SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013 or

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

For the transition period from ___to ______

Commission File Number: 0-26128

NorthWest Indiana Bancorp
(Exact name of registrant as specified in its charter)

Indiana	35-1927981
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
9204 Columbia Avenue Munster, Indiana	46321
(Address of principal executive offices)	(ZIP code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer ☐Accelerated filer ☐Non-accelerated filer ☐Smaller Reporting Company ☒
(Do not check if a smaller reporting company)

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

There were 2,841,346 shares of the registrant's Common Stock, without par value, outstanding at March 31, 2013.

NorthWest Indiana Bancorp

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NorthWest Indiana Bancorp
Consolidated Balance Sheets

(Dollars in thousands)	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
Cash and non-interest bearing balances in financial institutions	$ 6,487	$ 8,512
Interest bearing balances in financial institutions	16,311	19,832
Federal funds sold	1,582	5,407
Total cash and cash equivalents	24,380	33,751
Securities available-for-sale	190,462	187,475
Loans held-for-sale	120	323
Loans receivable	440,926	436,981
Less: allowance for loan losses	(8,347)	(8,421)
Net loans receivable	432,579	428,560
Federal Home Loan Bank stock	3,086	3,086
Accrued interest receivable	2,367	2,483
Premises and equipment	17,432	17,678
Foreclosed real estate	447	425
Cash value of bank owned life insurance	12,603	12,516
Prepaid FDIC insurance premium	879	991
Other assets	4,463	4,557
Total assets	$ 688,818	$ 691,845
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 76,121	$ 75,228
Interest bearing	486,233	491,181
Total	562,354	566,409
Repurchase agreements	16,685	16,298
Borrowed funds	34,280	33,207
Accrued expenses and other liabilities	7,384	8,280
Total liabilities	620,703	624,194
Stockholders' Equity:		
Preferred stock, no par or stated value; 10,000,000 shares authorized, none outstanding	-	-
Common stock, no par or stated value; 10,000,000 shares authorized; shares issued: March 31, 2013 - 2,892,852; December 31, 2012 - 2,888,902; shares outstanding: March 31, 2013 - 2,841,346; December 31, 2012 - 2,839,137	361	361
Additional paid in capital	5,195	5,189
Accumulated other comprehensive income	1,702	2,339
Retained earnings	61,947	60,817
Treasury stock, common shares at cost: March 31, 2013 - 51,506; December 31, 2012 - 49,765	(1,090)	(1,055)
Total stockholders' equity	68,115	67,651
Total liabilities and stockholders' equity	$ 688,818	$ 691,845

See accompanying notes to consolidated financial statements.

NorthWest Indiana Bancorp
Consolidated Statements of Income
(unaudited)

(Dollars in thousands, except per share data)	Three Months Ended March 31, 2013	2012
Interest income:		
Loans receivable		
Real estate loans	$ 4,205	$ 4,250
Commercial loans	795	850
Consumer loans	6	9
Total loan interest	5,006	5,109
Securities	1,251	1,386
Other interest earning assets	6	4
	1,257	1,390
Total interest income	6,263	6,499
Interest expense:		
Deposits	303	444
Repurchase agreements	17	20
Borrowed funds	142	181
Total interest expense	462	645
Net interest income	5,801	5,854
Provision for loan losses	135	525
Net interest income after provision for loan losses	5,666	5,329
Noninterest income:		
Fees and service charges	591	638
Wealth management operations	367	332
Gain on sale of loans held-for-sale, net	159	75
Gain on sale of securities, net	128	366
Increase in cash value of bank owned life insurance	87	97
Gain on foreclosed real estate, net	17	36
Other	14	53
Total noninterest income	1,363	1,597
Noninterest expense:		
Compensation and benefits	2,642	2,625
Occupancy and equipment	782	819
Data processing	240	271
Federal deposit insurance premiums	122	144
Marketing	108	75
Other	901	1,288
Total noninterest expense	4,795	5,222
Income before income tax expenses	2,234	1,704
Income tax expenses	564	350
Net income	$ 1,670	$ 1,354
Earnings per common share:		
Basic	$ 0.59	$ 0.48
Diluted	$ 0.59	$ 0.48
Dividends declared per common share	$ 0.19	$ 0.15

See accompanying notes to consolidated financial statements.

