. Consumer loans are generally charged off when the loan becomes over 120 days delinquent. Commercial business and commercial real estate loans are generally placed on non-accrual status when the loan is 90 days or more past due. Interest accrued and unpaid at the time a loan is placed on non-accrual status is charged against interest income. Subsequent payments are either applied to the outstanding principal balance, tax and insurance reserve, or recorded as interest income, depending on the assessment of the ultimate collectability of the loan.

The Bank's mortgage loan collection procedures provide that, when a mortgage loan is 15 days or more delinquent, the borrower will be contacted by mail and payment requested. If the delinquency continues, subsequent efforts will be made to contact the delinquent borrower. In certain instances, the Bank will recast the loan or grant a limited moratorium on loan payments to enable the borrower to reorganize financial affairs. If the loan continues in a delinquent status for 60 days, the Bank will generally initiate foreclosure proceedings. Any property acquired as the result of foreclosure or by voluntary transfer of property made to avoid foreclosure is classified as foreclosed real estate until such time as it is sold or otherwise disposed of by the Bank. Foreclosed real estate is recorded at the lower of cost (the unpaid balance at date of acquisition plus foreclosure costs, costs related to the sale of the foreclosed real estate and other related costs) or fair value at the date of acquisition and carried at the lower of acquisition value or net realizable value subsequent to the date of acquisition. Any write-down of the property is charged to the allowance for loan losses. Losses on disposition, including expenses incurred in connection with the disposition, are charged to operations. Collection procedures for consumer loans provide that when a consumer loan becomes 10 days delinquent, the borrower will be contacted by mail and payment requested. If the delinquency continues, subsequent efforts will be made to contact the delinquent borrower. In

certain instances, the Bank may grant a payment deferral. If a loan continues delinquent after 90 days and all collection efforts have been exhausted, the Bank will initiate legal proceedings. Collection procedures for commercial business loans provide that when a commercial loan becomes 10 days delinquent, the borrower will be contacted by mail and payment requested. If the delinquency continues, subsequent efforts will be made to contact the delinquent borrower pursuant to the commercial loan collection policy. In certain instances, the Bank may grant a payment deferral or restructure the loan. Once it has been determined that collection efforts are unsuccessful, the Bank will initiate legal proceedings.

The table which follows sets forth information with respect to the Bank's non-performing assets for the periods indicated. During the periods shown, the Bank had no troubled debt restructurings which involve forgiving a portion of interest or principal on any loans or making loans at a rate materially less than market rates. The amounts are stated in thousands (000's).
<TABLE>
<CAPTION>

	At December 31,				At June 30,
	1996	1995	1994	1993	1993
<S>	<C>	<C>	<C>	<C>	<C>
Loans accounted for on a non-accrual basis:					
Real estate:					
Residential	$ 583	$ 361	$ 786	$ 146	$ 179
Commercial	45	---	82	88	86
Commercial business	111	---	---	---	228
Consumer	49	11	6	---	29
Total	$ 788	$ 372	$ 874	$ 234	$ 522
Accruing loans which are contractually past due 90 days or more:					
Real estate:					
Residential	$ 373	$ 637	$ 575	$ 334	$ 83
Commercial	---	---	---	---	---
Commercial business	5	---	104	---	---
Consumer	1	46	6	---	1
Total	$ 379	$ 683	$ 685	$ 334	$ 84

Total of non-accrual and 90 days past due	$1,167	$1,055	$1,559	$ 568	$ 606
	======	======	======	=====	=====
Ratio of non-performing loans to total assets	0.39%	0.38%	0.59%	0.23%	0.25%
Ratio of non-performing loans to total loans	0.48%	0.47%	0.70%	0.27%	0.30%
Foreclosed real estate	$ 189	$ 86	$ 160	$ 183	$ 97
	======	======	======	=====	=====
Ratio of foreclosed real estate to total assets	0.06%	0.03%	0.06%	0.07%	0.04%

</TABLE>

During 1996, gross interest income of $90,672 would have been recorded on loans accounted for on a non-accrual basis if the loans had been current throughout the period. Interest on such loans included in income during the period amounted to $56,426.

Federal regulations require savings banks to classify their own loans and to establish appropriate general and specific allowances, subject to regulatory review. These regulations are designed to encourage management to evaluate loans on a case-by-case basis and to discourage automatic classifications. Loans classified as substandard or doubtful must be evaluated by management to determine loan loss reserves. Loans classified as loss must either be written off or reserved for by a specific allowance. Amounts reported in the general loan loss reserve are included in the calculation of the Bank's total risk-based capital requirement (to the extent that the amount does not exceed 1.25% of total risk-based assets), but are not included in tier-one leverage ratio calculations, tier-one risk-based capital requirements, or in capital under Generally Accepted Accounting Principles ("GAAP"). Amounts reserved for by a specific allowance are not counted toward capital for purposes of any of the regulatory capital requirements. At December 31, 1996, $877 thousand of the Bank's loans were classified as substandard. The total represents 14 residential real estate loans, one commercial real estate loan, five commercial business loans and four consumer loans. There were no loans classified as doubtful or loss.

Because some loans may not be repaid in accordance with contractual agreements, an allowance for loan losses ("ALL") is maintained. Because estimating the risk of loss and the amount of loss on any loan is necessarily subjective, the ALL is maintained by management at a level considered adequate to cover losses based on loan portfolio growth, past loss experience, general economic conditions, information about specific borrower situations including their financial position and collateral values, and other factors and estimates which are subject to change over time. Although management believes that it uses the best information available to make such estimations, future adjustments to reserves may be necessary, and net income could be significantly affected, if circumstances differ substantially from the assumptions used in making the initial estimations. 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. 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 allocation of the ALL reflects consideration of the facts and circumstances that affect the repayment of individual loans, as well as, loans which have been pooled as of the evaluation date, with particular attention given to loans which have been classified as substandard, doubtful or loss. The allocation of the ALL during periods prior to December 31, 1993, was based on the relative size of the loan categories within the total loan portfolio.

The table which follows sets forth the allowance for loan losses and related ratios for the periods indicated. There were no charge-offs or recoveries of real estate construction loans or commercial real estate loans during the periods presented. The amounts are in thousands (000's).
<TABLE>
<CAPTION>

	At December 31,				At June 30,
	1996	1995	1994	1993	1993
<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of period	$2,830	$2,751	$2,583	$2,317	$1,609
Loans charged-off:					
Real estate - residential	(28)	-	-	-	(8)
Commercial business	-	-	(7)	(30)	-
Consumer	-	(2)	(3)	(28)	(2)
Total charge-offs	(28)	(2)	(10)	(58)	(10)
Recoveries:					
Real estate - residential	-	-	-	-	-

Commercial business	-	-	1	-	-
Consumer	-	1	33	5	7
Total recoveries	-	1	34	5	7
Net (charge-offs)/recoveries	(28)	(1)	24	(53)	(3)
Provision for loan losses	85	80	144	319	711
Balance at end of period	$2,887	$2,830	$2,751	$2,583	$2,317
ALL to loans outstanding	1.18%	1.27%	1.24%	1.26%	1.15%
ALL to nonperforming loans	247.4%	268.3%	160.0%	454.8%	382.3%
Net charge-offs/recoveries to average loans outstanding during the period	0.01%	0.00%	0.01%	0.03%	0.00%

</TABLE>

The table below shows the allocation of the allowance for loan losses on the dates indicated. The dollar amounts are in thousands (000's). The percent columns represent the percentage of loans in each category to total loans.

<TABLE>
<CAPTION>

	At December 31,								At June 30,	
	1996		1995		1994		1993		1993	
	$	%	$	%	$	%	$	%	$	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Real estate loans:										
Residential	372	61.8	372	64.6	387	64.8	280	64.6	1,224	62.5
Commercial and other dwelling	880	23.4	860	23.0	834	23.8	1,225	24.8	522	26.3
Construction and development	153	5.4	130	4.0	105	3.8	---	2.4	---	2.9
Consumer loans	110	2.0	110	1.6	111	1.4	132	1.9	105	1.9
Commercial business and other	650	7.4	650	6.8	626	6.2	946	6.3	466	6.4
Unallocated	722		708		688		---		---	
Total	2,887	100.0	2,830	100.0	2,751	100.0	2,583	100.0	2,317	100.0

</TABLE>

INVESTMENT ACTIVITIES

The primary objective of the investment portfolio is to provide for the liquidity needs of the Bank and to contribute to profitability by providing a stable flow of dependable earnings. Securities will generally be classified as held to maturity at the time of purchase, as management has both the positive intent and the ability to hold securities to maturity. While securities may be classified as available for sale at the time of purchase, no securities will be classified as trading investments. At December 31, 1996, all investment securities were classified as held to maturity. It has been the policy of the Bank to invest its excess cash in U.S. government securities and federal agency obligations. In addition, short-term funds are generally invested as interest-bearing balances in financial institutions and federal funds. At December 31, 1996, the Bank's investment portfolio totaled $40.0 million. In addition, the Bank had $1.0 million in interest-bearing balances at the FHLB of Indianapolis.

The table below shows the carrying values of the components of the investment securities portfolio at the dates indicated. The amounts are in thousands (000's).

<TABLE>
<CAPTION>

	At December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
U.S. government securities	$11,549	$ 9,985	$ 9,486
U.S. government agencies	24,934	24,015	19,917
Mortgage-backed securities	1,944	2,404	2,850
FHLB stock	1,597	1,597	1,425
Totals	$40,024	$38,001	$33,678

</TABLE>

The contractual maturities and weighted average yields for the U.S. government securities, agency securities and mortgaged-backed securities at December 31, 1996, are summarized as follows. The amounts are in thousands (000's).

<TABLE>
<CAPTION>

	Within 1 Year		1-5 Years		5-10 Years		After 10 Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. government securities	$4,995	5.95%	$ 6,554	5.81%	$ --	--%	$ --	--%
U.S. government agencies	2,247	5.90	19,687	6.08	3,000	6.27	--	--
Mortgaged-backed securities	--	--	24	8.41	305	8.50	1,615	8.34
Totals	$7,242	5.93%	$26,265	6.01%	$3,305	6.48%	$1,615	8.34%

</TABLE>

SOURCES OF FUNDS

GENERAL. Deposits are the major source of the Bank's funds for lending and other investment purposes. In addition to deposits, the Bank derives funds from maturing investment securities and certificates of deposit, dividend receipts from the investment portfolio, loan principal repayments, repurchase agreements, advances from the Federal Home Bank of Indianapolis and other borrowings. Loan repayments are a relatively stable source of funds, while deposit inflows and outflows are significantly influenced by general interest rates and money market conditions. Borrowings may be used on a short

term basis to compensate for reductions in the availability of other sources of funds. They may also be used on a longer term basis for general business purposes. The Bank uses repurchase agreements and advances from the federal Home Loan Bank of Indianapolis for short-term borrowings. At December 31, 1996, the Bank had $4.0 million in repurchase agreements. Other short-term borrowings totaled $8.3 million, of which $7.0 million represents a variable rate advance. The Bank had no long-term borrowings.

DEPOSITS. Retail and commercial deposits are attracted principally from within the Bank's primary market area through the offering of a broad selection of deposit instruments including savings accounts, NOW and Super NOW accounts, checking accounts, money market type accounts, certificate accounts currently ranging in maturity from ten days to 42 months, and retirement savings plans. Deposit accounts vary as to terms, with the principal differences being the minimum balance required, the time period the funds must remain on deposit and the interest rate. The deregulation of federal controls on insured deposits has allowed the Bank to be more competitive in obtaining funds and to be flexible in meeting the threat of net deposit outflows. The Bank does not obtain funds through brokers.

The following table presents the average daily amount of deposits and rates paid on such for the years indicated. The amounts are in thousands (000's).
<TABLE>
<CAPTION>

	1996		1995		1994	
	Amount	Average rate %	Amount	Average rate %	Amount	Average rate %
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Demand deposits	$ 13,122	0.00%	$ 10,859	0.00%	$ 8,787	0.00%
NOW accounts	23,034	2.29	20,425	2.28	18,199	2.60
MMDA accounts	22,495	3.27	23,294	3.26	32,914	2.78
Savings accounts	43,521	3.02	42,189	3.01	44,480	3.02
Certificates of deposit	153,433	5.53	143,005	5.51	125,429	4.21
Total deposits	$255,605	4.33%	$239,772	4.32%	$229,809	3.49%

</TABLE>

Maturities of time certificates of deposit and other time deposits of $100,000 or more at December 31, 1996 are summarized as follows. The amounts are in thousands (000's).

3 months or less	$14,305
Over 3 months through 6 months	6,039
Over 6 months through 12 months	3,807
Over 12 months	1,949
Total	$26,100

BORROWINGS. Borrowed money is used on a short term basis to compensate for reductions in the availability of other sources of funds and is generally accomplished through repurchase agreements and a line of credit with the FHLBI. Securities sold under agreements to repurchase mature within one year. Repurchase agreements are generally secured by FHLMC mortgage-backed securities or U.S. government securities under the Bank's control.

The following table sets forth the balances in short-term borrowings on the dates indicated. The amounts are stated in thousands (000's).
<TABLE>
<CAPTION>

	At December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Repurchase agreements	$ 3,993	$ 2,403	$ 697
Federal Home Loan Bank advance	7,000	--	--
Other borrowings	1,268	735	2,454
Total borrowings	$12,261	$ 3,138	$ 3,151

</TABLE>

The following table sets forth certain information regarding repurchase agreements by the Bank at the end of and during the periods indicated. The amounts are stated in thousands (000's).
<TABLE>
<CAPTION>

	At December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Balance	$ 3,993	$ 2,403	$ 697
Securities underlying the agreements:			
Ending book value	5,572	3,364	1,051
Ending market value	5,559	3,538	1,008
Weighted average rate paid (1)	5.19%	5.60%	5.08%

</TABLE>
<TABLE>
<CAPTION>

	For year ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Highest month-end balance	$ 5,419	$ 2,403	$ 2,217
Approximate average outstanding balance	3,599	1,593	1,189
Approximate weighted average rate paid on securities sold under agreements to repurchase (2)	5.27%	5.65%	4.62%

<FN>
- ------------------------
(1) The weighted average rate for each period is calculated by weighting the principal balances outstanding for the various interest rates.
(2) The weighted average rate is calculated by dividing the interest expense for the period by the average monthly balances of securities sold under agreements to repurchase outstanding for the period.
</TABLE>

TRUST POWERS

The activities of the trust department include the management of self-directed investments, IRA and Keogh plans, investment agency accounts, land trusts, serving as court-appointed executor of estates and as guardian or conservator of estates, and trustee with discretionary investment authority for revocable and irrevocable trusts. At December 31, 1996, the book value of the trust department's assets totaled $65.9 million.

ANALYSIS OF PROFITABILITY AND KEY OPERATING RATIOS

DISTRIBUTION OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY;
INTEREST RATES AND INTEREST DIFFERENTIAL.

The net earnings of the Bank depend primarily upon the "spread" (difference) between (a) the income it receives from its loan portfolio and other investments and (b) its cost of money, consisting principally of the interest paid on savings accounts and on other borrowings.

The following table presents the weighted average yields on loans and investment securities, the weighted average cost of interest-bearing deposits and short-term borrowings, and the interest rate spread at December 31, 1996.

Weighted average yield:	
Interest-bearing balances in financial institutions	6.95%
Securities held-to-maturity	6.24
Net loans receivable	8.24
Total interest-earning assets	7.96
Weighted average cost:	
Interest bearing deposits	4.28
Short-term borrowings	5.90
Total interest-bearing liabilities	4.36
Interest rate spread:	
Weighted average yield on interest-earning assets minus the weighted average cost of interest-bearing deposits	3.60

FINANCIAL RATIOS AND THE ANALYSIS OF CHANGES IN NET INTEREST INCOME

The tables below set forth certain financial ratios of the Company for the periods indicated:

<TABLE>
<CAPTION>

	Year ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Return on average assets	0.75%	1.14%	1.24%
Return on average equity	7.90	11.74	13.04
Average equity-to-average assets ratio	9.51	9.72	9.54
Dividend payout ratio	72.17	48.92	46.94

<CAPTION>

	At December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Total stockholders' equity to total assets	9.29%	9.68%	9.61%

</TABLE>

The table on the following page presents average balance sheet amounts, the related interest income or expense, and average rates earned or paid for the periods indicated.

<TABLE>
<CAPTION>
The average balance sheet amounts, the related interest income or expense, and average rates earned or paid are presented in the following table. The amounts are stated in thousands (000's).

	Year ended December 31, 1996			Year ended December 31, 1995		
	Average Balance	Interest Income/ Expense	Average Rate	Average Balance	Interest Income/ Expense	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Assets:						
Interest bearing balances in financial institutions	$ 3,846	$ 266	6.92 %	$ 4,520	$ 278	6.15 %
Federal funds sold	1,068	58	5.43	1,131	66	5.84
Securities	42,513	2,605	6.13	35,139	2,055	5.85
Total investments	47,427	2,929	6.18	40,790	2,399	5.88
Loans:*						
Real estate mortgage loans	212,161	17,523	8.26	203,709	17,015	8.35
Commercial business loans	16,014	1,522	9.50	14,174	1,412	9.96
Consumer loans	4,290	363	8.46	3,469	297	8.56
Total loans	232,465	19,408	8.35	221,352	18,724	8.46
Total interest-earning asset	279,892	22,337	7.98	262,142	21,123	8.06
Allowance for loan losses	(2,854)			(2,792)		
Cash and due from banks	4,994			4,576		
Premises and equipment	6,153			4,662		
Other assets	3,098			3,272		
Total assets	$ 291,283			$ 271,860		
Liabilities:						
Demand deposit	$ 13,122	0.00	0.00 %	$ 10,859	0.00	0.00 %
NOW accounts	23,034	528	2.29	20,425	465	2.28
Money market demand accounts	22,495	736	3.27	23,294	759	3.26

Savings accounts	43,521	1,315	3.02	42,189	1,269	3.01
Certificates of deposit	153,433	8,487	5.53	143,005	7,874	5.51
Total interest-bearing deposits	255,605	11,066	4.33	239,772	10,367	4.32
Short-term borrowings	4,780	221	4.62	2,479	117	4.72
Total interest-bearing liabilities	260,385	11,287	4.33	242,251	10,484	4.33
Other liabilities	3,191			3,192		
Total liabilities	263,576			245,443		
Stockholders' equity	27,707			26,417		
Total liabilities and stockholders' equity	$ 291,283	11,287	4.03 **	$ 271,860	10,484	4.00 **
Net interest income		$ 11,050	3.65 %		$ 10,639	3.73 %

<CAPTION>

<S>	Year ended December 31, 1994 Average Balance <C>	 Interest Income/ Expense <C>	 Average Rate <C>
Assets:			
Interest bearing balances in financial institutions	$ 3,425	$ 159	4.64 %
Federal funds sold	482	21	4.36
Securities	32,449	1,807	5.57
Total investments	36,356	1,987	5.47
Loans:*			
Real estate mortgage loans	194,415	15,686	8.07
Commercial business loans	15,114	1,148	7.60
Consumer loans	3,820	301	7.88
Total loans	213,349	17,135	8.03
Total interest-earning asset	249,705	19,122	7.66
Allowance for loan losses	(2,669)		
Cash and due from banks	5,437		
Premises and equipment	3,855		
Other assets	3,806		
Total assets	$ 260,134		
Liabilities:			
Demand deposit	$ 8,787	0.00	0.00 %
NOW accounts	18,199	473	2.60
Money market demand accounts	32,914	914	2.78
Savings accounts	44,480	1,342	3.02
Certificates of deposit	125,429	5,282	4.21
Total interest-bearing deposits	229,809	8,011	3.49
Short-term borrowings	1,694	68	4.01
Total interest-bearing liabilities	231,503	8,079	3.49
Other liabilities	3,817		
Total liabilities	235,320		
Stockholders' equity	24,814		
Total liabilities and stockholders' equity	$ 260,134	8,079	3.24 **
Net interest income		$ 11,043	4.17 %

<FN>
- --

* Non-accruing loans have been included in the average balances.
** Total interest expense divided by total interest-earning assets.