NorthWest Indiana Bancorp
Consolidated Statements of Comprehensive Income
(unaudited)

(Dollars in thousands)	Three Months Ended March 31, 2013	2012
Net income	$ 1,670	$ 1,354
Net change in net unrealized gains and losses on securities available-for-sale:		
Unrealized (losses)/gains arising during the period	(843)	110
Less: reclassification adjustment for gains included in net income	(128)	(366)
Net securities loss during the period	(971)	(256)
Tax effect	336	89
Net of tax amount	(635)	(167)
Net change in unrecognized gain on postretirement benefit:		
Amortization of net actuarial gain	(2)	(2)
Net loss during the period	(2)	(2)
Tax effect	-	-
Net of tax amount	(2)	(2)
Other comprehensive loss, net of tax	(637)	(169)
Comprehensive income, net of tax	$ 1,033	$ 1,185

See accompanying notes to consolidated financial statements.

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

(Dollars in thousands)	Three Months Ended March 31, 2013	2012
Balance at beginning of period	$ 67,651	$ 62,960
Comprehensive income:		
Net income	1,670	1,354
Net unrealized change on securities available-for-sale, net of reclassifications and tax effects	(635)	(167)
Amortization of unrecognized gain on postretirement benefit	(2)	(2)
Comprehensive income, net of tax	1,033	1,185
Stock based compensation expense	6	4
Sale of treasury stock	22	31
Stock repurchase	(57)	-
Cash dividends	(540)	(425)
Balance at end of period	$ 68,115	$ 63,755

See accompanying notes to consolidated financial statements.

NorthWest Indiana Bancorp
Consolidated Statements of Cash Flows
(unaudited)

(Dollars in thousands)	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,670	$ 1,354
Adjustments to reconcile net income to net cash provided by operating activities:		
Origination of loans for sale	(4,755)	(3,011)
Sale of loans originated for sale	5,081	3,071
Depreciation and amortization, net of accretion	557	609
Amortization of mortgage servicing rights	36	31
Stock based compensation expense	6	4
Gain on sale of securities, net	(128)	(366)
Gain on sale of loans held-for-sale, net	(159)	(75)
Gain on foreclosed real estate, net	(17)	(36)
Provision for loan losses	135	525
Net change in:		
Interest receivable	116	185
Other assets	526	385
Accrued expenses and other liabilities	(896)	(2,455)
Total adjustments	502	(1,133)
Net cash - operating activities	2,172	221
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities and pay downs of securities available-for-sale	13,515	15,505
Proceeds from sales of securities available-for-sale	2,983	7,961
Purchases of securities available-for-sale	(20,525)	(24,742)
Net change in loans receivable	(4,249)	(12,934)
Proceeds from sales of foreclosed real estate	90	515
Purchase of premises and equipment, net	(101)	(214)
Increase in cash value of bank owned life insurance	(87)	(97)
Net cash - investing activities	(8,374)	(14,006)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	(4,055)	9,984
Proceeds from FHLB advances	11,000	2,000
Repayment of FHLB advances	(10,000)	-
Change in other borrowed funds	460	6,456
Proceeds from sale of treasury stock	22	31
Common stock repurchased	(57)	-
Dividends paid	(539)	(425)
Net cash - financing activities	(3,169)	18,046
Net change in cash and cash equivalents	(9,371)	4,261
Cash and cash equivalents at beginning of period	33,751	26,367
Cash and cash equivalents at end of period	$ 24,380	$ 30,628
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 466	$ 653
Income taxes	-	168
SUPPLEMENTAL NONCASH INFORMATION:		
Transfers from loans to foreclosed real estate	$ 95	$ 304

See accompanying notes to consolidated financial statements.

NorthWest Indiana Bancorp
Notes to Consolidated Financial Statements

Note 1 - Basis of Presentation

The consolidated financial statements include the accounts of NorthWest Indiana Bancorp (the "Bancorp"), its wholly-owned subsidiary, Peoples Bank SB (the "Bank"), and the Bank's wholly-owned subsidiaries, Peoples Service Corporation, NWIN, LLC, NWIN Funding, Inc, and Columbia Development Company, LLC. The Bancorp has no other business activity other than being a holding company for the Bank. The Bancorp's earnings are dependent upon the earnings of the Bank. The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Form 10-Q and, therefore, do not include all disclosures required by U.S. generally accepted accounting principles for complete presentation of consolidated financial statements. In the opinion of management, the consolidated financial statements contain all adjustments necessary to present fairly the consolidated balance sheets of the Bancorp as of March 31, 2013 and December 31, 2012, and the consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the three months ended March 31, 2013 and 2012. The income reported for the three month period ended March 31, 2013 is not necessarily indicative of the results to be expected for the full year.