</TABLE>

<TABLE>
RATE/VOLUME ANALYSIS

The table below sets forth certain information regarding changes in interest income and interest expense of the Company for the periods indicated. For each category of interest-earning asset and interest-bearing liability, information is provided on changes attributable to: (1) changes in volume (change in volume multiplied by old rate) and (2) changes in rate (change in rate multiplied by old volume). Changes attributable to both rate and volume which cannot be segregated have been allocated proportionately to the change due to volume and the change due to rate. The amounts are stated in thousands (000's).

<CAPTION>

	Year Ended December 31, 1996 vs. 1995 Increase/(Decrease) Due To			Year Ended December 31, 1995 vs. 1994 Increase/(Decrease) Due To		
	Volume	Rate	Total	Volume	Rate	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest income:						
Loans receivable	$ 930	$ (245)	$ 685	$ 657	$ 931	$ 1,588
Securities	448	102	550	154	94	248
Other interest-earning assets	(48)	27	(21)	95	69	164
Total interest-earning assets	1,330	(116)	1,214	906	1,094	2,000
Interest Expense:						
Deposits	651	47	698	500	1,856	2,356
Borrowings and Federal Home Loan Bank Advances	106	(2)	104	36	12	48
Total interest-bearing liabilities	757	45	802	536	1,868	2,404
Net change in net interest income/(expense)	$ 573	$ (161)	$ 412	$ 370	$ (774)	$ (404)

<CAPTION>

	Year Ended December 31, 1994 vs. 1993 Increase/(Decrease) Due To		
	Volume	Rate	Total
<S>	<C>	<C>	<C>
Interest income:			
Loans receivable	$ 1,138	$ (675)	$ 463
Securities	128	(106)	22
Other interest-earning assets	(181)	18	(163)
Total interest-earning assets	1,085	(763)	322
Interest Expense:			
Deposits	359	(368)	(9)
Borrowings and Federal Home Loan Bank Advances	30	(7)	23
Total interest-bearing liabilities	389	(375)	14
Net change in net interest income/(expense)	$ 696	$ (388)	$ 308

</TABLE>

BANK SUBSIDIARY ACTIVITIES

The Bank has two wholly-owned subsidiaries, which are incorporated under the laws of the State of Indiana. Peoples Service Corporation offered a securities brokerage/annuity program to customers from October 1987 to September 1990. It has been inactive since the discontinuance of the brokerage program. During the fiscal year ended June 30, 1993, Peoples Service Corporation received authority from the FDIC to sell insurance annuities. No activity has been reported in this area. The assets of Peoples Service Corporation consist of an intercompany savings account.

PSA Insurance Corporation, another wholly-owned subsidiary, was incorporated in 1976 to act as an agent or broker for insurance companies, and to invest in other ventures and properties as it deemed to be in its best interests. During fiscal 1987, Peoples sold the insurance accounts of PSA Insurance Corporation. Since the sale, the assets of PSA Insurance Corporation consist of three real estate lots.

At December 31, 1996, the Bank had investment balances of $10,000 and $44,950 in Peoples Service Corporation and PSA Insurance Corporation, respectively.

The Consolidated Financial Statements of the Company include the assets, liabilities, net worth and results of operations of the Bank and its subsidiaries. Significant intercompany transactions have been eliminated in the consolidation. For further information on the Bank's subsidiaries, see Note 1 of Notes to Consolidated Financial Statements.

COMPETITION

The Bank's primary market area for deposits and mortgage and other loans encompasses Lake County, in northwest Indiana, where all of its offices are located. Ninety-five percent of the Bank's business activities are within this area.

The Bank faces strong competition in its primary market area for the attraction and retention of deposits and in the origination of loans. The Bank's most direct competition for deposits has historically come from commercial banks and from savings and loan associations located in its primary market area. Particularly in times of high interest rates, the Bank has had significant competition from money market mutual funds and other firms offering financial services. The Bank's competition for loans comes principally from savings and loan associations, commercial banks, mortgage banking companies, credit unions, insurance companies and other institutional lenders.

The Bank competes for loans principally through the interest rates and loan fees it charges and the efficiency and quality of the services it provides borrowers, real estate brokers and home builders. It competes for deposits by offering depositors a wide variety of savings accounts, checking accounts, competitive interest rates, convenient branch locations, drive-up facilities, automatic teller machines, tax-deferred retirement programs and other miscellaneous services.

The Bank believes that it has a minority share of the deposits and residential mortgage loan market within its primary market area.

PERSONNEL

As of December 31, 1996, the Bank had 89 full-time and 21 part-time employees. The employees are not represented by a collective bargaining agreement. Management believes its employee relations are good. The Company has four officers (listed below under "Executive Officers of the Company"), but has no other employees. The Company's officers also are full-time employees of the Bank, and are compensated by the Bank.

REGULATION AND SUPERVISION

BANK HOLDING COMPANY REGULATION. As a registered bank holding company for the Bank, the Company is subject to the regulation and supervision of the FRB under the Bank Holding Company Act of 1956, as amended (the "BHCA"). Bank holding companies are required to file periodic reports with and are subject to periodic examination by the FRB.

Under the BHCA, without the prior approval of the FRB, the Company may not acquire direct or indirect control of more than 5% of the voting stock or substantially all of the assets of any company, including a bank, and may not merge or consolidate with another bank holding company. In addition, the Company is generally prohibited by the BHCA from engaging in any nonbanking business unless such business is determined by the FRB to be so closely related to banking as to be a proper incident thereto. Under the BHCA, the FRB has the authority to require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the FRB's determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

Under FRB policy, a bank holding company is expected to serve as a source of financial and managerial strength to its subsidiary banks. It is the policy of the FRB that, pursuant to this requirement, a bank holding company should stand ready to use its resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity. This support may be required by the FRB at times when the Company may not have the resources to provide it or, for other reasons, would not be inclined to provide it. Additionally, under the Federal Deposit Insurance Corporation Improvements Act of 1991 ("FDICIA"), a bank holding company is required to guarantee the compliance of any insured depository institution subsidiary that may become "undercapitalized" (as defined in the statute) with the terms of any capital restoration plan filed by such subsidiary with its appropriate federal banking agency up to the lesser of (i) an amount equal to 5% of the institution's total assets at the time the institution became undercapitalized, or (ii) the amount that is necessary (or would have been necessary) to bring the institution into compliance with all applicable capital standards as of the time the institution fails to comply with such capital restoration plan.

SAVINGS BANK REGULATION. As an Indiana stock savings bank, the Bank is subject to federal regulation and supervision by the FDIC and to state regulation and supervision by the Indiana Department of Financial Institutions (the "DFI"). The Bank's deposit accounts are insured by the SAIF, which is administered by the FDIC. The Bank is not a member of the Federal Reserve System.

Both federal and Indiana law extensively regulate various aspects of the banking business such as reserve requirements, truth-in-lending and truth-in-savings disclosure, equal credit opportunity, fair credit reporting, trading in securities and other aspects of banking operations. Current federal law also requires savings banks, among other things, to make deposited funds available within specified time periods.

Under FDICIA, insured state chartered banks are prohibited from engaging as principal in activities that are not permitted for national banks, unless: (i) the FDIC determines that the activity would pose no significant risk to the appropriate deposit insurance fund, and (ii) the bank is, and continues to be, in compliance with all applicable capital standards. The Board of Directors does not believe that these restrictions will have a material adverse effect on the Bank.

DEPOSIT INSURANCE AND THE BANKING INDUSTRY. The Bank's deposits are insured up to $100,000 per insured account by the SAIF. The Deposit Insurance Funds Act of 1996 (the "Funds Act") required the FDIC to take steps to recapitalize the SAIF and to change the basis on which funds are raised to make the scheduled payments on the FICO bonds issued in 1987 to replenish the Federal Savings and Loan Insurance Corporation. As part of the SAIF recapitalization, during 1996 the Bank paid a special assessment of $1.6 million. The Funds Act generally limited future SAIF assessments to the level required to maintain its capitalization. Accordingly, periodic SAIF insurance assessments have fallen toward the level paid by BIF members, thereby reducing a competitive advantage for BIF members. While SAIF members continue to face higher FICO bond assessments than BIF members, the disparity is small relative to the former disparity in insurance assessments.

The Funds Act and recent legislative and regulatory initiatives propose changes to the regulatory structure of the banking industry, including proposals to reduce regulatory burdens and expand bank powers. It is not possible to predict whether, or in what form, the proposed changes will take effect or how they will affect the Company.

BRANCHES AND AFFILIATES. The establishment of branches by the Bank is subject to approval of the DFI and FDIC and geographic limits established by state laws. In 1994, Congress enacted the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Riegle-Neal Act"). This Act facilitates the interstate expansion and consolidation of banking organizations by permitting, among other things,(i) bank holding companies that are adequately capitalized and managed to acquire banks located in states outside their home state regardless of whether such acquisitions are authorized under the law of the host state, (ii) the interstate merger of banks after June 1, 1997, subject to the right of individual states to "opt in" or to "opt out" of this authority before that date, and (iii) banks to establish new branches on an interstate basis provided that such action is

specifically authorized by the law of the host state. During 1996, Indiana "opted in" to the provisions described in clauses (ii) and (iii) above. The effect of this new law may be to increase competition in the Bank's market area, although the extent and timing of this increase cannot be predicted.

TRANSACTIONS WITH AFFILIATES. Under Indiana law, the Bank is subject to Sections 22(h), 23A and 23B of the Federal Reserve Act which restrict financial transactions between banks and affiliated companies, such as the Company. The statute limits credit transactions between a bank and its executive officers and its affiliates, prescribes terms and conditions for bank affiliate transactions deemed to be consistent with safe and sound banking practices, and restricts the types of collateral security permitted in connection with a bank's extension of credit to an affiliate.

CAPITAL REQUIREMENTS. The FRB and the FDIC have issued substantially similar risk-based and leverage capital guidelines that are applicable to the Company and the Bank. These guidelines require a minimum ratio of total capital to risk-weighted assets (including certain off-balance sheet activities such as standby letters of credit) of 8%. At least half of the total required capital must be "Tier I capital," consisting principally of common stockholders' equity, noncumulative perpetual preferred stock, a limited amount of cumulative perpetual preferred stock and minority interests in the equity accounts of consolidated subsidiaries, less certain goodwill items. The remainder ("Tier II capital") may consist of a limited amount of subordinated debt and intermediate-term preferred stock, certain hybrid capital instruments and other debt securities, cumulative perpetual preferred stock, and a limited amount of the general loan loss allowance.

In addition to the risk-based capital guidelines, the Company and the Bank are subject to a Tier I (leverage) capital ratio which requires a minimum level of Tier I capital to average total consolidated assets of 3% in the case of financial institutions that have the highest regulatory examination ratings and are not contemplating significant growth or expansion. All other institutions are expected to maintain a ratio of at least 1% to 2% above the stated minimum.

FDICIA requires, among other things, federal bank regulatory authorities to take "prompt corrective action" with respect to banks that do not meet minimum capital requirements. The FDIC has adopted regulations to implement the prompt corrective action provisions of FDICIA which, among other things, define the relevant capital measures for five capital categories. An institution is deemed to be "well capitalized" if it has a total risk-based capital ratio of 10% or greater, a Tier I risk-based capital ratio of 6% or greater, and a leverage ratio of 5% of greater, and is not subject to a regulatory order, agreement or directive to meet and maintain a specific capital level for any capital measure.

The following table shows that, at December 31, 1996, the Company's capital exceeded all regulatory capital requirements. At December 31, 1996, the Company's and the Bank's regulatory capital ratios were identical. At December 31, 1996, the Company and the Bank were categorized as well capitalized. The dollar amounts are in millions.
<TABLE>
<CAPTION>

	Actual		Required for adequate capital		To be well capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total risk-based capital risk-weighted assets	$30.2	16.0%	$15.1	8.0%	$18.9	10.0%
Tier 1 capital to risk-weighted assets	$27.8	14.7%	$ 7.6	4.0%	$11.3	6.0%
Tier I capital to total assets	$27.8	9.3%	$ 9.0	3.0%	$15.0	5.0%

</TABLE>

Banking regulators continue to indicate their desire to raise capital requirements applicable to banking organizations beyond their current levels. The Company is unable to predict whether and when higher capital requirements would be imposed and, if so, to what levels and on what schedule.

DIVIDEND LIMITATIONS. The Company is a legal entity separate and distinct from the Bank. The source of the Company's cash flow, including cash flow to pay dividends on the Company's Common Stock, is the payment of dividends to the Company by the Bank. Under Indiana law, the Bank may pay dividends, no more often than quarterly, to the extent of its undivided profits (less losses, bad debts and expenses). However, DFI approval is required to pay dividends in any year in excess of the Bank's net profits for the current year and the prior two years. Also, the FDIC has the authority to prohibit the Bank from paying dividends if, in its opinion, the payment of dividends would constitute an unsafe or unsound practice in light of the financial condition of the Bank. In addition, under FRB supervisory policy, a bank holding company generally should not maintain its existing rate of cash dividends on common shares unless (i) the organization's net income available to common shareholders over the past year has been sufficient to fully fund the dividends and (ii) the prospective rate of earnings retention appears consistent with the organization's capital needs, assets, quality, and overall financial condition.

COMMUNITY REINVESTMENT ACT. Under the Community Reinvestment Act ("CRA"), the Bank has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire community, including low and moderate income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. The CRA requires the FDIC in connection with its examination of the Bank, to assess its record of meeting the credit needs of its community and to take that record into account in its evaluation of certain applications by the Bank. As of the date of its most recent regulatory examination, the Bank was rated "outstanding" with respect to its CRA compliance.

In May 1995, the FDIC and other Federal banking agencies amended their regulations concerning the CRA. Among other things, the revised regulations implement a new evaluation system that will rate banks based on their performance in meeting community financial needs. In particular, the revised system will evaluate the degree to which a bank is performing under tests and standards judged in the context of information about the institution, its community, its competitors and its peers with respect to (i) lending, (ii) service delivery systems and (iii) investments. The revised regulations also specify that a bank's CRA performance will be considered in its expansion (e.g., branching) proposals and may be the basis for approving, denying or conditioning the approval of an application.

FEDERAL TAXATION

Generally, financial institutions are taxed for federal income tax purposes like other corporations. There are special rules governing foreclosure on property securing loans, the dividends received deduction, and the bad debt deduction.

No gain or loss is recognized, and no debt is considered worthless, or partially worthless, as the result of a financial institution having bid in at foreclosure or otherwise reduced to ownership or possession any property which was security for any loan. The basis of property so acquired is the basis of the loan for which the property was secured increased by costs of acquisition.

The amount of the intercorporate dividends received deduction is reduced by the percentage of taxable income allowed as a bad debt deduction. The dividends received deduction is allocated between the portion of income subject to tax and the portion that is allocated as a bad debt reserve deduction.

The Company files federal income tax returns on a calendar year basis. State chartered savings banks such as the Bank that meet certain definitional tests and other conditions prescribed by the Internal Revenue Code of 1986 (the "Code"), are allowed to make annual additions to a bad debt reserve that may, within specified limits, be taken as deductions in computing net taxable income for federal income tax purposes. The methods available for computing the amount of the bad debt reserve deduction for "qualifying real property loans" are based upon actual loss experience or a percentage of taxable income. The Bank has historically elected to use the percentage of taxable income method to compute its bad debt deduction for federal income tax purposes.

With the passage of the Small Business Job Protection Act of 1996 on August 20, 1996, the availability of the percentage bad debt deduction was repealed for tax years beginning after December 1, 1995. For the first tax year beginning after December 31, 1995 and thereafter, thrift institutions, such as the Bank will be required to utilize the experience method referred to above in computing the tax bad debt deduction for qualifying and nonqualifying loans.

In addition, thrift institutions such as the Bank are required to recapture the excess of the tax bad debt reserves for qualifying and nonqualifying loans as of the end of the last tax year beginning before

January 1, 1996 over the balance of those reserves as of the end of the "base year" into taxable income evenly over a six year period beginning with the first tax year that begins after December 31, 1995. The base tax year is the last tax year beginning before January 1, 1988. The balance of the tax bad debt reserves to be recaptured under the new law totaled approximately $2,500,000.

If the institution meets the "Residential Loan Requirement" explained below, the reserve recapture can be deferred for the first or second tax year beginning after December 31, 1995, or both. However, in any case, the six year reserve recapture period must begin no later than the third tax year beginning after December 31, 1995.

The Residential Loan Requirement is met for a particular year if the principal amount of home purchase and improvement loans originated in that year exceed the "base amount." The base amount is the average of such lending activity for the six most recent tax years beginning before January 1, 1996. For purposes of determining this average, the institution can elect to eliminate the years with the highest and lowest lending activity from the calculation.