Note 2 - Use of Estimates

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

Note 3 – Securities

The fair value of available-for-sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

(Dollars in thousands)	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2013				
U.S. government sponsored entities	$ 22,495	$ 70	$ (12)	$ 22,553
Collateralized mortgage obligations and residential mortgage-backed securities	100,301	2,772	(52)	103,021
Municipal securities	59,899	3,531	(129)	63,301
Collateralized debt obligations	5,208	-	(3,621)	1,587
Total securities available-for-sale	$ 187,903	$ 6,373	$ (3,814)	$ 190,462
December 31, 2012				
U.S. government sponsored entities	$ 23,009	$ 94	$ (7)	$ 23,096
Collateralized mortgage obligations and residential mortgage-backed securities	96,782	3,147	(15)	99,914
Municipal securities	58,946	4,155	(28)	63,073
Collateralized debt obligations	5,208	-	(3,816)	1,392
Total securities available-for-sale	$ 183,945	$ 7,396	$ (3,866)	$ 187,475

The fair value of available-for-sale debt securities and carrying amount, if different, at March 31, 2013 by contractual maturity, were as follows. Securities not due at a single maturity date, primarily mortgage-backed securities, are shown separately.

(Dollars in thousands) March 31, 2013	Available-for-sale Estimated Fair Value	Available-for-sale Tax-Equivalent Yield (%)
Due in one year or less	$ 452	6.76
Due from one to five years	16,582	2.70
Due from five to ten years	36,756	4.39
Due over ten years	33,651	4.67
Collateralized mortgage obligations and residential mortgage-backed securities	103,021	2.80
Total	$ 190,462	3.44

Sales of available-for-sale securities were as follows:

(Dollars in thousands)	March 31, 2013	March 31, 2012
Proceeds	$ 2,983	$ 7,961
Gross gains	128	366
Gross losses	-	-

Accumulated other comprehensive income/(loss) balances, net of tax, related to available-for-sale securities, were as follows:

(Dollars in thousands)	Unrealized gain/(loss)
Beginning balance, December 31, 2012	$ 2,284
Current period change	(635)
Ending balance, March 31, 2013	$ 1,649

Securities with carrying values of approximately $32,395,000 and $32,935,000 were pledged as of March 31, 2013 and December 31, 2012, respectively, as collateral for repurchase agreements, public funds, and for other purposes as permitted or required by law.

Securities with unrealized losses at March 31, 2013 and December 31, 2012 not recognized in income are as follows:

(Dollars in thousands)	Less than 12 months		12 months or longer		Total	
March 31, 2013	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. government sponsored entities	$ 3,487	$ (12)	$ -	$ -	$ 3,487	$ (12)
Collateralized mortgage obligations and residential mortgage-backed securities	6,516	(52)	-	-	6,516	(52)
Municipal securities	5,804	(129)	-	-	5,804	(129)
Collateralized debt obligations	-	-	1,587	(3,621)	1,587	(3,621)
Total temporarily impaired	$ 15,807	$ (193)	$ 1,587	$ (3,621)	$ 17,394	$ (3,814)
Number of securities		23		4		27

(Dollars in thousands)	Less than 12 months		12 months or longer		Total	
December 31, 2012	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. government sponsored entities	$ 3,492	$ (7)	$ -	$ -	$ 3,492	$ (7)
Collateralized mortgage obligations and residential mortgage-backed securities	2,294	(15)	-	-	2,294	(15)
Municipal securities	3,330	(28)	-	-	3,330	(28)
Collateralized debt obligations	-	-	1,392	(3,816)	1,392	(3,816)
Total temporarily impaired	$ 9,116	$ (50)	$ 1,392	$ (3,816)	$ 10,508	$ (3,866)
Number of securities		14		4		18

Unrealized losses on securities have not been recognized into income because the securities are of high credit quality or have undisrupted cash flows. Management has the intent and ability to hold those securities for the foreseeable future, and the decline in fair value is largely due to changes in interest rates and volatility in securities markets. The fair value is expected to recover as the securities approach maturity.