The rules described above requiring the recapture of a portion of the tax bad debt reserves in the event the institution fails to meet the 60% asset test have been repealed for tax years beginning after December 31, 1995. However, the above rules that require the recapture of the excess upon certain distributions to shareholders continue to apply to the portion of the excess contained in the base year reserves preserved by the new law. In addition, this portion of the excess must be recaptured into taxable income evenly over a period of six years if the Bank ceases the business of banking. The portion of the excess contained in the base year reserves of the bank that are preserved by the new law total approximately $6,000,000.

In addition to the regular income tax, corporations are subject to the corporate minimum tax. Alternative minimum tax is imposed at a minimum tax rate of 20% on the sum of a corporation's regular taxable income (with certain adjustments) and tax preference items, less any available exemption. Such tax preference items includes interest on certain tax-exempt bonds issued after August 7, 1986. For fiscal 1991, the computation was changed to use three-quarters of adjusted current earnings in place of one-half of book income. The alternative minimum taxable income that may be offset by net operating losses is limited to 90% thereof and, additionally, net operating losses available to offset minimum taxable income are themselves subject to certain modifications and adjustments before application of the 90% test. The alternative minimum tax is imposed to the extent it exceeds the corporation's regular income tax. Payments of alternative minimum tax may, under certain circumstances, be used as credits against regular tax liabilities in future years.

In addition to the foregoing, the Code contains other changes from prior federal income tax law that affect the taxation of financial institutions. For example, effective for taxable years beginning after 1986, most corporations, including savings banks, are required to use the accrual method of accounting for tax purposes. Savings banks are entitled to deduct 80% of their interest expense allocable to the purchase or carrying of tax-exempt

obligations acquired after 1982 and 100% of interest attributable to obligations acquired before 1983. Interest expense allocated to the purchase of carrying certain tax-exempt obligations acquired after August 7, 1986, is not deductible. The Company's federal income tax returns have not been examined by federal authorities since the fiscal year ending June 30, 1985.

For information regarding federal taxes, see Note 6 of Notes to Consolidated Financial Statements.

STATE TAXATION

The Company is subject to Indiana's Financial Institutions Tax ("FIT"), which is imposed at a flat rate of 8.5% on "adjusted gross income." "Adjusted gross income" for purposes of FIT, begins with taxable income as defined by Section 63 of the Code and, thus, incorporates federal tax law to the extent that it affects the computation of taxable income. Federal taxable income is then adjusted by several Indiana modifications, the most notable of which is the required addback of interest that is tax-free for federal income tax purposes.

ACCOUNTING FOR INCOME TAXES

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"), which changed how GAAP applies to the treatment of income taxes for financial statement purposes. Beginning on July 1, 1993, The Bank adopted the provisions of SFAS No. 109. Under SFAS No. 109, the Bank records income tax expense based on the amount of taxes due on its tax return, plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, using enacted tax rates. Previously the Bank computed deferred taxes for the tax effects of timing differences between financial reporting and tax return income. At December 31, 1996, the Bank's consolidated total deferred tax assets were $978 thousand and the consolidated total deferred tax liabilities were $272 thousand, resulting in a consolidated net deferred tax asset of $706 thousand. Management believes it is probable that the benefit of the deferred tax asset will be realized after considering the historical and anticipated future levels of pretax earnings.

ITEM 2. PROPERTIES

The Company maintains its corporate office at 9204 Columbia Avenue, Munster, Indiana, from which it oversees the operation of the Bank's seven banking locations. The Bank owns all of its office properties.

The table below sets forth additional information with respect to the Bank's offices as of December 31, 1996. Net book value and total investment figures are for land, buildings, furniture and fixtures.
<TABLE>
<CAPTION>

Office location	Year facility opened	Net book value	Approximate square footage	Total investment
<C>	<C>	<C>	<C>	<C>
9204 Columbia Avenue				
Munster, In 46307	1985	$1,431,774	11,640	$2,476,832
141 W. Lincoln Highway				
Schererville, In 46375	1990	1,308,954	9,444	1,903,619
7120 Indianapolis Blvd.				
Hammond, In 46324	1978	335,586	2,600	678,570
1300 Sheffield				
Dyer, In 46311	1976	231,316	2,100	570,869
7915 Taft				
Merrillville, In 46410	1968	154,506	2,750	436,216
8600 Broadway				
Merrillville, In 46410	1996	1,841,082	4,400	1,893,550
4901 Indianapolis Blvd.				

East Chicago, In 46312	1995	1,274,487	4,300	1,434,145

During 1995, the Company replaced its existing East Chicago, Indiana, office location with a new facility. During 1996, the Company opened a new full-service branch facility located in Merrillville, Indiana. The facilities represent the Company's commitment to quality service and community development, and provide opportunities to expand market share by attracting additional deposits and loans from surrounding areas. At December 31, 1996, the Bank had investments totaling $450 thousand in land which has been acquired for future branch development. The Bank's primary recordkeeping is accomplished through the use of microcomputer networks linked via data line to M&I Data Services, Inc., located in Brown Deer, Wisconsin. M&I provides real time services for mortgage and installment loans, savings, certificates, NOW accounts and general ledger transactions. In addition to the M&I System, the Bank utilizes a microcomputer network for the trust department operations.

The net book value of the Bank's investment in property, premises and equipment totaled $7.1 million at December 31, 1996. For further information, see Note 5 of Notes to Consolidated Financial Statements in the Company's December 31, 1996, Annual Report to Shareholders.

ITEM 3. LEGAL PROCEEDINGS

The Company is not engaged in any legal proceedings of a material nature at the present time. From time to time, the Bank is a party to legal proceedings incident to its business, including foreclosures.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1996.

EXECUTIVE OFFICERS OF THE COMPANY

Pursuant to General Instruction G(3) of Form 10-K, the following information is included as an unnumbered item in this Part I in lieu of being included in the Company's Proxy Statement for the 1997 Annual Meeting of Shareholders:

The executive officers of the Company are as follows:

	AGE AT DECEMBER 31, 1996	POSITION
David A. Bochnowski	51	Chairman and Chief Executive Officer
Joel Gorelick	49	Vice President and Chief Lending Officer
Edward J. Furticella	49	Vice President, Chief Financial Officer and Treasurer
Frank J. Bochnowski	58	Senior Vice President and Secretary

The following is a description of the principal occupation and employment of the executive officers of the Company during at least the past five years:

David A. Bochnowski is chairman and chief executive officer of the Company and the Bank, and has held these positions with the Bank since 1981. He has been a director since 1977 and was the Bank's legal counsel from 1977 to 1981. Mr. Bochnowski is a director of America's Community Bankers and a member of the America's Community Bankers' Government Affairs Policy Committee. He is a director of the Northwest Indiana Forum and a Trustee of the Munster Community Hospital. He is a former chairman of the Indiana League of Savings Institutions and a former director of the Federal Home Loan Bank of Indianapolis. Before joining the Bank, Mr. Bochnowski was an attorney, self-employed in private practice. He holds a Juris Doctor degree from Georgetown University and a Masters Degree from Howard University.

Joel Gorelick is vice president of the Company and vice president and chief lending officer for the Bank. He is responsible for overseeing new business development and all loan functions of the Bank. Mr. Gorelick joined the Bank in November, 1983 as vice president of commercial lending. Mr. Gorelick is involved in many community service organizations and presently serves as president-elect of the Northwest Indiana Boys & Girls Club and chairman of the board of the Northwest Indiana Regional Development Corporation. He holds a Masters of Business Administration Degree from Indiana University and is a graduate of the Graduate School of Banking at the University of Wisconsin at Madison.

Edward J. Furticella is vice president, chief financial officer and treasurer of the Company and the Bank. He is responsible for managing the Bank's investment portfolio and daily liquidity, as well as, overseeing the activities of accounting, systems processing and branch operations. Mr. Furticella has been with the Bank since 1981. Mr. Furticella holds a Masters of Education, Masters of Business Administration and a Masters of Science in Accountancy from DePaul University. Mr. Furticella is a Certified Public

Accountant (CPA) and a Certified Cash Manager (CCM). He is also a part-time finance instructor at Purdue University Calumet and a member of the Customer Advisory Group for the Federal Reserve Bank of Chicago.

Frank J. Bochnowski is senior vice president and secretary for the Company and senior vice president, general counsel, trust officer and corporate secretary for the Bank. Mr. Bochnowski assumed his current responsibilities with the Bank as of November, 1984. He has been the Bank's attorney since 1981. Mr. Bochnowski is a director and president of the Munster, Indiana Rotary Club and a director and officer of the Lake County, Indiana Chapter of the American Red Cross. He holds a Juris Doctor degree from St. John's University and a Masters of Business Administration from Fairleigh Dickinson University. He is a graduate of the United States Military Academy and served for twenty-one years as an army officer, retiring in 1981 with the rank of lieutenant colonel. He is the first cousin of the Company's President.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information contained under the caption "Business" and "Market Information" in the 1996 Annual Report to Shareholders is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information contained in the table captioned "Selected Consolidated Financial Data" in the 1996 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 1996 Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements contained in the 1996 Annual Report to Shareholders, which are listed under Item 14 herein, are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no items reportable under this caption.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained under the section captioned "Election of Directors" and in the final paragraph under the section captioned "Security Ownership by Certain Beneficial Owners and Management" in the Company's definitive Proxy Statement for the 1997 Annual Meeting of Shareholders is incorporated herein by reference. Information regarding the Company's executive officers is included under the unnumbered item captioned "Executive Officers of the Company" at the end of Part I hereof and is incorporated herein by reference, in accordance with General Instruction G(3) to Form 10-K and Instruction 3 to Item 401(b) of a Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

The information contained under the section captioned "Compensation of and Transactions with Officers and Directors" in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the section captioned "Security Ownership by Certain Beneficial Owners and Management" in the Company's definitive Proxy Statement for the 1997 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained under the section captioned "Compensation of and Transactions with Officers and Directors" in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Shareholders, and in the footnote captioned "Related Party Transactions" in the 1996 Annual Report to Shareholders, is incorporated herein by reference. Additional information as required per Schedule I, "Indebtedness of and to related parties - not current", is not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS:

The following financial statements of the Company are incorporated herein by reference to the 1996 Annual Report to Shareholders, filed as Exhibit 13 to this report:

(a) Independent Auditor's Report

(b) Consolidated Balance Sheets, December 31, 1996 and 1995

(c) Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994

(d) Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 1996, 1995 and 1994

(e) Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994

(f) Notes to Consolidated Financial Statements

All other financial statements, schedules and historical financial information have been omitted as the subject matter is not required, not present or not present in amounts sufficient to require submission.

(3) EXHIBITS:

EXHIBIT NUMBER	DESCRIPTION
2.	Plan of Conversion of Peoples Bank, A Federal Savings Bank, dated December 18, 1993 (incorporated herein by reference to Exhibit A to the Company's Definitive Proxy Statement/Prospectus dated March 23, 1994, as filed pursuant to Rule 424(b) under the 1933 Act on March 28, 1994).
3.i.	Articles of Incorporation (incorporated herein by reference to Exhibit 3(i) to the Company's Registration Statement on Form S-4 filed March 3, 1994 (File No. 33-76038)).
3.ii.	By-Laws (incorporated herein by reference to Exhibit 3(i) to the Company's Registration Statement on Form S-4 filed March 3, 1994 (File No. 33-76038)).
3.iii.	Amendment of By-Laws adopted July 27, 1994(incorporated herein by reference to Exhibit 3.iii to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.1.	1994 Stock Option and Incentive Plan (incorporated herein by reference to Exhibit A to the Company's Definitive Proxy

	Statement/Prospectus dated March 23, 1994, as filed pursuant to Rule 424(b) under the 1933 Act on March 28, 1994).
10.2.	Employment Agreement, dated March 1, 1988, between Peoples Bank and David A. Bochnowski (incorporated herein by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.3.	Amendment, dated January 18, 1993, to the Employment Agreement referred to in Exhibit 10.2 above (incorporated herein by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.4.	Employee Stock Ownership Plan of Peoples Bank (incorporated herein by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.5.	Unqualified Deferred Compensation Plan of Peoples Bank (incorporated herein by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).

13. 1996 Annual Report to Shareholders.

21. Subsidiaries of the Company.

27. Financial Data Schedule.

(4) REPORTS ON FORM 8-K:

No reports on Form 8-K were filed during the fourth quarter of 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By /s/David A. Bochnowski

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

Date: March 19, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on March 21, 1996:

SIGNATURE	TITLE
Principal Executive Officer:	
/s/David A. Bochnowski - ------------------------------ David A. Bochnowski	Chairman of the Board and Chief Executive Officer
Principal Financial Officer and Principal Accounting Officer:	
/s/Edward J. Furticella - ------------------------------ Edward J. Furticella	Vice President, Chief Financial Officer and Treasurer
The Board of Directors:	
/s/Leroy F. Cataldi - ------------------------------ Leroy F. Cataldi	Director
/s/James J. Crandall - ------------------------------ James J. Crandall	Director
/s/Lourdes M. Dennison - ------------------------------ Lourdes M. Dennison	Director

/s/Gloria C. Gray - ------------------------------ Gloria C. Gray	Director
/s/Stanley E. Mize - ------------------------------ Stanley E. Mize	Director
/s/Jerome F. Vrabel - ------------------------------ Jerome F. Vrabel	Director
/s/John J. Wadas, Jr. - ------------------------------ John J. Wadas, Jr.	Director

EXHIBIT INDEX

Exhibit	Description	Page
13.	1996 Annual Report to Shareholders	
21.	Subsidiaries of the Company	
27.	Financial Data Schedule	

NorthWest Indiana
- -----------------
BANCORP

1996
ANNUAL REPORT

BUILDING
VALUE

photo montage of
employees, new Merrillville Branch building
and housing rehab project

Inside Front Cover is blank

BUILDING
VALUE

Dear Shareholder:

Banking is one of America's most regulated industries and 1996 stands out as a year when the pervasive authority of the federal government truly impacted operating results.

During the year congress passed the Federal Deposit Insurance Funds Act of 1996 which mandated all SAIF insured financial institutions to make a one-time payment to recapitalize the federal deposit insurance fund. This industry wide solution to a public policy question, while laudable, had a direct negative effect upon the Bancorp's earnings.

The $1.6 million special assessment of the FDIC depressed income to $2.2 million. Going forward, our deposit insurance premiums will be decidedly less, making the Bancorp more competitive in our market place. Shareholders should be pleased to know that without the FDIC special assessment, income would have exceeded $3.1 million for an adjusted return on assets of 1.07%. Earnings also were impacted by the action of the Federal Reserve to raise interest rates, which increased our interest costs paid to depositors.

These government actions did not deter your board of directors and management from accomplishing our mission of building investment value for our shareholders and economic value for our customers and community.

photo montage of employees and buildings

- --
OPERATING RESULTS

- - Core earning, the difference between the Bancorp's interest income and interest expense, rose to $11.1 million in 1996 from $10.6 million in a year earlier.

- - Our efficiency ratio, a key measure of the Bancorp's expense management, stood at 55.2% excluding the SAIF special assessment.

- - Peoples Bank earned an "Exceptional Performance Award" from Bauer financial reports. Only 9% of the nation's banking institutions achieved this distinction for strength, performance, and safety over the last eight years.

- --
GROWTH

- - Assets grew 6.6% to $299 million.

- - Loans grew 10.1% to $244.7 with construction, commercial and consumer loans comprising 38.2% of loans outstanding.

- - NOW account balances increased 12.5% and commercial checking accounts balances increased 12%.

- - Trust assets grew 10.6% to $66 million.

- - Peoples Bank expanded our market share through a new branch on the Broadway corridor in Merrillville.

photo montage of employees and buildings

- ---
ASSET QUALITY

- - The ratio of non-performing loans to total loans was 0.48% (forty eight hundredths of one percent).

- - Foreclosed real estate was 0.06% (six-hundredths of one percent) of total assets.

- - At year end, the allowance for loan losses (ALL) totaled $2.9 million or 1.18% of total loans.

- ---
SHAREHOLDERS

- - Implemented a two-for-one stock split.

- - Increased dividends per share during the fourth quarter by 16.4%.

- - Price of stock appreciated 15.3% during 1996 over 1995.

- - Total return to shareholders out performed the CRSP Index for the Nasdaq Stock Market and the CRSP Index for the Nasdaq Bank Stocks for the five year period ended December 31, 1996.

Your directors and management continue to be committed to building a locally owned, independent community bank. Resources have been allocated to develop the people, products, and technology essential to meet the challenges of our banking and non-banking competitors. Despite this year's adversity, our employees continued to provide quality service which in the final analysis creates customer trust, shareholder value, and a superior banking performance.

/s/ David A. Bochnowski

Sincerely,

DAVID A. BOCHNOWSKI
Chairman and Chief Executive Officer

photo montage of employees and buildings

SELECTED CONSOLIDATED FINANCIAL DATA
(In Thousands of Dollars, except Per Share Data)

<TABLE>
<CAPTION>

Fiscal Year Ended	December 31, 1996	December 31, 1995	December 31, 1994	December 31, 1993 (1)	June 30, 1993	June 30, 1992
Statement of Income:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total interest income.......	$ 22,337	$ 21,123	$ 19,122	$ 9,360	$ 19,035	$ 19,744
Total interest expense......	11,287	10,484	8,079	4,015	8,485	10,698
Net interest income.........	11,050	10,639	11,043	5,345	10,550	9,046
Provision for loan losses...	85	80	145	319	711	665
Net interest income after provision for loan losses.	10,965	10,559	10,898	5,026	9,839	8,381
Noninterest income..........	682	685	493	253	749	726
Noninterest expense.........	8,039	6,117	6,031	3,011	5,378	4,795

Net noninterest expense	7,357	5,432	5,538	2,758	4,629	4,069
Income tax expenses	1,419	2,026	2,132	902	2,158	1,849
Cumulative effect of changes in accounting	-	-	-	450	-	-
Net income	$ 2,189	$ 3,101	$ 3,228	$ 1,816	$ 3,052	$ 2,463
Earnings per common and common equivalent share	$1.59	$2.25	$2.35	$1.33	$2.25	$1.85
Cash dividends declared per common share	$1.15	$1.10	$1.10	$0.50	$0.80	$0.68

<CAPTION>

	December 31, 1996	December 31, 1995	December 31, 1994	December 31, 1993	June 30, 1993	June 30, 1992
Balance Sheet:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total assets	$ 299,419	$ 280,911	$ 266,343	$ 251,481	$ 246,180	$ 227,183
Loans receivable	244,696	222,293	221,930	204,205	202,083	183,366
Investment securities	40,024	38,001	33,678	33,639	28,910	28,910
Deposits	256,420	247,945	234,639	222,945	219,133	202,823
Borrowed funds	12,261	3,139	3,151	2,087	993	609
Total stockholders' equity	27,815	27,204	25,606	23,874	22,691	20,667

<CAPTION>

Fiscal Year Ended	December 31, 1996	December 31, 1995	December 31, 1994	December 31, 1993 (1) (2)	June 30, 1993	June 30, 1992
Interest Rate Spread During Period:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Average effective yield on loans and investment securities	7.98%	8.06%	7.66%	7.75%	8.24%	9.20%
Average effective cost of deposits and borrowings	4.32%	4.33%	3.48%	3.63%	4.04%	5.39%
Interest rate spread	3.66%	3.73%	4.18%	4.12%	4.20%	3.81%
Net interest margin	3.79%	3.91%	4.25%	4.27%	4.44%	4.04%
Return on assets	0.75%	1.14%	1.24%	1.45%	1.28%	1.10%
Return on equity	7.90%	11.74%	13.04%	15.51%	14.00%	12.38%

<CAPTION>

	December 31, 1996	December 31, 1995	December 31, 1994	December 31, 1993	June 30, 1993	June 30, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tier 1 capital to risk-weighted assets......	14.7%	15.8%	15.9%	15.5%	14.9%	14.7%
Total risk-based capital to risk-weighted assets......	16.0%	17.1%	17.2%	16.8%	16.1%	15.9%
Tier 1 capital leverage ratio	9.3%	9.7%	9.6%	9.5%	9.2%	9.1%
Allowance for loan losses to total loans..............	1.18%	1.27%	1.24%	1.26%	1.15%	0.88%
Allowance for loan losses to non-performing loans......	247.40%	268.25%	176.46%	454.75%	382.34%	231.51%
Non-performance loans to total loans..............	0.48%	0.47%	0.70%	0.27%	0.30%	0.38%
Total loan accounts.........	4,404	4,606	4,671	4,654	4,661	4,755
Total deposit accounts......	24,666	23,730	22,738	21,204	21,330	20,834
Total branches (all full service)........	7	6	6	6	6	6

<FN>

(1) Six month period due to change in fiscal year end.
(2) Data for six months ended December 31, 1993 has been annualized.

</TABLE>

<TABLE>
<CAPTION>

June 30, 1991	June 30, 1990	June 30, 1989	June 30, 1988
<S>	<C>	<C>	<C>
$ 20,709	$ 20,042	$ 18,313	$ 16,985
12,896	13,145	11,872	10,604
7,813	6,897	6,441	6,381
238	130	188	210
7,575	6,767	6,253	6,171
757	622	854	811
4,625	4,357	4,057	4,001
3,868	3,735	3,203	3,190
1,505	992	1,024	971
-	-	-	-
$ 2,202	$ 2,040	$ 2,026	$ 2,010
$1.65	$1.54	$1.55	$1.55
$0.22	$0.15	$0.23	$0.07

June 30, 1991	June 30, 1990	June 30, 1989	June 30, 1988

<S>	<C>	<C>	<C>
$ 220,053	$ 208,796	$ 192,269	$ 188,173
177,421	173,244	156,925	147,809
25,160	24,983	24,885	20,977
196,880	188,621	174,729	172,579
799	604	-	174
18,972	16,955	14,986	13,076

June 30, 1991	June 30, 1990	June 30, 1989	June 30, 1988
<S>	<C>	<C>	<C>
10.08%	10.28%	9.85%	9.55%
6.75%	7.25%	6.86%	6.32%
3.33%	3.03%	2.99%	3.23%
3.80%	3.42%	3.36%	3.46%
1.03%	1.01%	1.06%	1.09%
12.31%	12.82%	14.51%	16.73%

June 30, 1991	June 30, 1990	June 30, 1989	June 30, 1988
<S>	<C>		
14.1%	13.1%	N/A	N/A
14.8%	13.7%	N/A	N/A
8.6%	8.1%	7.8%	7.0%
0.53%	0.42%	0.43%	0.36%
117.96%	155.93%	129.81%	38.58%
0.45%	0.27%	0.33%	0.94%
4,793	4,428	4,907	5,107
21,200	21,492	20,932	20,996
6	6	5	5

</TABLE>

BUSINESS

NorthWest Indiana Bancorp (the Company) is the holding company for Peoples Bank SB (the Bank), an Indiana stock savings bank. Peoples Bank SB is a wholly owned subsidiary of the Company. The Company has no other business activity other than being the holding company for Peoples Bank SB.

The Bank conducts business from its main office at Munster and its six full-service offices located in East Chicago, Hammond, Merrillville, Dyer and Schererville, Indiana. The Bank is primarily engaged in the business of attracting deposits from the general public and the origination of loans secured by single family residences and commercial real estate, as well as, and construction loans and various types of consumer loans and commercial business loans. In addition, the Bank's trust department provides estate administration, estate planning, guardianships, land trusts, retirement planning, self-directed IRA and Keogh accounts, investment agency accounts, and serves as personal representative of estates and acts as trustee for revocable and irrevocable trusts.

The Company's capital stock is traded in the over-the-counter market and quoted in the National Quotation Bureau's "Pink Sheets". On December 2, 1996, the Company effected a two-for-one common stock split. All references herein to the number of shares and per share data reflect the stock split. On February 28, 1997, the Company had 1,380,846 shares of common stock outstanding, excluding fractional shares, and 593 stockholders of record. This does not reflect the number of persons or entities who may hold their stock in nominee or "street" name through brokerage firms.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company's earnings are dependent upon the earnings of the Bank. The Bank's earnings are primarily dependent upon net interest margin. The net interest margin is the difference between interest income earned on loans and investments and interest expense paid on deposits and borrowings stated as a percentage of average total assets. The net interest margin is perhaps the clearest indicator of a financial institution's ability to generate core earnings. The Bank's profitability is also affected by service charges, trust department income, gains and losses from the sale of loans, provisions for loan losses, income taxes and operating expenses.

The Bank's deposit accounts are insured up to applicable limits by the Savings Association Insurance Fund (SAIF) which is administered by the Federal Deposit Insurance Corporation (FDIC), an agency of the federal government. On September 30, 1996, the President signed the Deposit Insurance Funds Act of 1996 which required a one-time special assessment on SAIF-assessable deposits to recapitalize SAIF. The special assessment resulted in a 1996 pre-tax expense of $1.6 million and an after-tax effect on earnings of $941 thousand. As a result the Company reported a net income for 1996 of $2.2 million, or $1.59 per share. The return on average assets (ROA) was 0.75%, while the return on average stockholders' equity (ROE) was 7.90% for 1996.

Excluding the SAIF assessment, adjusted net income for 1996 was $3.1 million, or $2.27 per share compared to $3.1 million, or $2.25 per share for 1995. The adjusted ROA was 1.07%, while the adjusted ROE was 11.27% for 1996 compared to a ROA of 1.14% and a ROE of 11.74% for 1995.

For 1997, the Bank's annual insurance premium will be reduced from $0.23 per $100 of insured deposits to $0.0648 per $100. Based on December 31, 1996 total deposits, the Bank projects a federal insurance premium expense reduction from $580 thousand at $0.23 per $100 of insured deposits to $163 thousand at $0.0648 per $100 for 1997.

At December 31, 1996, the Company had total assets of $299.4 million and total deposits of $256.4 million. Stockholders' equity totaled $27.8 million or 9.3% of total assets, with book value per share at $20.16.

<TABLE>
<CAPTION>
TOTAL ASSETS
(DOLLARS IN MILLIONS)

June 30, 1993	Six Months Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
$246.2	$251.5	$266.3	$280.9	$299.4

<FN>

Total assets have increased from $246.2 million at June 30, 1993 to $299.4 million at December 31, 1996. Growth during 1996 totaled $18.5 million or 6.6%.
==
</TABLE>

ASSET/LIABILITY MANAGEMENT

Asset/liability management involves the funding and investment strategies necessary to maintain an appropriate balance between interest sensitive assets and liabilities as well as to assure adequate liquidity. These strategies determine the characteristics and mix of the balance sheet. They affect the interest margins, maturity patterns, interest rate sensitivity and risk, as well as resource allocation. For the Bank, the key components of asset/liability management are loans, investments and deposits. Over the years, the Bank has directed its lending efforts toward construction loans, adjustable rate residential loans, equity lines of credit, adjustable rate commercial real estate loans and commercial business loans tied to the prime rate of interest. Consumer loans are generally made for terms of five years or less. Fixed rate residential real estate loans are generally made for terms of fifteen years or less. The actual cash flow from these loans generally results in a duration which is less than the contractual maturity, providing protection against the possibility of rising interest rates.

The primary objective of the Bank's investment portfolio is to provide for the liquidity needs of the Bank 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 and federal agency obligations. Interest-bearing balances in financial institutions include overnight deposits at the Federal Home Loan Bank of Indianapolis (FHLBI). Investments are generally for terms ranging from one day to five years.

The Bank's cost of funds reacts rapidly to changes in market interest rates due to the relatively short-term nature of its deposit liabilities. Consequently, the Bank's results of operations have been influenced by the levels of short-term interest rates. In order to reduce exposure to interest-rate risk, certificate accounts with maturities in excess of one year have been aggressively marketed. In addition, product offerings are competitively priced and maturities are carefully monitored in order to guard against the outflow of funds. Relatively low interest rates during 1996 and uncertainty with the direction of future rates resulted in a strong customer preference for liquidity. Borrowed money is used on a short term basis to compensate for reductions in the availability of other sources of funds and is generally accomplished through repurchase agreements, as well as, through a line of credit and short-term advances from the FHLBI. The Bank does not obtain funds through brokers.

A primary objective of Asset/Liability Management is controlling interest rate risk. The Bank's exposure to interest rate risk is due to the differences in the maturities of interest-bearing liabilities and interest-earning assets, and to the volatility of interest rates. To moderate unfavorable operating results in periods of rising or high interest rates, the Bank restructures its asset-liability mix on an ongoing basis. While steps have been taken which have significantly reduced the overall vulnerability to interest rate risk, the Bank will still

be adversely affected by a rising or high interest rate environment, and is beneficially affected by a falling or low interest rate environment because rate sensitive liabilities exceed rate sensitive assets within a one year time period. Increasing the amount of interest-earning assets that are rate sensitive, extending the maturities of customer deposits and increasing the balances of NOW/checking accounts are all part of management's commitment toward reducing the Bank's overall vulnerability to interest rate risk.

At December 31, 1996, the Bank's one year unadjusted GAP; i.e., the difference between interest-earning assets maturing or repricing during the next twelve months and interest-bearing liabilities maturing in the same period as a percentage of total assets, was -37.42%. The GAP position incorporates the Bank's internal data as related to the maturity/repricing and repayment/withdrawal of interest-earning assets and interest-bearing liabilities. The Bank has not experienced the kind of earnings volatility indicated from the unadjusted GAP, because a significant portion of the Bank's deposits do not reprice on a contractual basis.

As is common in the banking industry, management makes adjustments to the timing and magnitude of non-contractual deposit repricing to more accurately reflect anticipated pricing behavior and exposure to interest rate risk. These adjustments include assumptions on rate/volume elasticity for checking and non-interest bearing deposits, NOW accounts, money market accounts and savings accounts. The table which follows is first presented without adjustment for expected repricing behavior. Then, as presented in the management adjustment line, these balances have been distributed over a number of periods to reflect those portions of such accounts that are expected to reprice over the respective periods. The distribution of the balances over the repricing periods represents an aggregation of allocations. A core amount of transaction and savings account balances has been calculated by reviewing historical data on short-term interest rates and account balance activity. The core balance is considered non-rate sensitive and is classified as due/repricing between one and five years. Management expects to continue the same methodology in response to future market rate changes; however, management adjustments may change as customer preferences and competitive market conditions change. All management adjustments are reflected in the cumulative management adjusted GAP line. The cumulative GAP reflects sensitivity to interest rate changes over time. The Bank's management believes that the Bank's adjusted one year GAP of -6.30% has been maintained within an acceptable range in view of the prevailing interest rate environment. There can be no assurance that the assets and liabilities will have the projected maturities used in developing this table. The GAP position is a static indicator and is not a predictor of net interest income for a dynamic business in a rapidly changing environment.

<TABLE>
<CAPTION>

GAP POSITION AT DECEMBER 31, 1996

	0-3 months	4-12 months	1-5 years	over 5 years	total
	(dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Real estate loans	$ 39,055	$ 64,813	$ 78,436	$ 39,545	$ 221,849
Consumer loans	1,172	1,394	2,310	14	4,890
Commercial business loans and other	13,621	1,830	2,433	73	17,957
Securities held-to-maturity ..	2,328	4,914	26,264	6,518	40,024
Interest-bearing balances and federal funds	1,000	--	--	--	1,000
Total	57,176	72,951	109,443	46,150	285,720
Certificates of deposit	57,976	69,137	26,509	--	153,622
Checking and non-interest bearing deposits	12,879	--	--	--	12,879
NOW accounts	23,907	--	--	--	23,907
Money market accounts	22,359	--	--	--	22,359
Savings accounts	43,653	--	--	--	43,653
Borrowed funds	9,360	2,901	--	--	12,261
Total	170,134	72,038	26,509	--	268,681
AT DECEMBER 31, 1996:					
GAP	(112,958)	913	82,934	46,150	
Cumulative GAP...............	$(112,958)	$(112,045)	$ (29,111)	$ 17,039	
Cumulative GAP as a percent of total assets	-37.73%	-37.42%	-9.72%	5.69%	
Management adjustments	$ 98,639	$ 93,186	$ --	$ --	
Cumulative management adjusted GAP	$ (14,319)	$ (18,859)	$ (29,111)	$ 17,039	
Cumulative management adjusted GAP/total assets	-4.78%	-6.30%	-9.72%	5.69%	

</TABLE>

FINANCIAL CONDITION

During the year ended December 31, 1996, total assets increased by $18.5 million (6.6%), with interest-earning assets increasing by $17.4 million (6.5%). At December 31, 1996, interest-earning assets totaled $285.7 million and represented 95.4% of total assets. Loans totaled $244.7 million and represented 85.6% of interest-earning assets, 81.7% of total assets and 95.4% of total deposits. The loan portfolio includes $13.2 million (5.4%) in construction and land development loans, $151.3 (61.8%) in residential real estate loans, $57.3 million (23.4%) in commercial and multifamily real estate loans, $4.9 million (2.0%) in consumer loans, and $18.0 million (7.4%) commercial business and other loans. During 1996, loans increased by $22.4 million (10.1%). Loan demand was strong in all areas as evidenced by the growth in the real estate loans (8.9%), consumer loans (38.6%) and commercial business and other loans (19.1%). Loan growth was due to a strong local economy, a formalized Bank customer calling program and an aggressive marketing program. Adjustable rate loans comprised 63% of total loans at year end.

LOAN COMPOSITION

(DOLLARS IN MILLIONS)

Commercial Real Estate
and Multifamily - $57.3 (23.4%)

Commercial Business
and Other - $18.0 (7.4%)

Consumer - $4.9 (2.0%)

Construction and
Land Development - $13.2 (5.4%)

Residential Real Estate - $151.3 (61.8%)

At December 31, 1996, the loan portfolio totaled $244.7 million and represented 85.6% of interest-earning assets.

==
<TABLE>
<CAPTION>

TOTAL LOANS
(DOLLARS IN MILLIONS)

June 30, 1993	Six Months Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
$202.1	$204.2	$221.9	$222.3	$244.7

<FN>

During 1996, loans increased by $22.4 million or 10.1%. Loan growth was due to strong local economy, a formalized Bank customer calling program and an aggressive marketing program.
</TABLE>

==

The Bank is primarily a portfolio lender. Mortgage banking activities are limited to the sale of fixed rate mortgage loans with contractual maturities of thirty years. These loans are sold in the secondary market because of the additional exposure to interest rate risk associated with this product. The Bank retains the servicing on all loans sold in the secondary market.

During 1996, the Bank sold $699 thousand in fixed rate mortgages compared to $1.3 million in 1995 and $937 thousand in 1994. The amounts include 10 loans for 1996, and 15 loans for 1995 and 1994. All loans sold had contractual maturities of thirty years. Net gains realized from the sales totaled $1 thousand, $19 thousand and $8 thousand for 1996, 1995 and 1994. Mortgage loan servicing income totaled $21 thousand, $23 thousand and $22 thousand for 1996, 1995 and 1994. At December 31, 1996, the Bank had no loans classified as held for sale.

At December 31, 1996, the Bank's investment portfolio totaled $40.0 million and was invested as follows: 62.3% in U.S. government agency debt securities, 28.9% in U.S. government debt securities, 4.8% in U.S. government agency mortgage-backed securities and 4.0% in FHLBI common stock. In addition, the Bank had $1.0 million in interest-bearing balances at the FHLBI. During 1996, investment securities increased by $2.0 million (5.3%), while interest-bearing balances in financial institutions and federal funds decreased by $7.0 million (87.5%). Overnight investments provided funding for securities and loan portfolio growth.

Management believes that the credit risk profile of the earning asset portfolio is relatively low. At December 31, 1996 the Bank had $1.2 million in non-performing loans. The December 31, 1996 balance includes $788 thousand in loans accounted for on a non-accrual basis and $379 thousand in accruing loans which were contractually past due 90 days or more. The total of these non-performing loans represents 0.48% of the total loan portfolio and 0.39% of total assets. The amount for non-accruing loans includes 14 residential real estate loans, one commercial real estate loan, two commercial business loans and two consumer loans. The amount for accruing loans which are contractually past due 90 days or more includes five residential real estate loans, one commercial business loan and one consumer loan. At December 31, 1996, $877 thousand of the Bank's loans were classified as substandard. The total represents 14 residential real estate loans, one commercial real estate loan, five commercial business loans and four consumer loans. There were no loans classified as doubtful or loss. Management does not anticipate that any of the non-performing loans or classified loans will materially impact future operations, liquidity or capital resources. At December 31, 1996, there were no material credits which would cause management to have serious doubts as to the ability of such borrowers to comply with loan repayment terms.

<TABLE>

<CAPTION>
NON-PERFORMING LOANS TO TOTAL LOANS

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
0.30%	0.27%	0.70%	0.47%	0.48%

<FN>

Management believes that the credit risk profile of the loan portfolio is relatively low. At December 31, 1996, the Bank's ratio of non-performing loans to total loans was 0.48% (forty-eight hundredths of one percent) which was below the industry norm.
</TABLE>

==

At December 31, 1996, the Bank had $189 thousand in foreclosed real estate. The total includes three residential properties and represents 0.06% of total assets.