Note 4 - Loans Receivable

(Dollars in thousands)	March 31, 2013	December 31, 2012
Loans secured by real estate:		
Construction and land development	$ 23,507	$ 23,984
Residential, including home equity	157,262	154,945
Commercial real estate and other dwelling	183,147	179,825
Total loans secured by real estate	363,916	358,754
Consumer loans	312	350
Commercial business	63,979	69,310
Government and other	13,033	8,869
Subtotal	441,240	437,283
Less:		
Net deferred loan origination fees	(272)	(251)
Undisbursed loan funds	(42)	(51)
Loans receivable	$ 440,926	$ 436,981

(Dollars in thousands)	Residential Real Estate, Including Home Equity	Consumer Loans	Commercial Real Estate, Construction & Land Development, and Other Dwellings	Commercial Participations Purchased	Commercial Business Loans	Government Loans	Total
The Bancorp's activity in the allowance for loan losses is summarized below for the three months ended March 31, 2013:							
Allowance for loan losses:							
Beginning Balance	$ 1,024	$ 19	$ 4,550	$ 1,608	$ 1,220	$ -	$ 8,421
Charge-offs	-	(3)	(40)	-	(170)	-	(213)
Recoveries	-	2	-	-	2	-	4
Provisions	23	(1)	(11)	106	(1)	19	135
Ending Balance	$ 1,047	$ 17	$ 4,499	$ 1,714	$ 1,051	$ 19	$ 8,347
The Bancorp's activity in the allowance for loan losses is summarized below for the three months ended March 31, 2012:							
Allowance for loan losses:							
Beginning Balance	$ 1,161	$ 15	$ 3,329	$ 2,399	$ 1,101	$ -	$ 8,005
Charge-offs	(194)	(4)	(101)	(29)	-	-	(328)
Recoveries	-	2	-	-	2	-	4
Provisions	228	24	437	(37)	(127)	-	525
Ending Balance	$ 1,195	$ 37	$ 3,665	$ 2,333	$ 976	$ -	$ 8,206
The Bancorp's allowance for loan losses impairment evaluation and loans receivables are summarized below at March 31, 2013:							
Ending balance: individually evaluated for impairment	$ 10	$ -	$ 1,640	$ 328	$ 54	$ -	$ 2,032
Ending balance: collectively evaluated for impairment	$ 1,037	$ 17	$ 2,859	$ 1,386	$ 997	$ 19	$ 6,315
LOANS RECEIVABLES Ending balance	$ 156,933	$ 309	$ 183,045	$ 23,609	$ 63,997	$ 13,033	$ 440,926
Ending balance: individually evaluated for impairment	$ 741	$ -	$ 10,593	$ 6,319	$ 1,632	$ -	$ 19,285
Ending balance: collectively evaluated for impairment	$ 156,192	$ 309	$ 172,452	$ 17,290	$ 62,365	$ 13,033	$ 421,641
The Bancorp's allowance for loan losses impairment evaluation and loans receivables are summarized below at December 31, 2012:							
Ending balance: individually evaluated for impairment	$ 9	$ -	$ 1,783	$ -	$ 209	$ -	$ 2,001
Ending balance: collectively evaluated for impairment	$ 1,015	$ 19	$ 2,767	$ 1,608	$ 1,011	$ -	$ 6,420
LOANS RECEIVABLES Ending balance	$ 154,627	$ 347	$ 175,769	$ 28,040	$ 69,329	$ 8,869	$ 436,981
Ending balance: individually evaluated for impairment	$ 692	$ -	$ 10,778	$ 6,378	$ 2,032	$ -	$ 19,880
Ending balance: collectively evaluated for impairment	$ 153,935	$ 347	$ 164,991	$ 21,662	$ 67,297	$ 8,869	$ 417,101

The Bancorp's credit quality indicators, are summarized below at March 31, 2013 and December 31, 2012:

Corporate Credit Exposure - Credit Risk Portfolio By Creditworthiness Category

(Dollars in thousands)	Commercial Real Estate, Construction & Land Development, and Other Dwellings		Commercial Participations Purchased		Commercial Business Loans		Government Loans	
Loan Grades	2013	2012	2013	2012	2013	2012	2013	2012
2 Moderate risk	$ 17	$ 19	$ -	$ -	$ 5,306	$ 5,674	$ -	$ -
3 Acceptable risk	122,318	110,416	11,382	15,585	41,974	45,202	13,033	8,869
4 Pass/monitor	46,986	51,100	1,007	1,029	13,221	13,500	-	-
5 Special mention (watch)	3,131	3,630	5,825	5,984	1,852	3,300	-	-
6 Substandard	10,593	10,604	5,395	5,442	1,644	1,653	-	-
7 Doubtful	-	-	-	-	-	-	-	-
Total	$ 183,045	$ 175,769	$ 23,609	$ 28,040	$ 63,997	$ 69,329	$ 13,033	$ 8,869

Consumer Credit Exposure - Credit Risk Profile Based On Payment Activity

(Dollars in thousands)	Residential Real Estate, Including Home Equity		Consumer Loans	
	2013	2012	2013	2012
Performing	$ 154,737	$ 152,838	$ 309	$ 337
Non-performing	2,196	1,789	-	10
Total	$ 156,933	$ 154,627	$ 309	$ 347

The Bancorp has established a standard loan grading system to assist management, lenders and review personnel in their analysis and supervision of the loan portfolio. The use and application of theses grades by the Bancorp is uniform and conforms to regulatory definitions. The loan grading system is as follows:

2 – Moderate risk
Borrower consistently internally generates sufficient cash flow to fund debt service, working assets, and some capital expenditures. Risk of default considered low.

3 – Acceptable risk
Borrower generates sufficient cash flow to fund debt service, but most working asset and all capital expansion needs are provided from external sources. Profitability ratios and key balance sheet ratios are usually close to peers but one or more ratios (e.g. leverage) may be higher than peer. Earnings may be trending down over the last three years. Borrower may be able to obtain similar financing from other banks with comparable or less favorable terms. Risk of default is acceptable but requires collateral protection.

4 – Pass/monitor
The borrower has significant weaknesses resulting from performance trends or management concerns. The financial condition of the company has taken a negative turn and may be temporarily strained. Cash flow may be weak but cash reserves remain adequate to meet debt service. Management weaknesses are evident. Borrowers in this category will warrant more than the normal level of supervision and more frequent reporting.

5 – Special mention (watch)
Special mention credits are considered bankable assets with no apparent loss of principal or interest envisioned but requiring a high level of management attention. Assets in this category are currently protected but are potentially weak. These borrowers are subject to economic, industry, or management factors having an adverse impact upon their prospects for orderly service of debt. The perceived risk in continued lending is considered to have increased beyond the level where such loans would normally be granted. These assets constitute an undue and unwarranted credit risk, but not to the point of justifying a classification of Substandard.

6 – Substandard
This classification consists of loans which are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged. Financial statements normally reveal some or all of the following: poor trends, lack of earnings and cash flow, excessive debt, lack of liquidity, and the absence of creditor protection. Loans are still considered collectible, but due to increased risks and defined weaknesses of the credit, some loss could be incurred in collection if the deficiencies are not corrected.

7 – Doubtful
This classification consists of loans where the possibility of loss is high after collateral liquidation based upon existing facts, market conditions, and value. Loss is deferred until certain important and reasonably specific pending factors which may strengthen the credit can be exactly determined. These factors may include proposed acquisitions, liquidation procedures, capital injection and receipt of additional collateral, mergers or refinancing plans.

Performing loans are loans that are paying as agreed and are less than ninety days past due on payments of interest and principal.

The Bancorp's troubled debt restructurings for the periods presented are summarized below:

(Dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	March 31, 2013			March 31, 2012		
Troubled debt restructurings during the period:						
Residential real estate, including home equity	-	$ -	$ -	9	$ 764	$ 764
Consumer loans	-	-	-	-	-	-
Commercial real estate, construction & land development, and other dwellings	-	-	-	-	-	-
Commercial participations purchased	-	-	-	-	-	-
Commercial business loans	-	-	-	-	-	-
Government loans	-	-	-	-	-	-

No troubled debt restructurings have subsequently defaulted during the periods presented. All of the loans classified as troubled debt restructurings are also considered impaired. The valuation basis for the Bancorp’s troubled debt restructurings is based on the present value of cash flows, unless consistent cash flows are not present, then the fair value of the collateral securing the loan is the basis for valuation. Troubled debt restructurings that subsequently defaulted during the period are loans that were restructured and, subsequent to restructuring, were moved to nonaccrual status and failed to comply with the guidelines of the restructured note. Troubled debt restructurings that subsequently defaulted are presented for comparison purposes and are relevant only to the period in which the subsequent default occurred.