Because some loans may not be repaid in accordance with contractual agreements, an allowance for loan losses (ALL) has been maintained. While management may periodically allocate portions of the allowance for specific problem

loans, the entire allowance is available to absorb all credit losses that arise from the loan portfolio and is not segregated for, or allocated to, any particular loan or group of loans. During 1996, amounts provided to the ALL account totaled $85 thousand compared to $80 thousand for 1995 and $145 thousand for 1994. The amount provided during 1996 was based on loan activity, current economic conditions and management's assessment of portfolio risk. Charge-offs net of recoveries totaled $28 thousand during 1996.

At December 31, 1996, the balance in the ALL account totaled $2.9 million which is considered adequate by management after evaluation of the loan portfolio, past experience and current economic and market conditions. The allocation of the ALL reflects consideration of the facts and circumstances that affect the repayment of individual loans, as well as, loans which have been pooled as of the evaluation date.

<TABLE>
<CAPTION>

ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
1.15%	1.26%	1.24%	1.27%	1.18%

<FN>

At December 31, 1996, the Bank had $2.9 million in the Allowance for Loan Losses account. The amount represents 1.18% of loans outstanding and 247.4% of non-performing loans.
</TABLE>

==

Statement of Financial Accounting Standards No. 114 "Accounting by Creditors for Impairment of a Loan" (SFAS No. 114), as amended by SFAS No. 118, was adopted on January 1, 1995. Under these standards, loans considered to be impaired are reduced to the present value of expected future cash flows or to the fair value of collateral, by allocating a portion of the allowance for loan losses to such loans. If these allocations cause the allowance for loan losses to require an increase, the increase is reported in the provision for loan losses. A loan is impaired when it is probable that all principal and interest amounts will not be collected according to the loan contract. The effect of adopting these standards did not result in the recording of additional provisions for loan losses. At December 31, 1996, no portion of the allowance for loan losses was allocated to impaired loan balances as the Bank had no loans considered to be impaired loans as of, or for the year ended December 31, 1996.

Deposits are the major source of funds for lending and other investment purposes. At December 31, 1996, deposits totaled $256.4 million. During 1996, deposit growth totaled $8.5 million (3.4%). Savings accounts increased $1.8 million (4.2%), NOW accounts increased $2.6 million (12.5%), checking accounts increased $1.4 million (12.0%), money market deposit accounts increased $1.1 million (5.0%) and certificates of deposit increased by $1.6 million (1.1%). At

December 31, 1996, the deposit base was comprised of 17.0% savings accounts, 8.7% MMDA's, 9.3% NOW accounts, 5.0% checking accounts and 60.0% certificates of deposit. At December 31, 1996, repurchase agreements totaled $4.0 million. Other short-term borrowings totaled $8.3 million, of which $7.0 million represents a variable rate advance from the FHLBI. The Company had no long-term borrowings.

TOTAL DEPOSITS
(DOLLARS IN MILLIONS)

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
$219.1	$222.9	$234.6	$247.9	$256.4

Deposits are the major source of funds for lending and other investment purposes. During 1996 deposits increased by $8.5 million or 3.4%.

==

LIQUIDITY AND CAPITAL RESOURCES

Liquidity refers to the ability to generate sufficient cash to fund current loan demand, meet deposit withdrawals and pay operating expenses. 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 and maturity of investment securities. Financing activities focus almost entirely on the generation of customer deposits. In addition, the Bank utilizes short-term borrowings, i.e., repurchase agreements and advances from the FHLBI as a source of funds.

During 1996, cash and cash equivalents decreased by $8.4 million compared to a $9.2 million increase for 1995 and a $1.9 million decrease for 1994. The decrease for 1996 was due to the reduction in interest-bearing balances in financial institutions and federal funds, as cash flows were used for loan originations. During 1996, cash provided by operating activities totaled $2.5 million, compared to $3.1 million for 1995 and $4.1 million for 1994. The decrease during 1996 was due to the required payment of $1.6 million to capitalize SAIF. Cash flows from investing activities reflect strong loan demand throughout 1996, causing a reduction in cash and cash equivalents which had accumulated during 1995 when loan growth was slow relative to deposit growth. Loans made net of payments received totaled $22.6 million during 1996, compared to $712 thousand for

1995 and $18.2 million for 1994. During 1996, cash flows were also used to purchase securities and open a new full-service branch facility located in Merrillville, Indiana. The facility represents the Company's commitment to quality service and community development, and provides opportunities to expand market share by attracting additional deposits and loans from the surrounding areas. The new facility is not expected to have a material impact on noninterest expense. Cash flows from financing activities totaled $16.0 million during 1996, compared to $11.8 million for 1995 and $11.3 million for 1994. During 1996, the Company paid common stock dividends of $1.6 million. In addition, the Bank used both deposits and borrowed money to fund loan growth. Deposit growth during 1996 totaled $8.5 million, compared to $13.3 million for 1995 and $11.7 million for 1994. The increase in borrowed funds totaled $9.1 million during 1996, compared to a decrease of $12 thousand for 1995 and an increase of $1.1 million for 1994. The increase in borrowed funds represents short-term borrowings which, on average, provided a cost effective alternative to certificates of deposit as price competition within the local market area became very competitive during 1996.

At December 31, 1996, outstanding commitments to fund loans totaled $34.1 million. Approximately 81% of the commitments were at variable rates. The Bank has sufficient cash flow and borrowing capacity to fund all outstanding commitments and to maintain proper levels of liquidity.

Management strongly believes that safety and soundness is enhanced by maintaining a high level of capital. During 1996, stockholders' equity increased by $611 thousand (2.2%). The increase resulted primarily from earnings of $2.2 million for 1996. In addition, two thousand dollars represents proceeds from the exercise of 159 stock options. The reduction of $1.6 million represents cash dividends for 1996. At December 31, 1996, book value per share was $20.16

compared to $19.72 reported at December 31, 1995.

<TABLE>
<CAPTION>
CAPITAL TO TOTAL ASSETS

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
9.2%	9.5%	9.6%	9.7%	9.3%

<FN>

Management firmly believes that the safety and soundness of the Company is enhanced by maintaining a high level of capital. At December 31, 1996, the Company's capital exceeded all regulatory capital requirements. The Company is categorized as "well capitalized". The ratio of Tier I capital to total assets reflects the increase in capital over the periods presented as a result of profitability and success in managing growth. In addition, Tier I capital to risk-weighted assets was 14.7% and total risk-based capital to risk-weighted assets was 16.0%.
</TABLE>

==

The Company 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 Company and the Bank, the FRB and FDIC capital requirements are substantially identical. These regulations divide capital into two tiers. The first tier (Tier I) includes common equity, certain non-cumulative perpetual preferred stock and minority interests in equity accounts of consolidated subsidiaries, less goodwill and certain other intangible assets. Supplementary (Tier II) capital includes, among other things, cumulative perpetual and long-term limited-life preferred stock, mandatory convertible securities, certain hybrid capital instruments, term subordinated debt and the allowance for loan losses, subject to certain limitations, less required deductions. The Company and the Bank are required to maintain a total risk-based capital ratio of 8%, of which 4% must be Tier I capital. In addition, the FRB and FDIC regulations provide for a minimum Tier I leverage ratio (Tier I capital to adjusted total 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 I leverage ratio of 3% plus an additional cushion of at least one to two percent.

The following table shows that, at December 31, 1996, the Company's capital exceeded all regulatory capital requirements. At December 31, 1996, the Company's and the Bank's regulatory capital ratios were identical. The dollar amounts are in millions.
<TABLE>
<CAPTION>

	Actual		Required for adequate capital		To be well capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total risk-based capital to risk-weighted assets	$30.2	16.0%	$15.1	8.0%	$18.9	10.0%
Tier 1 capital to risk-weighted assets	$27.8	14.7%	$ 7.6	4.0%	$11.3	6.0%
Tier 1 capital to total assets	$27.8	9.3%	$ 9.0	3.0%	$15.0	5.0%

</TABLE>

On December 2, 1996, the Company effected a two-for-one split of its common stock. All earnings per share and book value per share data herein have been restated for all periods presented to reflect the split.

CHANGING REGULATORY STRUCTURE OF THE BANKING INDUSTRY

The laws and regulations affecting banks and bank holding companies are in a state of flux. The laws, rules and the regulatory agencies in this area have changed significantly over recent years, and there is reason to expect that similar changes will continue in the future. It is difficult to predict the outcome of these changes. Recent legislation has, for example, reduced the regulatory burden on bank holding companies and may lead to consolidated regulation of the banking industry. Other recent initiatives have removed barriers to interstate mergers and acquisitions; encouraged lending for the development of poor, rural, inner city and other communities; and provided additional proposals to restructure regulation of the banking industry and its participants' powers, particularly with respect to insurance and securities

activities. Based on what is presently known about these initiatives, management does not believe that the Company's operations will be materially adversely affected by those initiatives that have been enacted or those pending initiatives that may be enacted in the future.

IMPACT OF INFLATION AND CHANGING PRICES

The financial statements and related data presented herein have been prepared in accordance with Generally Accepted Accounting Principles which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation. The primary assets and liabilities of the Bank are monetary in nature. As a result, interest rates have a more significant impact on the Company's performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or magnitude as the prices of goods and services.

CURRENT ACCOUNTING ISSUES

Financial Accounting Standard No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities", was issued by the Financial Accounting Standards Board in 1996. It revises the accounting for transfers of financial assets, such as loans and securities, and for distinguishing between sales and secured borrowings. It is effective for some transactions in 1997 and others in 1998. The effect on the financial statements has not yet been determined.

RESULTS OF OPERATIONS - COMPARISON OF 1996 TO 1995.

Net income for 1996 was $2.2 million compared to $3.1 million for 1995, a decrease of $913 thousand (29.4%). The earnings represent a return on average assets of 0.75% for 1996 compared to 1.14% for 1995. The return on average equity was 7.90% for 1996 compared to 11.74% for 1995. The decrease in the current year operating results was due to the one-time special assessment required by the Deposit Insurance Funds Act of 1996 on SAIF-assessable deposits to capitalize SAIF. The SAIF assessment resulted in a pre-tax expense of $1.6 million for 1996. Excluding the SAIF assessment, adjusted net income for 1996 was $3.1 million, representing an adjusted ROA of 1.07% and an adjusted ROE of 11.27%.

Net interest income for 1996 was $11.1 million, up $412 thousand (3.9%) from $10.6 million for 1995. The growth in net interest income was due to the growth in average interest-earning assets and a stable cost of funds. Interest-earning assets averaged $279.9 million for 1996, up $17.8 million (6.8%) from $262.1 million for 1995. The net interest margin was 3.79% for 1996 compared to 3.91% for 1995. The decrease was due to lower yields on interest-earning assets as the Bank's cost of funds remained stable. During 1996, total interest income increased by $1.2 million (5.7%) while total interest expense increased by $802 thousand (7.7%).

<TABLE>
<CAPTION>
RETURN ON ASSETS

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
1.28%	1.45%	1.24%	1.14%	0.75%

<FN>

Return on assets (ROA) indicates the overall operating efficiency of a company. The ratio is determined by stating net income as a percentage of average total assets. The decrease in the ROA for 1996 reflects the one-time special assessment on SAIF-assessable deposits to recapitalize SAIF.
</TABLE>

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During 1996, interest income from loans increased by $685 thousand (3.7%) compared to 1995. The weighted average yield on loans outstanding was 8.35% for 1996 compared to 8.46% for 1995. Higher average loan balances have contributed to the increase in interest income as loans averaged $232.5 million for 1996, up $11.1 million (5.0%) from $221.4 for 1995. During 1996, interest income on investments and other deposits increased by $530 thousand (22.1%) compared to 1995. The increase was due to higher yields and portfolio growth during 1996.

The weighted average yield on investments and other deposits was 6.17% for 1996 compared to 5.88% for 1995. The increase in yield was due to a reduction in the average balances for federal funds sold and interest bearing balances in financial institutions, and the investment of funds in securities with contractual maturities ranging from three to seven years. In addition, securities averaged $40.9 million for 1996, up $5.8 million (16.4%) from $35.1 million for 1995. The combined weighted average yield on total interest-earning assets was 7.98% for 1996 compared to 8.06% for 1995.

Interest expense for deposits increased by $699 thousand (6.7%) during 1996. The increase was due to higher average balances as deposits averaged $255.6 million for 1996, up $15.8 million (6.6%) from $239.8 million for 1995. The weighted average rate paid on deposits for 1996 was 4.33% compared to 4.32% for 1995. Interest expense on short-term borrowings increased by $104 thousand during 1996 due to higher average balances as borrowed funds averaged $4.8 million, up $2.3 million (92.8%) from $2.5 million for 1995. The weighted average cost of short-term borrowings was 4.62% for 1996 compared to 4.72% for 1995. The combined weighted average rate paid on deposits and borrowings for 1996 and 1995 was 4.33%. The impact of the 7.98% return on interest-earning assets and the 4.33% cost of funds resulted in an interest rate spread of 3.65% for 1996 compared to 3.73% for 1995.

Noninterest income for 1996 was $682 thousand, down four thousand dollars (0.5%) from $685 thousand for 1995. The decrease was due to reduced gains from the sale of fixed rate loans and foreclosed real estate. During 1996, income from fees and service charges increased $59 thousand

(13.9%), while income from Trust operations increased by $11 thousand (6.2%).

Noninterest expense for 1996 was $8.0 million, up $1.9 million (31.4%) from $6.1 million for 1995. The increase was due primarily to the SAIF assessment of $1.6 million. Excluding the SAIF assessment results in an increase of noninterest expense of $364 thousand (6.0%) for 1996 compared to 1995. In general, increases in noninterest expense have resulted from the expansion of the Bank's operations and the investment in new technologies. The increase in compensation and benefits was due to additional staffing and annual salary increases. The increase in occupancy and equipment expense was due to the operation of the new East Chicago, Indiana, branch facility which opened during September 1995, the operation of the new Merrillville, Indiana, branch facility which opened during September 1996, and depreciation related to investments in technology. Other expense changes were due to standard increases in bank operations. The Company's efficiency ratio, excluding the SAIF assessment, for 1996, was 55.2% compared to 54.0% for 1995. The ratio is determined by dividing total noninterest expense minus the SAIF assessment by the sum of net interest income and total noninterest income for the period.

Income tax expenses for 1996 totaled $1.4 million compared to $2.0 million for 1995, a decrease of $607 thousand (30.0%). The decrease was due to a decrease in pretax earnings during 1996.

<TABLE>
<CAPTION>
RETURN ON EQUITY

June 30, 1993	Six Months Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
14.00%	15.51%	13.04%	11.74%	7.90%

<FN>

Return on equity (ROE) is determined by stating net income as a percentage of average stockholders' equity. The ratio is important to the Company's stockholders because it measures the return on their invested capital. The decrease in ROE for 1996 reflects the one-time special assessment on SAIF-assessable deposits to recapitalize SAIF.
</TABLE>

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RESULTS OF OPERATIONS - COMPARISON OF 1995 TO 1994.

Net income for 1995 was $3.1 million compared to $3.2 million for 1994, a decrease of $127 thousand (3.9%). The earnings represent a return on average assets of 1.14% for 1995 compared to 1.24% for 1994. The return on average equity was 11.74% for 1995 compared to 13.04% for 1994. The decrease in the operating results for 1995 was due to a decrease in net interest margin caused by a rising cost of funds.

Net interest income for 1995 decreased by $404 thousand (3.7%) compared to 1994. The net interest margin for 1995 was 3.91% compared to 4.25% during 1994. While total interest income increased by 10.5% during 1995, total interest expense increased by 29.8%, causing the increase in the cost of funds for interest-bearing liabilities to exceed the increase in the yield on interest-earning assets.

During 1995, interest income from loans increased by $1.6 million (9.3%) compared to 1994. The weighted average yield on loans outstanding was 8.46% for 1995 compared to 8.03% for 1994. Higher yields and higher average loan balances contributed to the increase in interest income. During 1995, interest income on investments and other deposits increased by $412 thousand (20.7%) compared to 1994. The increase was due to higher yields and portfolio growth during 1995. The weighted average yield on investments and other deposits was 5.88% for 1995 compared to 5.47% for 1994. The increase was caused by the upswing in interest rates which began during 1994. Yields on investments react rapidly to changes in market interest rates due to the highly liquid nature of the portfolio. The combined weighted average yield on total interest-earning assets was 8.06% for 1995 compared to 7.66% for 1994.

Interest expense for deposits increased by $2.4 million (29.4%) during 1995. The increase was due to the repricing of existing deposits at higher interest rates and certificate of deposit growth. The weighted average rate paid on deposits for 1995 was 4.32% compared to 3.49% for 1994. Interest expense on short-term borrowings increased by $49 thousand during 1995 due to higher average balances and interest rates for repurchase agreements. The weighted average cost of short-term borrowings was 4.72% for 1995 compared to 4.07% for 1994. Interest expense on short-term borrowings totaled only $117 thousand during 1995, due to the low level of borrowing during the period. The combined weighted average rate paid on deposits and borrowings for 1995 was 4.33% compared to 3.49% for 1994. The impact of the 8.06% return on interest-earning assets and the 4.33% cost of funds resulted in an interest rate spread of 3.73% for 1995 compared to 4.17% for 1994.

Noninterest income for 1995 was $193 thousand (39.1%) greater than that reported during 1994. The improvement was due to increased income from Trust operations of $34 thousand (23.2%) and increased fees and service charges of $91 thousand (27.1%). Also contributing to noninterest income during 1995 were gains on the sale of foreclosed real estate of $51 thousand, and gains on the sale of fixed rate loans of $19 thousand.

Noninterest expense for 1995 was $86 thousand (1.4%) greater than that reported during 1994. The increase in compensation and benefits was due to the additional staffing and annual salary increases. With the exception of the federal insurance premium, other expenses remained relatively stable compared to 1994. During 1994 the Company incurred costs related to the conversion to a new service bureau for the purpose of providing data processing services.

Income tax expenses for 1995 totaled $2.0 million compared to $2.1 million for 1994, a decrease of $106 thousand (5.0%). The decrease was due to a decrease in pretax earnings during 1995.