The Bancorp's individually evaluated impaired loans are summarized below:

(Dollars in thousands)	As of March 31, 2013 Recorded Investment	Unpaid Principal Balance	Related Allowance	For the three months ended March 31, 2013 Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate, including home equity	$ -	$ -	$ -	$ -	$ 6
Commercial real estate, construction & land development, and other dwellings	820	820	-	681	73
Commercial participations purchased	5,563	5,904	-	5,856	-
Commercial business loans	531	761	-	972	3
With an allowance recorded:					
Residential real estate, including home equity	741	741	10	777	-
Commercial real estate, construction & land development, and other dwellings	9,773	9,857	1,640	10,079	7
Commercial participations purchased	756	5,465	328	189	18
Commercial business loans	1,101	1,315	54	802	1
Total:					
Residential real estate, including home equity	$ 741	$ 741	$ 10	$ 777	$ 6
Commercial real estate, construction & land development, and other dwellings	$ 10,593	$ 10,677	$ 1,640	$ 10,760	$ 80
Commercial participations purchased	$ 6,319	$ 11,369	$ 328	$ 6,045	$ 18
Commercial business loans	$ 1,632	$ 2,076	$ 54	$ 1,774	$ 4

(Dollars in thousands)	As of December 31, 2012 Recorded Investment	Unpaid Principal Balance	Related Allowance	For the three months ended March 31, 2012 Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate, including home equity	$ -	$ -	$ -	$ 13	$ -
Commercial real estate, construction & land development, and other dwellings	591	591	-	1,654	1
Commercial participations purchased	6,378	11,047	-	2,714	-
Commercial business loans	727	1,000	-	437	8
With an allowance recorded:					
Residential real estate, including home equity	692	692	9	420	-
Commercial real estate, construction & land development, and other dwellings	10,187	10,271	1,783	8,782	69
Commercial participations purchased	-	-	-	7,746	-
Commercial business loans	1,305	1,305	209	991	21
Total:					
Residential real estate, including home equity	$ 692	$ 692	$ 9	$ 433	$ -
Commercial real estate, construction & land development, and other dwellings	$ 10,778	$ 10,862	$ 1,783	$ 10,436	$ 70
Commercial participations purchased	$ 6,378	$ 11,047	$ -	$ 10,460	$ -
Commercial business loans	$ 2,032	$ 2,305	$ 209	$ 1,428	$ 29

The Bancorp's age analysis of past due loans is summarized below:

(Dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans	Recorded Investments Greater than 90 Days and Accruing
March 31, 2013							
Residential real estate, including home equity	$ 3,266	$ 456	$ 1,811	$ 5,533	$ 151,400	$ 156,933	$ 5
Consumer loans	-	2	-	2	307	309	-
Commercial real estate, construction & land development, and other dwellings	3,314	227	2,697	6,238	176,807	183,045	-
Commercial participations purchased	-	-	5,395	5,395	18,214	23,609	-
Commercial business loans	1,946	-	1,141	3,087	60,910	63,997	-
Government loans	-	-	-	-	13,033	13,033	-
Total	$ 8,526	$ 685	$ 11,044	$ 20,255	$ 420,671	$ 440,926	$ 5
December 31, 2012							
Residential real estate, including home equity	$ 4,172	$ 1,145	$ 1,448	$ 6,765	$ 147,862	$ 154,627	$ -
Consumer loans	-	-	-	-	347	347	-
Commercial real estate, construction & land development, and other dwellings	4,044	390	1,993	6,427	169,342	175,769	229
Commercial participations purchased	5	-	5,442	5,447	22,593	28,040	-
Commercial business loans	689	116	1,525	2,330	66,999	69,329	-
Government loans	-	-	-	-	8,869	8,869	-
Total	$ 8,910	$ 1,651	$ 10,408	$ 20,969	$ 416,012	$ 436,981	$ 229

The Bancorp's loans on nonaccrual status are summarized below:

(Dollars in thousands)	March 31, 2013	December 31, 2012
Residential real estate, including home equity	$ 2,196	$ 1,846
Consumer loans	-	10
Commercial real estate, construction & land development, and other dwellings	3,236	2,311
Commercial participations purchased	5,395	5,442
Commercial business loans	1,633	1,644
Government loans	-	-
Total	$ 12,460	$ 11,253

Note 5 - Foreclosed Real Estate

Foreclosed real estate at period-end is summarized below:

	(Dollars in thousands)	
	March 31, 2013	December 31, 2012
Residential real estate	$ 265	$ 243
Commercial real estate and other dwelling	151	151
Construction and land development	31	31
Total	$ 447	$ 425

Note 6 - Concentrations of Credit Risk

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

Note 7 - Earnings Per Share

Earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding. A reconciliation of the numerators and denominators of the basic and diluted earnings per common share computations for the three months ended March 31, 2013 and 2012 are as follows:

(Dollars in thousands, except per share data)	Three Months Ended March 31, 2013	2012
Basic earnings per common share:		
Net income as reported	$ 1,670	$ 1,354
Weighted average common shares outstanding	2,839,985	2,837,022
Basic earnings per common share	$ 0.59	$ 0.48
Diluted earnings per common share:		
Net income as reported	$ 1,670	$ 1,354
Weighted average common shares outstanding	2,839,985	2,837,022
Add: Dilutive effect of assumed stock option exercises	-	-
Weighted average common and dilutive potential common shares outstanding	2,839,985	2,837,022
Diluted earnings per common share	$ 0.59	$ 0.48

Note 8 - Stock Based Compensation

The Bancorp’s 2004 Stock Option Plan (the Plan), which is stockholder-approved, permits the grant of share options to its employees for up to 250,000 shares of common stock. Awards granted under the Plan may be in the form of incentive stock options, non-incentive stock options, or restricted stock. As required by the *Compensation – Stock Compensation* Topic, companies are required to record compensation cost for stock options provided to employees in return for employment service. The cost is measured at the fair value of the options when granted, and this cost is expensed over the employment service period, which is normally the vesting period of the options. Compensation cost will also be recorded for prior option grants that vest after the date of adoption. For the three months ended March 31, 2013, stock based compensation expense of $6 thousand was recorded, compared to $4 thousand for the three months ended March 31, 2012. It is anticipated that current outstanding vested and unvested options will result in additional compensation expense of approximately $21 thousand in 2013 and $21 thousand in 2014.

There were no incentive stock options granted during the first three months of 2013 or 2012. A summary of option activity under the Bancorp's incentive stock option plan for the three months ended March 31, 2013 follows:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2013	25,950	$ 27.06		
Granted	-	-		
Exercised	-	-		
Forfeited	(2,175)	29.83		
Expired	(15,725)	$ 25.25		
Outstanding at March 31, 2013	8,050	$ 29.86	1.2	-
Exercisable at March 31, 2013	8,050	$ 29.86	1.2	-

There were 3,950 shares of restricted stock granted during the first three months of 2013. No shares of restricted stock were granted during the first three months of 2012. These awards were issued with an award price equal to the market price of the Bancorp's common stock on the award date and with a five year vesting period. Forfeiture provisions exist for personnel that separate employment before the vesting period expires. During the first three months of 2012, 100 shares of restricted stock vested. At March 31, 2013, there were 7,250 shares of restricted stock outstanding.

Note 9 - Adoption of New Accounting Standards

Update Number 2013-02 – Comprehensive Income (Topic 220): *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* The amendments in this Update supersede and replace the presentation requirements for reclassifications out of accumulated other comprehensive income in ASUs 2011-05 (issued in June 2011) and 2011-12 (issued in December 2011) for all public and private organizations. The amendments would require an entity to provide additional information about reclassifications out of accumulated other comprehensive income. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. The amendments did not change the Bancorp's presentation of the Consolidated Statements of Comprehensive Income.