[LOGO CROWE CHIZEK]

Independent Auditor's Report

Board of Directors
NorthWest Indiana Bancorp
Munster, Indiana

We have audited the accompanying consolidated balance sheets of NorthWest Indiana Bancorp (the Company) as of December 31, 1996 and 1995 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 1996, 1995 and 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NorthWest Indiana

Bancorp as of December 31, 1996 and 1995 and the results of its operations and its cash flows for the years ended December 31, 1996, 1995 and 1994, in conformity with generally accepted accounting principles.

/s/ Crowe, Chizek and Company LLP

Crowe, Chizek and Company LLP

South Bend, Indiana
January 9, 1997

<TABLE>
<CAPTION>

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1996	DECEMBER 31, 1995
ASSETS		
<S>	<C>	<C>
Cash and non-interest bearing balances in financial institutions..............	$ 5,508,822	$ 6,952,377
Interest bearing balances in financial institutions...........................	1,000,000	6,151,327
Federal funds sold..	-	1,840,000
Total cash and cash equivalents..	6,508,822	14,943,704
Securities held-to-maturity (market value: December 31, 1996 - $39,909,000; December 31, 1995 - $38,279,000)..	40,023,992	38,001,081
Loans receivable..	244,695,883	222,292,700
Less: allowance for loan losses...	(2,887,005)	(2,829,681)
Net loans receivable...	241,808,878	219,463,019
Accrued interest receivable...	2,152,672	2,091,874
Premises and equipment..	7,085,982	5,256,785
Foreclosed real estate..	188,886	86,366
Deferred income taxes...	706,008	644,915
Other assets..	943,260	423,195
Total assets...	$299,418,500	$280,910,939
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing deposits..	$ 12,878,557	$ 11,497,478
Interest bearing deposits..	243,541,120	236,447,211
Total deposits..	256,419,677	247,944,689
Borrowed funds..	12,260,507	3,138,829

Accrued expenses and other liabilities	2,923,079	2,623,293
Total liabilities	271,603,263	253,706,811
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, no par or stated value; 10,000,000 shares authorized, none outstanding	-	-
Common stock, no par or stated value; 20,000,000 shares authorized; issued and outstanding: December 31, 1996 - 1,379,595 shares; December 31, 1995 - 1,379,436 shares	344,899	344,859
Additional paid in capital	2,929,587	2,927,595
Retained earnings - substantially restricted	24,540,751	23,931,674
Total stockholders' equity	27,815,237	27,204,128
Total liabilities and stockholders' equity	$299,418,500	$280,910,939

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Interest income:			
Loans receivable			
Real estate loans	$17,522,544	$17,015,267	$14,986,332
Commercial loans	1,522,360	1,411,744	1,847,743
Consumer loans	363,505	296,752	300,938
Total loan interest	19,408,409	18,723,763	17,135,013
Securities held-to-maturity	2,604,759	2,054,976	1,806,621
Other interest earning assets	323,741	343,919	180,340
Total interest income	22,336,909	21,122,658	19,121,974

Interest expense:			
Deposits	11,065,874	10,367,179	8,011,495
Borrowed funds	220,773	117,030	68,311
Total interest expense	11,286,647	10,484,209	8,079,806
Net interest income	11,050,262	10,638,449	11,042,168
Provision for loan losses	85,000	80,000	144,500
Net interest income after provision for loan losses	10,965,262	10,558,449	10,897,668
Noninterest income:			
Gain on sale of loans, net	639	18,916	7,711
Gain on sale of foreclosed real estate	3,668	51,061	3,070
Fees and service charges	487,351	427,855	336,748
Trust operations	190,183	179,087	145,349
Other	-	8,520	-
Total noninterest income	681,841	685,439	492,878
Noninterest expense:			
Compensation and benefits	3,213,151	3,049,295	2,937,347
Occupancy and equipment	1,049,626	842,108	848,951
Federal insurance premium	1,979,211	536,224	513,390
Advertising	158,579	156,511	131,036
Data processing	299,037	272,078	334,273
Other	1,339,837	1,260,069	1,265,629
Total noninterest expense	8,039,441	6,116,285	6,030,626
Income before income taxes	3,607,662	5,127,603	5,359,920
Income tax expenses	1,419,000	2,026,400	2,132,000
Net income	$ 2,188,662	$ 3,101,203	$ 3,227,920
Earnings per common and common equivalent share:			
Net income	$ 1.59	$ 2.25	$ 2.35
Dividend declared per common share	$ 1.15	$ 1.10	$

1.10
</TABLE>
See accompanying notes to consolidated financial statements.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY

<S> <C> <C> <C> <C> <C>

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Equity
Balance at January 1, 1994	$ 343,573	$ 2,896,210	$ 20,634,648	$ 23,874,431
Issuance of 3,792 shares of common stock at $2.50 - $11.50 per share, under stock option plan	948	17,794	-	18,742
Cash dividends, $1.10 per share	-	-	(1,515,084)	(1,515,084)
Net income for the year ended December 31, 1994	-	-	3,227,920	3,227,920
Balance at December 31, 1994	344,521	2,914,004	22,347,484	25,606,009
Issuance of 1,352 shares of common stock at $8.57 - $21.25 per share, under stock option plan	338	13,591	-	13,929
Cash dividends, $1.10 per share	-	-	(1,517,013)	(1,517,013)
Net income for the year ended December 31, 1995	-	-	3,101,203	3,101,203
Balance at December 31, 1995	344,859	2,927,595	23,931,674	27,204,128
Issuance of 159 shares of common stock at $8.57 - $21.25 per share, under stock option plan	40	1,992	-	2,032
Cash dividends, $1.15 per share	-	-	(1,579,585)	(1,579,585)
Net income for the year ended December 31, 1996	-	-	2,188,662	2,188,662
Balance at December 31, 1996	$ 344,899	$ 2,929,587	$ 24,540,751	$ 27,815,237

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 2,188,662	$ 3,101,203	$ 3,227,920
Adjustments to reconcile net income to net cash provided by operating activities:			
Origination of loans for sale	(699,900)	(1,247,100)	(881,700)
Sale of loans originated for sale	699,264	1,312,416	937,253
Depreciation and amortization, net of accretion	553,416	393,493	352,807
Net gains on sale of loans	(639)	(18,916)	(7,711)
Net gains on sale of foreclosed real estate	(3,668)	(51,061)	(3,070)
Provision for loan losses	85,000	80,000	144,500
Change in unrealized premiums on loans	-	-	32,757
Net change in unearned discount on loans	(795)	(11,889)	(25,791)
Change in deferred taxes	(61,093)	244,072	34,362
Change in deferred loan fees	(1,335)	(74,806)	69,916
Change in interest receivable	(60,798)	(271,987)	(262,875)
Change in other assets	(520,065)	(44,510)	142,986
Change in accrued expenses and other liabilities	237,667	(323,830)	372,968
Total adjustments	227,054	(14,118)	906,402
Net cash from operating activities	2,415,716	3,087,085	4,134,322
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in interest bearing time deposits in other financial institutions	-	493,472	1,000,000
Proceeds from maturities of securities held-to-maturity	12,671,429	8,000,000	8,500,000
Purchase of securities held-to-maturity	(15,164,019)	(12,771,852)	(9,431,047)
Principal collected on mortgage-backed securities	459,954	445,819	839,944
Proceeds from education loans sold	-	-	485,944
Loan participations purchased	-	(33,440)	(94,017)
Loans made net of payments received	(22,587,037)	(711,802)	(18,189,438)
Purchase of property plant and equipment	(2,372,888)	(1,646,683)	(500,733)
Proceeds from sale of foreclosed real estate	60,731	547,231	49,456
Net cash from investing activities	(26,931,830)	(5,677,255)	(17,339,891)

CASH FLOWS FROM FINANCING ACTIVITIES:

Change in deposits.................................	8,474,988	13,305,721	11,693,550
Proceeds from FHLB advances.........................	7,000,000	-	-
Change in other borrowed funds......................	2,121,678	(11,823)	1,063,751
Proceeds from issuance of capital stock.............	2,032	13,929	18,742
Cash dividends paid.................................	(1,517,466)	(1,517,013)	(1,515,084)
Net cash from financing activities................	16,081,232	11,790,814	11,260,959
Net change in cash and cash equivalents...........	(8,434,882)	9,200,644	(1,944,610)
Cash and cash equivalents at beginning of period.....	14,943,704	5,743,060	7,687,670
Cash and cash equivalents at end of period..........	$ 6,508,822	$ 14,943,704	$ 5,743,060
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest..	$ 11,343,472	$ 10,456,707	$ 8,148,286
Income taxes......................................	$ 2,045,000	$ 1,815,000	$ 2,060,000

</TABLE>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended December 31, 1996, 1995 and 1994.

NOTE 1 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of NorthWest Indiana Bancorp (the Company), its wholly-owned subsidiary, Peoples Bank SB (the Bank), and the Bank's wholly-owned subsidiaries, Peoples Service Corporation and PSA Insurance Corporation. Effective July 31, 1994, the Company became a one-bank holding company for Peoples Bank SB, an Indiana savings bank resulting from the conversion of Peoples Bank from a federal stock savings bank to an Indiana stock savings bank. References herein to the Company prior to July 31, 1994, are references to the Bank and its subsidiaries. The formation of the Company and the acquisition of Peoples Bank SB by the Company was an internal reorganization accounted for at historical cost. The Company has no other business activity other than being a holding company for the Bank. The Company's earnings are dependent upon the earnings of the Bank. Both Peoples Service Corporation and PSA Insurance Corporation are inactive. At December 31, 1996, the Company had investment balances of $10,000 and $44,950 in Peoples Service Corporation and PSA Insurance Corporation, respectively. All significant inter-company accounts and transactions have been eliminated in consolidation. The parent only financial statements for NorthWest Indiana Bancorp are presented in Note 17.

Use of Estimates - Preparing financial statements in conformity with 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 financial statements and the reported amounts of revenue and expenses during the reporting period, as well as the disclosures provided. Areas involving the use of estimates and assumptions include the allowance for loan losses, fair values of securities and other financial instruments, determination and carrying value of impaired loans, the carrying value of loans held for sale, the accrued liability for deferred compensation, the realization of deferred tax assets, and the determination of depreciation of premises and equipment. Actual results could differ from those estimates. Estimates associated with the allowance for loan losses and the fair values of securities and other financial instruments are particularly susceptible to material change in the near term.

Concentrations of Credit Risk - The Company grants residential, commercial real estate, commercial business and installment loans to customers primarily of Lake County, in northwest Indiana. Substantially all loans are secured by specific items of collateral including residences, business assets and consumer assets.

Statements of Cash Flow - For purposes of the statement of cash flows, the Company considers cash on hand, all interest-bearing deposits in other financial institutions with original maturities of ninety days or less and federal funds sold to be cash and cash equivalents. The Company reports net cash flows for customer loan and deposit transactions and deposits made with other financial institutions.

Securities - The Company classifies securities into held-to-maturity, available-for-sale, or trading categories. Held-to-maturity securities are those which the Company has the positive intent and ability to hold to maturity, and are reported at amortized cost. Available-for-sale securities are those the Company may decide to sell if needed for liquidity, asset-liability management or other reasons. Available-for-sale securities are reported at fair value, with unrealized gains and losses included as a separate component of equity, net of tax. Trading securities are bought principally for sale in the near term and are reported at fair value with unrealized gains and losses included in earnings. Realized gains and losses resulting from the sale of securities are computed by the specific identification method. Interest and dividend income, adjusted by amortization of premium or discount, is included in earnings.

Loans Held for Sale - Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. Net unrealized losses are recognized in a valuation allowance by charges to income.

Loans and Loan Income - Loans are stated net of loans in process, deferred loan fees, and unearned income. Discounts on consumer loans are recognized over the lives of the loans using the interest method. Interest income on other loans is accrued over the term of the loans based upon the principal outstanding except where serious doubt exists as to the collectibility of a loan, in which case the accrual of interest is discontinued. Income is subsequently recognized only to the extent that cash payments are received until, in management's judgment, the borrower has the ability to make contractual interest and principal payments, in which case the loan is returned to accrual status..

Foreclosed Real Estate - Real estate properties acquired through, or in lieu of, loan foreclosure are recorded at fair value at the date of foreclosure. Costs relating to improvement of property are capitalized, whereas holding costs are expensed. Valuations are periodically performed by management, and an allowance for losses is established by a charge to operations if the carrying value of a property exceeds its estimated fair value less selling costs.

Allowance for Loan Losses - Because some loans may not be repaid in full, an allowance for loan losses is maintained. Increases to the allowance are recorded by a provision for loan losses charged to expense. Estimating the risk of loss and the amount of loss on any loan is necessarily subjective. Accordingly, the allowance is maintained by management at a level considered adequate based on past loss experience, general economic conditions, information about specific borrower situations including their financial position and collateral values, and other factors and estimates which are subject to change over time. 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. 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.

SFAS No. 114, "Accounting by Creditors for Impairment of a Loan", as amended by SFAS No. 118, was adopted on January 1, 1995. Under these standards, loans considered to be impaired are reduced to the present value of expected future cash flows or to the fair value of collateral, by allocating a portion of the allowance for loan losses to such loans. If these allocations cause the allowance for loan losses to require increase, such increase is reported in the provision for loan losses. The effect of adopting this standard did not result in the recording of additional provision for loan losses. Smaller-balance homogeneous loans are evaluated for impairment in total. Such loans include residential first mortgage loans secured by one-to-four family residences, residential construction loans, and automobile, home equity and second mortgage loans. Commercial loans and mortgage loans secured by other properties are evaluated individually for impairment. When analysis of borrower operating results and financial condition indicates that underlying cash flows of the borrower's business are not adequate to meet its debt service requirements, the loan is evaluated for impairment. Impaired loans, or portions thereof, are charged off when deemed uncollectible. The nature of disclosures for impaired loans is considered generally comparable to prior nonaccrual and non-performing asset disclosures.

Premises and Equipment - Premises and equipment are stated at cost less accumulated depreciation. Premises and related components are depreciated using the straight-line method with useful lives ranging from 26 to 40 years. Furniture and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 10 years. Maintenance and repairs are charged to expense and improvements are capitalized. The cost and accumulated depreciation applicable to assets retired or otherwise disposed of are eliminated from the accounts and the gain or loss on disposition is credited or charged to operations.

Recognition of Gains or Losses on the Sale of Loans - Loans are sold on a net yield basis, with servicing rights and obligations retained by the Company, resulting in the recognition of gains or losses at the time of sale. The Company uses the purchaser's normal servicing fee in computing these gains and losses. The resulting premiums or discounts, if any, are amortized or accreted in income over the estimated lives of these loans sold using the level yield method.

Loan Origination Fees - Loan fees are netted with certain direct loan origination costs, and are deferred and amortized into interest income as yield adjustments using the interest method over the term of the related loans. When a loan is paid off or sold, any unamortized origination fee is credited to interest income.

Income Taxes - The Company records income tax expense based on the amount of taxes due on its tax return, plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, using enacted tax rates.

Earnings per Share - On February 28, 1995 and December 2, 1996, the Company effected a two-for-one common stock split. All references in the accompanying financial statements to the number of shares and per share data have been restated to reflect the two stock splits. The weighted average number of shares used in the calculation of earnings per share are summarized below as of the dates indicated:

	1996	1995	1994
Weighted average shares outstanding..	1,379,519	1,378,808	1,376,456

The effect of common stock equivalents is not material in the periods reported.

Postretirement Benefits Other Than Pensions - The Company sponsors a defined benefit postretirement plan that provides comprehensive major medical benefits to all eligible retirees. Postretirement benefits are accrued based on the expected cost of providing postretirement benefits to employees during the years that the employees have rendered service to the Company.

Reclassification - Certain amounts appearing in the consolidated financial statements and notes thereto for the year ended December 31, 1995 and 1994, have been reclassified to conform to the December 31, 1996 presentation.

NOTE 2 - Securities

The amortized cost and fair value of securities held-to-maturity are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AT DECEMBER 31, 1996:				
Debt securities:				
U.S. government and federal agencies	$36,482,782	$ 91,980	$ (216,762)	$36,358,000
Mortgage-backed securities	1,944,510	16,135	(6,645)	1,954,000
Total debt securities .	38,427,292	108,115	(223,407)	38,312,000
Other securities	1,596,700	300	--	1,597,000
Total	$40,023,992	$ 108,415	$ (223,407)	$39,909,000

AT DECEMBER 31, 1995:				
Debt securities:				
U.S. government and federal agencies	$33,999,917	$ 306,015	$ (99,932)	$34,206,000
Mortgage-backed securities	2,404,464	71,618	(82)	2,476,000
Total debt securities .	36,404,381	377,633	(100,014)	36,682,000
Other securities	1,596,700	300	--	1,597,000
Total	$38,001,081	$ 377,933	$ (100,014)	$38,279,000

</TABLE>

The amortized cost and fair value of debt securities held-to-maturity at December 31, 1996, by contractual maturity, are shown on the following schedule. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>
<CAPTION>

<S>	Amortized Cost <C>	Fair Value <C>
Due in one year or less	$ 7,242,235	$ 7,253,000
Due after one year through five years	26,240,547	26,112,000
Due after five years through ten years	3,000,000	2,993,000
Mortgage-backed securities	1,944,510	1,954,000
Total	$38,427,292	$38,312,000

</TABLE>

There were no sales of securities during the year ended December 31, 1996, 1995 and 1994.

NOTE 3 - Loans Receivable

Loans are summarized below as of the dates indicated:

<TABLE>
<CAPTION>

	1996	1995
Loans secured by real estate:		
<S>	<C>	<C>
Construction and land development	$ 13,247,600	$ 8,913,022
Residential	151,342,808	143,571,514
Commercial real estate and other dwelling	57,258,765	51,207,564
Total loans secured by real estate	221,849,173	203,692,100
Commercial business loans	17,820,797	14,948,660
Consumer loans	4,889,512	3,526,619
Government and other	136,401	125,321
Loans receivable	$244,695,883	$222,292,700

</TABLE>

Activity in the allowance for loan losses is summarized below for the periods indicated:

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>	1994 <C>
Balance at beginning of period	$ 2,829,681	$ 2,751,146	$ 2,582,536
Provision charged to income	85,000	80,000	144,500
Loans charged off	(28,203)	(2,330)	(9,858)
Recoveries	527	865	33,968

Balance at end of period	$ 2,887,005	$ 2,829,681	$ 2,751,146

</TABLE>

At December 31, 1996 and 1995, no portion of the allowance for loan losses was allocated to impaired loan balances as the Company had no loans it considered to be impaired loans as of or for the year ended December 31, 1996 and 1995.

NOTE 4 - Loan Servicing

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of these loans are summarized below as of the dates indicated:

<TABLE>
<CAPTION>

	1996	1995
Mortgage loan portfolios serviced for:		
<S>	<C>	<C>
FHLMC	$7,152,436	$7,591,703

</TABLE>

Custodial escrow balances maintained in connection with the foregoing loan servicing were approximately $128,000 and $160,000 at December 31, 1996 and 1995, respectively.

NOTE 5 - Premises and Equipment, Net

Premises and equipment are summarized below as of the dates indicated:

<TABLE>
<CAPTION>

	1996	1995
Cost:		
<S>	<C>	<C>
Land...........................	$ 1,721,313	$ 1,271,652
Buildings and improvements......	5,228,753	4,112,790
Furniture and equipment.........	3,104,300	2,412,838
Total cost......................	10,054,366	7,797,280
Less accumulated depreciation and amortization	(2,968,384)	(2,540,495)
Premises and equipment, net....	$ 7,085,982	$ 5,256,785

</TABLE>

NOTE 6 - Income Taxes

Components of the provision for income taxes consists of the following for the years indicated:

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Federal:			
Current	$ 1,071,291	$ 1,376,742	$ 1,604,830
Deferred	56,709	221,058	59,170
State:			
Current	286,616	405,586	492,808
Deferred	4,384	23,014	(24,808)
Income tax expense	$ 1,419,000	$ 2,026,400	$ 2,132,000

</TABLE>

The differences between the provision for income taxes shown on the statement of income and amounts computed by applying the statutory federal income tax rate to income before tax expense consists of the following for the years indicated:

<TABLE>
<CAPTION>

	1996	1995	1994

<S> <C> <C> <C>

Federal statutory rate	34%	34%	34%
Tax expense at statutory rate	$ 1,226,605	$ 1,743,385	$ 1,822,373
State tax, net of federal effect .	195,360	282,876	308,880
Other	(2,965)	139	747
Total income tax expense	$ 1,419,000	$ 2,026,400	$ 2,132,000

</TABLE>

The components of the net deferred tax asset recorded in the consolidated balance sheet are as follows:

<TABLE>
<CAPTION>

<S> <C> <C>

	1996	1995
Deferred tax assets:		
Bad debt........................	$ 298,239	$ 266,123
Deferred loan fees.............	174,419	174,903
Deferred compensation..........	430,168	392,851
Other..........................	75,448	72,186
Total deferred tax assets......	978,274	906,063
Deferred tax liabilities:		
Depreciation	(215,862)	(221,716)
Other..........................	(56,404)	(39,432)
Total deferred tax liabilities.	272,266	(261,148)
Valuation allowance.............	-	-
Net deferred tax assets........	$ 706,008	$ 644,915

</TABLE>

The Company has qualified under provisions of the Internal Revenue Code which permit it to deduct from taxable income a provision for bad debts in excess of the provision for such losses charged to income in the financial statements, if any. Accordingly, retained earnings at December 31, 1996 and 1995 includes approximately $6,000,000 for which no provision for federal income taxes has been made. If, in the future, this portion of retained earnings is used for any purpose other than to absorb bad

debt losses, federal income taxes would be imposed at the then applicable rates. The unrecorded deferred income tax liability on the above amounts was approximately $2,040,000 at December 31, 1996. Tax legislation passed in August 1996 now requires the Company to deduct a provision for bad debts for tax purposes based on actual loss experience and recapture the excess bad debt reserve accumulated in tax years after 1986. The related amount of deferred tax liability which must be recaptured is $855,000 and is payable over a six year period beginning no later than 1998.

NOTE 7 - Deposits

The aggregate amount of certificates of deposit with a balance of $100,000 or more was $26,099,900 at December 31, 1996 and $23,107,687 at December 31, 1995.

At December 31, 1996, scheduled maturities of certificates of deposit were as follows for the years ended December 31:

1997	$127,112,424
1998	21,515,026
1999	3,795,951
2000	1,198,423
2001 and thereafter	-
	$153,621,824

NOTE 8 - Borrowed Funds

Borrowed funds is summarized below as of the dates indicated:

<TABLE>
<CAPTION>

	1996	1995
Repurchase agreements	$ 3,993,467	$ 2,403,347
5.75% FHLB advance, due June 30, 1997	7,000,000	--
Other	1,267,040	735,482
Total	$12,260,507	$ 3,138,829

Repurchase agreements generally mature within one year and are secured by FHLMC participation certificates or U.S. government securities, under the Company's control. Information concerning these retail repurchase agreements are summarized as of the dates indicated:

	1996	1995
Ending balance	$3,993,467	$2,403,347
Average balance during the year	3,599,183	1,592,978
Average interest rate during the year	5.27%	5.65%
Maximum month-end balance during the year	5,419,296	2,403,347
Securities underlying the agreements at year end:		
Carrying value	$5,572,107	$3,363,545
Fair value	5,558,621	3,538,432

NOTE 9 - Employees' Benefit Plans

The Company maintains a Profit Sharing Plan and Trust for all employees who meet the plan qualifications. Employees are eligible to participate in the Employees' Profit Sharing Plan and Trust if they are 21 years of age or older and have completed one year of employment with more than 1,000 hours of service to the Company. The plan is noncontributory on the part of the employee. Contributions to the Employees' Profit Sharing Plan and Trust are made at the discretion of the Company's Board of Directors. Contributions during the year ended December 31, 1996 were based on 9.0% of the participants' total compensation excluding incentives. Participants in the plan become 100% vested upon completion of five years of service. The benefit plan expense amounted to $185,417 for the year ended December 31, 1996, $203,246 for the year ended December 31, 1995 and $172,140 for the year ended December 31, 1994. In addition, the Company maintains an Unqualified Deferred Compensation Plan. The purpose of the Plan is to provide a means for the payment of deferred compensation to a select group of key senior management employees of the Company. The Plan expense amounted to $2,868 for the year ended December 31, 1996 and $3,838 for the year ended December 31, 1995. No expense was incurred for the year ended December 31, 1994.

The Company also maintains an Employee Stock Ownership Plan (ESOP). Eligibility and vesting requirements for the ESOP are the same as those for the Profit Sharing Plan and Trust. Contributions to the ESOP are made at the discretion of the Company's Board of Directors. No contributions to the ESOP were made during the year ended December 31, 1996 and 1995. Contributions during the year ended December 31, 1994 were based on 1.0% of the participants total compensation excluding incentives. The ESOP held 572 shares of the Company's common stock as of December 31, 1996, all of which have been allocated to participants. The ESOP expense amounted to $0, $0 and $19,377 for the year ended December 31, 1996, 1995 and 1994, respectively.

NOTE 10 - Defined Benefit Postretirement Plan

The Company sponsors a defined benefit postretirement plan that provides comprehensive major medical benefits to all eligible retirees. Eligible retirees are those who have attained age 65, have completed at least 18 years of service and are eligible for coverage under the employee group medical plan as of the date of their retirement. Spouses of eligible retirees are covered if they were covered as of the employee's date of retirement. Surviving spouses are covered if they were covered at the time of the retiree's death. Dependent children of eligible retirees are generally covered to the later of age 19 or until the child ceases being a full-time student. Surviving dependent children are subject to the same eligibility restrictions if they were covered at the time of the retiree's death. The Company pays 50% of any future premium increases for retiree medical coverage. Retirees pay 100% of the premiums for all dependent medical coverage.

The following table sets forth a reconciliation of the funded status of the plan with the amount reported in the Company's consolidated balance sheet as of the dates indicated:
<TABLE>
<CAPTION>

	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$ 63,845	$ 71,841
Fully eligible active plan participants	--	--
Other active plan participants	67,970	46,583
Accumulated postretirement benefit obligation in excess of plan assets and accrued postretirement benefit expense	$131,815	$118,424

Net periodic postretirement benefit expense for the periods indicated included the following components:

	1996	1995	1994
Service cost-benefits attributed to service during the period	$ 3,917	$ 3,518	$ 6,205
Interest cost on accumulated postretirement benefit obligation	9,474	5,839	12,105
Amortization of unrecognized net gain	(5,202)	--	--
Net periodic postretirement benefit expense......................	$ 8,189	$ 9,357	$18,310

For measurement purposes, an 11.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for the fiscal year ended December 31, 1996, dropping to an annual rate of 5.5% after 6 years. The health care cost trend rate assumption has a significant effect on the amounts reported. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 8%.

NOTE 11 - Regulatory Capital

The Company and Bank are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors, and the regulators can lower classifications in certain cases. Failure to meet various capital requirements can initiate regulatory action that could have a direct material effect on the financial statements. The prompt corrective action regulations provide five classifications, including well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition.

At year end, capital levels (in millions) for the Company and the Bank were substantially the same. Actual capital levels, minimum required levels and levels needed to be classified as well capitalized for the Company are summarized below:

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum Required To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
1996						
Total capital (to risk-weighted assets)......	$30.2	16.0%	$15.1	8.0%	$18.9	10.0%

Tier 1 capital (to risk-weighted assets).....	$27.8	14.7%	$ 7.6	4.0%	$11.3	6.0%
Tier 1 capital to total assets.	$27.8	9.3%	$ 9.0	3.0%	$15.0	5.0%
1995						
Total capital (to risk-weighted assets)......	$29.4	17.1%	$13.8	8.0%	$17.2	10.0%
Tier 1 capital (to risk-weighted assets).....	$27.2	15.8%	$ 6.9	4.0%	$10.3	6.0%
Tier 1 capital to total assets.	$27.2	9.7%	$ 8.4	3.0%	$14.0	5.0%

</TABLE>

The Company and the Bank were categorized as well capitalized at December 31, 1996.

The Company's ability to pay dividends is entirely dependent upon the Bank's ability to pay dividends to the Company. Under Indiana law, the Bank may pay dividends, no more often than quarterly, to the extent of its undivided profits (less losses, bad debts and expenses). However, the Indiana Department of Financial Institutions approval is required to pay dividends in any year in excess of the Bank's net profits for the current year and the prior two years. 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 the light of the financial condition of the Bank.

NOTE 12 - Stock Option Plan

The Board of Directors has adopted the 1994 Stock Option and Incentive Plan (the "Incentive Plan"), which was approved by shareholders at the 1994 annual meeting. Pursuant to the Incentive Plan, an aggregate of 60,000 shares of the Company's common stock were reserved for issuance in respect of incentive awards granted to officers and other employees of the Company and the Bank. Awards granted under the Incentive Plan may be in the form of incentive stock options within the meaning of Section 422 of the Internal Revenue Code, or non-incentive stock options or restricted stock. The purposes of the Plan are to attract and retain the best available personnel, to provide additional incentives for all employees and to encourage their continued employment by facilitating employees' purchases of an equity interest in the Company. Effective upon the July 31, 1994 holding company formation, all options then outstanding under the Bank's prior stock option plan became options to purchase an equal number of shares of the Company's common stock under the Incentive Plan, on the same terms.

Financial Accounting Standard No. 123, which became effective for 1996, requires pro forma disclosures for companies that do not adopt its fair value accounting method for stock-based employee compensation. Accordingly, the following pro forma information presents net income and earnings per share had the Standard's fair value method been used to measure compensation cost for stock option plans. No compensation cost was recognized for stock options during 1996 and 1995.
<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Net income as reported	$2,188,662	$3,101,203
Pro forma net income	2,182,421	3,095,782
Earnings per share as reported	$1.59	$2.25
Pro forma earnings per share	$1.58	$2.25

</TABLE>

In future years, the pro forma effect of not applying this standard is expected to increase as additional options are granted. Information about option grants is provided on the following schedule.

<TABLE>
<CAPTION>

	Number of options	Weighted-average exercise price	Weighted-average fair value of grants

<S> <C> <C> <C>

Outstanding, January 1, 1994	13,116	$ 8.66	$ --
Granted	--	--	
Exercised	3,792	4.94	
Forfeited	--	--	
Expired	100	2.50	

Outstanding, December 31, 1994	9,224	10.29	
Granted	14,500	21.25	2.53
Exercised	1,352	10.30	
Forfeited	--	--	
Expired	--	--	

Outstanding, December 31, 1995	22,372	17.39	
Granted	3,400	27.00	2.06
Exercised	158	12.88	
Forfeited	--	--	
Expired	--	--	

Outstanding, December 31, 1996	25,614	18.70	
	======		

</TABLE>

Options exerciseable at year-end are as follows.

	Number of options	Weighted-average exercise price
1994	9,224	$10.29
1995	7,912	$10.35
1996	7,794	$10.35

At December 31, 1996, options outstanding were as follows:

Number of options	25,614
Range of exercise price	$9.31 - $27.00
Weighted-average exercise price	$18.70
Weighted-average remaining option life	5.8 years
For options now exerciseable: Number	7,794
Weighted-average exercise price	$10.35

The fair value of options granted during 1996 and 1995 is estimated using the following weighted-average information: risk-free interest rate of 5.42% and 7.75%, expected life of 7 years, expected volatility of stock price of 5.45%, and expected dividends of 4.26% and 5.18% per year.

NOTE 13 - Related Party Transactions

The Bank had aggregate loans outstanding to directors and executive officers (with individual balances exceeding $60,000) of $1,763,338 at December 31, 1996 and $1,530,198 at December 31, 1995. For the year ended December 31, 1996, the following activity occurred on these loans:

Aggregate balance - December 31, 1995..	$ 1,530,198
New loans	734,244
Repayments	(501,104)

Aggregate balance - December 31, 1996..	$ 1,763,338
	===========

NOTE 14 - Commitments and Contingencies

The Company 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.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to originate loans and standby letters of credit is represented by the contractual amount of those instruments. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. The Company uses the same credit policy to make such commitments as it uses for on-balance-sheet items. Since commitments to make loans may expire without being used, the amounts does not necessarily represent future cash commitments.

The Company had outstanding commitments to originate loans as follows:
<TABLE>
<CAPTION>

	Fixed Rate	Variable Rate	Total
December 31, 1996:			

	Fixed Rate	Variable Rate	Total
Real estate	$ 6,346,296	$12,606,397	$18,952,693
Consumer loans	--	280,578	280,578
Commercial business	--	14,878,263	14,878,263
Total	$ 6,346,296	$27,765,238	$34,111,534

	Fixed Rate	Variable Rate	Total
December 31, 1995:			
Real estate	$ 4,588,504	$12,107,386	$16,695,890
Consumer loans	--	6,324	6,324
Commercial business	--	10,455,970	10,455,970
Total	$ 4,588,504	$22,569,680	$27,158,184

The $6,346,296 in fixed rate commitments outstanding at December 31, 1996 had interest rates ranging from 7.00% to 9.50%, for a period not to exceed forty-five days.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. At December 31, 1996, the Company had standby letters of credit totaling $519,350. The Company evaluates each customer's creditworthiness on a case by case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral obtained may include accounts receivable, inventory, property, land or other assets.

The Company is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial position or results of operations of the Company.

NOTE 15 - Fair Values of Financial Instruments

SFAS No. 107 "Disclosure about Fair Value of Financial Instruments" prescribes that the Company disclose the estimated fair value of its financial instruments. The following table shows those values and the related carrying values as of the dates indicated. Items which are not financial instruments are not included.

	December 31, 1996	
	Carrying Value	Estimated Fair Value
Cash and cash equivalents	$ 6,508,822	$ 6,509,000
Securities held-to-maturity	40,023,992	39,909,000
Loans receivable, net	241,808,878	241,702,000
Demand and savings deposits	(102,797,853)	(102,798,000)
Certificates of deposit	(153,621,824)	(153,787,000)
Borrowed funds	(12,260,507)	(12,261,000)

	December 31, 1995	
	Carrying Value	Estimated Fair Value
Cash and cash equivalents	$ 14,943,704	$ 14,944,000
Securities held-to-maturity	38,001,081	38,279,000
Loans receivable, net	219,463,019	220,071,000
Demand and savings deposits	(95,937,691)	(95,938,000)
Certificates of deposit	(152,006,998)	(152,283,000)
Borrowed funds	(3,138,829)	(3,139,000)

</TABLE>

For purposes of the above disclosures of estimated fair value, the following assumptions were used as of December 31, 1996 and 1995. The estimated fair value for cash and cash equivalents is considered to approximate cost. The estimated fair value for securities is based on quoted market values for the individual securities or equivalent securities. The estimated fair value for commercial loans is based on estimates of the difference in interest rates the Company would charge the borrowers for similar such loans with similar maturities made at December 31, 1996 and 1995, applied for an estimated time period until the loan is assumed to reprice or be paid. The estimated fair value for other loans is based on estimates of the rate the Company would charge for similar such loans at December 31, 1996 and 1995, applied for the time period until estimated repayment. The estimated fair value for demand and savings deposits is based on their carrying value. The estimated fair value for certificates of deposits is based on estimates of the rate the Company would pay on such deposits at December 31, 1996 and 1995, applied for the time period until maturity. The estimated fair value for borrowed funds is considered to approximate cost. The estimated fair value of other financial instruments, including accrued interest receivable and payable, and off-balance sheet loan commitments approximate cost and are not considered significant to this presentation.

While these estimates of fair value are based on management's judgment of the most appropriate factors, there is no assurance that were the Company to have disposed of such items at December 31, 1996 and 1995, the estimated fair values would necessarily have been achieved at that date, since market values may differ depending on various circumstances. The estimated fair values at December 31, 1996 and 1995 should not necessarily be considered to apply at subsequent dates.

In addition, other assets and liabilities of the Company that are not defined as financial instruments are not included in the above disclosures, such as premises and equipment. Also, non-financial instruments typically not recognized in financial statements nevertheless may have value but are not included in the above disclosures. These included, among other items, the estimated earnings power of core deposit accounts, the earnings potential of loan servicing rights, the earnings potential of the Bank's trust department, the trained work force, customer goodwill and similar items.

NOTE 16 - Selected Quarterly Financial Data (Unaudited)
Selected quarterly financial data are summarized below as follows:

Year ended December 31, 1996:
<TABLE>
<CAPTION>

<S>	March 31, 1996 <C>	June 30, 1996 <C>	September 30, 1996 <C>	December 31, 1996 <C>
Total interest income	$ 5,446,966	$ 5,531,626	$ 5,633,226	$ 5,725,091
Total interest expense	2,808,979	2,777,254	2,817,835	2,882,579
Net interest income	2,637,987	2,754,372	2,815,391	2,842,512
Provision for loan losses .	15,000	17,500	22,500	30,000
Net interest income after provision for loan losses.	2,622,987	2,736,872	2,792,891	2,812,512
Total noninterest income ..	177,502	164,690	166,525	173,124
Total noninterest expense .	1,628,882	1,631,732	3,198,854	1,579,973
Income before income taxes	1,171,607	1,269,830	(239,438)	1,405,663
Income tax expenses	466,600	506,600	(91,650)	537,450
Net income	$ 705,007	$ 763,230	$ (147,788)	$ 868,213
Earnings per share	$ 0.51	$ 0.56	$ (0.11)	$ 0.63

</TABLE>

Year ended December 31, 1995:
<TABLE>
<CAPTION>

<S>	March 31, 1995 <C>	June 30, 1995 <C>	September 30, 1995 <C>	December 31, 1995 <C>
Total interest income	$5,153,802	$5,270,477	$5,321,006	$5,377,373
Total interest expense	2,368,124	2,607,615	2,729,302	2,779,168

Net interest income	2,785,678	2,662,362	2,591,704	2,598,205
Provision for loan losses	27,500	17,500	15,000	20,000
Net interest income after provision for loan losses	2,758,178	2,645,362	2,576,704	2,578,205
Total noninterest income	165,800	144,842	156,506	218,291
Total noninterest expense	1,536,817	1,550,786	1,537,081	1,491,601
Income before income taxes	1,387,161	1,239,418	1,196,129	1,304,895
Income tax expenses	553,575	493,425	476,600	502,800
Net income	$ 833,586	$ 745,993	$ 719,529	$ 802,095
Earnings per share	$ 0.61	$ 0.54	$ 0.53	$ 0.58

</TABLE>

NOTE 17 - Parent Company Only Statements

<TABLE>
<CAPTION>

NorthWest Indiana Bancorp
Condensed Balance Sheet
December 31,

<S>	<C> 1996	<C> 1995
Assets		
Cash on deposit with Peoples Bank	$ 52,877	$ 40,530
Investment in Peoples Bank	27,782,574	27,183,243
Dividends receivable from Peoples Bank	445,000	380,000
Other assets	4,750	14,700
Total assets	$28,285,201	$27,618,473
Liabilities and stockholders' equity		
Dividends payable	$ 441,464	$ 379,345
Other liabilities	28,500	35,000
Total liabilities	469,964	414,345
Common stock	344,899	344,859
Additional paid in capital	2,929,587	2,927,595
Retained earnings	24,540,751	23,931,674
Total stockholders' equity	27,815,237	27,204,128
Total liabilities and stockholders' equity	$28,285,201	$27,618,473

</TABLE>

NorthWest Indiana Bancorp
Condensed Statements of Income

<TABLE>
<CAPTION>

<S>	<C> Year Ended December 31, 1996	<C> Year Ended December 31, 1995	<C> Five Months Ended December 31, 1994
Operating income			
Dividends from Peoples Bank	$ 1,625,000	$ 1,552,000	$ 787,785
Operating expenses	58,669	108,823	--

Income before income taxes and equity in undistributed income of Peoples Bank	1,566,331	1,443,177	787,785
Provision for income taxes	(23,000)	(43,600)	--
Income before equity in undistributed income of Peoples Bank	1,589,331	1,486,777	787,785
Equity in undistributed income of Peoples Bank	599,331	1,614,426	552,037
Net Income	$ 2,188,662	$ 3,101,203	$ 1,339,822

</TABLE>

<TABLE>
<CAPTION>

NorthWest Indiana Bancorp
Condensed Statements of Cash Flows

<S>	Year Ended December 31, 1996 <C>	Year Ended December 31, 1995 <C>	Five Months Ended December 31, 1994 <C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 2,188,662	$ 3,101,203	$ 1,339,822
Adjustments to reconcile net income to net cash from operating activities			
Equity in undistributed net income of Peoples Bank	(599,331)	(1,614,426)	(552,037)
Change in other assets	(55,050)	4,300	(399,000)
Change in other liabilities	(6,500)	35,373	--
Total adjustments	(660,881)	(1,574,753)	(951,037)
Net cash from operating activities .	1,527,781	1,526,450	388,785
CASH FLOWS FROM INVESTING ACTIVITIES	--	--	--
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(1,517,466)	(1,517,013)	(378,785)
Proceeds from issuance of capital stock	2,032	13,929	7,164
Net cash from financing activities	(1,515,434)	(1,503,084)	(371,621)
Net change in cash	12,347	23,366	17,164
Cash at beginning of year ...	40,530	17,164	--
CASH AT END OF YEAR	$ 52,877	$ 40,530	$ 17,164

</TABLE>

NOTE 18 - Current Accounting Issues

Financial Accounting Standard No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, was issued by the Financial Accounting Standards Board in 1996. It revises the accounting for transfers of financial assets, such as loans and securities, and for distinguishing between sales and secured borrowings. It is effective for some transactions in 1997 and others in 1998. The effect on the financial statements has not yet been determined.

MARKET INFORMATION

The Company's Common Stock is traded in the over-the-counter market and is quoted in the National Quotation Bureau's "Pink Sheets". The Company's stock is not actively traded. As of February 28, 1997, the Company had 1,380,846 shares of common stock outstanding, excluding fractional shares, and 593 stockholders of record. This does not reflect the number of persons or entities who may hold their stock in nominee or "street" name through brokerage firms. Set forth below are the high and low bid prices during each quarter for the fiscal year ended December 31, 1996 and December 31, 1995. The bid prices reflect inter-dealer prices without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. Also set forth is information concerning the dividends declared by the Company during the periods reported. Note 11 to the Financial Statements describes regulatory limits on the Company's ability to pay dividends. All references to the number of shares and per share data have been restated to reflect the stock splits (see Note 1).

		Per Share Prices		Dividends Declared Per Common Share
		High	Low	
Fiscal Year Ended December 31, 1996	1st Quarter	$30.00	$25.50	$.275
	2nd Quarter	31.13	30.00	.275
	3rd Quarter	31.13	30.00	.275
	4th Quarter	31.13	31.13	.320
Fiscal Year Ended December 31, 1995	1st Quarter	$22.50	$20.75	$.275
	2nd Quarter	25.00	22.50	.275
	3rd Quarter	25.50	25.00	.275
	4th Quarter	27.00	25.50	.275

MARKET PRICE PER SHARE

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
$15.63	$15.88	$21.25	$27.00	$31.13

The market price per share represents the last sales price prior to the close of the periods indicated. The Company's stock is not actively traded. At the present time the Company's stock is traded in the over-the-counter market and is quoted in the National Quotation Bureau's "Pink Sheets".

BOOK VALUE PER SHARE

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
$16.59	$17.37	$18.58	$19.72	$20.16

The Bank's earnings have increased the book value of the Company's stock from $16.59 at June 30, 1993 to $20.16 per share at December 31, 1996. On December 2, 1996, the Company effected a two-for-one split of its common stock. Book value per share has been restated for all periods presented to reflect the split.

EARNINGS PER COMMON SHARE

June 30, 1993	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1996
<C>	<C>	<C>	<C>	<C>
$2.25	$1.33	$2.35	$2.25	$1.59

</TABLE>

Earnings for 1996 totaled $2.2 million resulting in an earnings per share (EPS) of $1.59. On December 2, 1996, the Company effected a two-for-one split of its common stock. The decrease in the EPS for 1996 reflects the one-time special assessment on SAIF-assessable deposits to recapitalize SAIF.

==

<TABLE>
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5 YEAR TOTAL RETURN

CRSP Market Index	CRSP Bank Index	Bancorp
<C>	<C>	<C>
$ 227	$325	$340

</TABLE>

The management of Northwest Indiana Bancorp is committed to maximizing shareholder value. The Company's stock performance on a total return basis compares favorably with the total returns of the CRSP (Center for Research in Securities Prices at the University of Chicago) Index for the Nasdaq Stock Market (CRSP Market Index) and for Nasdaq Bank Stocks (CRSP Bank Index). The total return is measured using both stock price appreciation and the effect of the continuous reinvestment of dividend payments. The graph shows that an initial $100 investment in the Bancorp stock on December 31, 1991, would be worth $340 on December 31, 1996.

==

PEOPLES MANAGEMENT TEAM

[photo of Management Team]

MANAGEMENT TEAM (l to r): Vice President, Chief Financial Officer Edward J. Furticella, Vice President, Chief Lending Officer Joel Gorelick, Senior Vice President, General Counsel, Trust Officer and Corporate Secretary Frank J. Bochnowski, Vice President for Housing Finance Daniel W. Moser, Chairman and Chief Executive Officer David A. Bochnowski and Vice President, Retail Banking Rodney L. Grove.

PEOPLES BOARD OF DIRECTORS

[Photo of David A. Bochnowski]

David A. Bochnowski
Chairman and Chief Executive Officer of the Company
Munster, Indiana

[Photo of Gloria C. Gray]

Gloria C. Gray
Vice President and Treasurer of
Career Development Consultants, Munster, Indiana

[Photo of Jerome F. Vrabel]

Jerome F. Vrabel
Vice President, ED&F Man International Inc.
Chicago, Illinois

[Photo of James J. Crandall]

James J. Crandall (right)
Retired Attorney

[Photo of John J. Wadas, Jr.]

John J. Wadas, Jr.
Dentist practicing in Munster and East Chicago, Indiana

[Photo of Frank J. Bochnowski and Stanley E. Mize]

Stanley E. Mize (right)
President of Towne & Countree Auto Sales and
Co-owner of Lake Shore Ford

Frank J. Bochnowski (left)
Senior Vice President and Corporate Secretary

[Photo of Leroy F. Cataldi]

Leroy F. Cataldi
President of Cataldi Prescription Shop,
Dyer, Indiana

[Photo of Lourdes M. Dennison]

Lourdes M. Dennison
Administrative Director, Dennison Surgical Corporation
Merrillville, Indiana

[Photo of Benjamin A. Bochnowski]

[Photo of Harold G. Reuth]

Benjamin A. Bochnowski (left)
Advisory Director

Harold G. Reuth (right)
Director Emeritus

BRANCH OFFICES

[photo of East Chicago Branch]

East Chicago Branch
(l to r):
Veronica Perez, Malinda Caraballo, Meredith Rolewski, Manager Christopher Grencik, Raquel Avila, Delia Mata, Tia Airington and La Coiya Henderson.

[photo of Dyer Branch]

Dyer Branch

(seated l to r):
Marijo Rosellini, Brandy Bakker, (back l to r): Tracy Proffitt and Shirley Esboldt. Not pictured: Manager Jacqueline Mireles and Eileen Tobias.

[photo of Woodmar Branch]

Woodmar Branch

(seated l to r):
Denise Keilman, Elaine Chase, (back l to r): Donna Kominiak, Amber Jaeger, Nakia Dumas, Cynthia Panicucci and Assistant Vice President Barbara Zura. Not pictured: Diana Dowling.

[photo of Munster Branch]

Munster Branch

(l to r):
Carla Dohl, Joshlyne Freeman, Karen Laude and Assistant Vice President Jill Knight. Not pictured: Nicole Lammertin, Scott Matucha and Maria Rubio.

[photo of Merrillville/Taft Branch]

Merrillville/Taft Branch

(front):
Mary Lynne Urbanski, (back l to r): Heather Sharkey, Tinisha Greenwell, Kimberly Hartlerode and Assistant Vice President Marilyn Repp. Not pictured: Betty Rachowicz and Sandra Sigler.

[photo of Schererville Branch]

Schererville Branch

(seated l to r):
Cindy Miles, Nicole Lopez, (back l to r): Mettie Clark, Manager Shannon Franko, Marilyn Germek and Julie Baker. Not pictured: Robyn Towasnicki and Kelly Triezenberg.

[photo of Merrillville/Broadway Branch]

Merrillville/ Broadway Branch

(l to r):
Wendy Glover, Manager Heather Mayden, Ave Colby, Kathy Wenzel and Colleen Wigmore. Not pictured: Sarah Furman.

CORPORATE DEPARTMENTS

[photo of Administration Department]

Administration

(l to r):
Irene Calvin, Assistant Vice President Linda Kollada, Keith Koziatek, Stacy Januszewski and Genetra Bailey.

[photo of Operations Department]

Operations

(front l to r):
Suzanne Allred, Susan Meyer,
Mary Lorance, Susan Wojno, Rhoda Bolden, Michaelene Smith, (back l to r):
Kevin Crump, Julie Riese, Deborah Moricz, Tanya Mathews, Assistant
Vice President Robert Lowry, Assistant Vice President
Arlene Wohadlo and Charlotte Conn. Not pictured: Theresa Johnson.

[photo of Trust Department]

Trust Department

(l to r):
Audrey Tredway, Lisa Ortiz, Michelle Manchak, Assistant Vice President Stephan Ziemba, Marie Muniz, Joyce Barr and Earlene Malachinski.

[photo of Mortgage Loan Department]

Mortgage Loans

(seated l to r):
Linda Banis, Sylvia Magallanez, Joy Pejkovich, Elizabeth Ehlin, (middle l to r): Karen Sulek, Barbara Grothaus, Melanie Wilkinson, Lucy Cantu, Laura Amptmeyer, (back l to r): Assistant Vice President Robert Soohey, Tricia Kluga, Margaret Travis, Assistant Vice President Mary Mulroe, Patricia Mrvan and Marvin Tucker.

[photo of Commercial Loan Department]

Commercial Loan Department

(front l to r):
Janet Knoerzer, Ruth Oros, (center l to r): Jennifer Brown, Bonnie Kistler,
(back l to r): Assistant Vice President Terry Gadberry and Todd Scheub.

[photo of Consumer Loan Department]

Consumer Loan Department

(seated):
Dawn Shearer, (l to r): Sharon Vacendak, Manager James Lehr and Clovese McGhee.

CORPORATE INFORMATION

Corporate Headquarters
9204 Columbia Avenue
Munster, Indiana 46321

Telephone
219/836-9690

Peoples Bank SB
Officers

David A. Bochnowski.. ...Chairman and Chief Executive Officer*
Joel Gorelick..... ....Vice President, Chief Lending Officer*
Edward J. Furticella ....Vice President, Chief Financial Officer*
Frank J. Bochnowski .....Senior Vice President, General Counsel,
Trust Officer and Corporate Secretary*
Daniel W. Moser.............Vice President for Housing Finance
Rodney L. Grove.............Vice President, Retail Banking

* Holds similar office with NorthWest Indiana Bancorp

Directors of NorthWest Indiana Bancorp and Peoples Bank SB

David A. Bochnowski
Chairman and Chief Executive
Officer of the Company
Munster, Indiana

Leroy F. Cataldi
President of Cataldi Prescription Shop,
Dyer, Indiana

Gloria C. Gray
Vice President and Treasurer of
Career Development Consultants,
Munster, Indiana

Lourdes M. Dennison
Administrative Director,
Dennison Surgical Corporation,
Merrillville, Indiana

John J. Wadas, Jr.
Dentist practicing in Munster and
East Chicago, Indiana

Jerome F. Vrabel
Vice President, ED&F Man International Inc.,
Chicago, Illinois, a commodities brokerage firm on the
Chicago Board of Trade

James J. Crandall
Retired Attorney

Stanley E. Mize
President of Towne & Countree Auto Sales and
Co-owner of Lake Shore Ford

Advisory Director
Benjamin A. Bochnowski

Directors Emeriti
Harold G. Rueth
Albert J. Lesniak

Peoples Bank SB

Management Personnel

Accounting

Robert T. Lowry, Assistant Vice President, Controller

Arlene M. Wohadlo, Assistant Vice President

Branches

Shannon E. Franko, Schererville

Christopher A. Grencik, East Chicago

Jill M. Knight, Assistant Vice President, Munster

Heather M. Mayden, Merrillville (Broadway)

Jacqueline Mireles, Dyer

Marilyn K. Repp, Assistant Vice President, Merrillville (Taft Street)

Barbara J. Zura, Assistant Vice President, Woodmar

Business Development

Averill C. Colby, III

Commercial Lending

Terry R. Gadberry, Assistant Vice President

Todd M. Scheub

Consumer Lending

James P. Lehr

Sharon V. Vacendak

Housing Finance

Robert J. Soohey, Assistant Vice President

Sylvia Magallanez

Marvin O. Tucker

Human Resources

Linda L. Kollada, Assistant Vice President

Information Services

Tanya A. Mathews

Loan Administration

Mary D. Mulroe, Assistant Vice President

Staff Internal Auditor

Stacy A. Januszewski

Trust

Stephan A. Ziemba, Assistant Vice President

Stock Transfer Agent

The Bank acts as the transfer agent for the Company's common stock.

Independent Auditors

Crowe, Chizek and Company LLP
330 East Jefferson Boulevard
P. O. Box 7
South Bend, Indiana 46624

Special Legal Counsel

Baker & Daniels
300 North Meridian Street
Suite 2700
Indianapolis, Indiana 46204

Annual Shareholders Meeting

The Annual Meeting of Shareholders of NorthWest Indiana Bancorp will be held at the Wicker Park Social Center, Rts. 41 & 6, Highland, Indiana, on Thursday, April 17, 1997 at 8:30 a.m.

A COPY OF THE COMPANY'S FORM 10-K, INCLUDING FINANCIAL STATEMENT SCHEDULES AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WILL BE FURNISHED WITHOUT CHARGE TO SHAREHOLDERS AS OF THE RECORD DATE UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, NORTHWEST INDIANA BANCORP, 9204 COLUMBIA AVENUE, MUNSTER, INDIANA 46321.

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NORTHWEST INDIANA

- -----------------------

BANCORP

CORPORATE HEADQUARTERS,
9204 Columbia Avenue
Munster, Indiana 46321

219/836-9690

[PEOPLES BANK LOGO]

EAST CHICAGO, 4901 Indianapolis Blvd., 397-5010
HAMMOND, 7120 Indianapolis Blvd., 844-7210
DYER, 1300 Sheffield Avenue, 322-2530
MUNSTER, 9204 Columbia Avenue, 836-9690
SCHERERVILLE, 141 W. Lincoln Highway, 865-4300
MERRILLVILLE, 7915 Taft Street, 769-8452
8600 Broadway, 685-8600

FDIC Insured

EXHIBIT 21

Subsidiary of the Company

	State of Incorporation
Peoples Bank SB*	Indiana

* Peoples Bank SB is wholly-owned by the Company and the operations of the Bank are included in the Consolidated Financial Statements.

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