Note 10 - Fair Value

The Fair Value Measurements Topic establishes a hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Topic describes three levels of inputs that may be used to measure fair value:

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

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

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

The fair values of securities available-for-sale are determined on a recurring basis by obtaining quoted prices on nationally recognized securities exchanges or pricing models utilizing significant observable inputs such as matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities. Different judgments and assumptions used in pricing could result in different estimates of value. In certain cases where market data is not readily available because of a lack of market activity or little public disclosure, values may be based on unobservable inputs and classified in Level 3 of the fair value hierarchy.

At the end of each reporting period, securities held in the investment portfolio are evaluated on an individual security level for other-than-temporary impairment in accordance with the Investments – Debt and Equity Securities Topic. Impairment is other-than-temporary if the decline in the fair value is below its amortized cost and it is probable that all amounts due according to the contractual terms of a debt security will not be received. Significant judgments are required in determining impairment, which include making assumptions regarding the estimated prepayments, loss assumptions and the change in interest rates. The Bancorp considers the following factors when determining an other-than-temporary impairment for a security: the length of time and the extent to which the market value has been less than amortized cost; the financial condition and near-term prospects of the issuer; the underlying fundamentals of the relevant market and the outlook for such market for the near future; an assessment of whether the Bancorp (1) has the intent to sell the debt securities or (2) more likely than not will be required to sell the debt securities before their anticipated market recovery. If either of these conditions is met, management will recognize other-than-temporary impairment. If, in management's judgment, an other-than-temporary impairment exists, the cost basis of the security will be written down for the credit loss, and the unrealized loss will be transferred from accumulated other comprehensive loss as an immediate reduction of current earnings.

For the quarter ended March 31, 2013, the Bancorp's management utilized a specialist to perform an other-than-temporary impairment analysis for each of its four pooled trust preferred securities. The analysis utilizes analytical models used to project future cash flows for the pooled trust preferred securities based on current assumptions for prepayments, default and deferral rates, and recoveries. The projected cash flows are then tested for impairment consistent with the Investments – Other Topic and the Investments – Debt and Equity Securities Topic. The other-than-temporary impairment testing compares the present value of the cash flows from quarter to quarter to determine if there is a "favorable" or "adverse" change. Other-than-temporary impairment is recorded if the projected present value of cash flows is lower than the book value of the security. To perform the quarterly other-than-temporary impairment analysis, management utilizes current reports issued by the trustee, which contain principal and interest tests, waterfall distributions, note valuations, collection detail and credit ratings for each pooled trust preferred security. In addition, a detailed review of the performing collateral was performed. The review of the collateral began with a review of financial information provided by SNL Financial, a comprehensive database, widely used in the industry, which gathers financial data on banks and thrifts from U.S. GAAP financial statements for public companies (annual and quarterly reports on Forms 10-K and 10-Q, respectively), as well as regulatory reports for private companies, including consolidated financial statements for bank holding companies (FR Y-9C reports) and parent company-only financial statements for bank holding companies (FR Y-9LP reports) filed with the Federal Reserve, bank call reports filed with the FDIC and thrift financial reports provided by the Office of the Comptroller of Currency. Using the information sources described above, for each bank and thrift examined the following items were examined: nature of the issuer's business, years of operating history, corporate structure, loan composition and loan concentrations, deposit mix, asset growth rates, geographic footprint and local economic environment. The issuers' historical financial performance was reviewed and their financial ratios were compared to appropriate peer groups of regional banks or thrifts with similar asset sizes. The analysis focused on six broad categories: profitability (revenue streams and earnings quality, return on assets and shareholder's equity, net interest margin and interest rate sensitivity), credit quality (charge-offs and recoveries, non-current loans and total non-performing assets as a percentage of total loans, loan loss reserve coverage and the adequacy of the loan loss provision), operating efficiency (non-interest expense compared to total revenue), capital adequacy (Tier-1, total capital and leverage ratios and equity capital growth), leverage (tangible equity as a percentage of tangible assets, short-term and long-term borrowings and double leverage at the holding company) and liquidity (the nature and availability of funding sources, net non-core funding dependence and quality of deposits). In addition, for publicly traded companies' stock price movements were reviewed and the market price of publicly traded debt instruments was examined. The other-than-temporary impairment analysis indicated that the Bancorp's four pooled trust preferred securities had no additional other-than-temporary impairment during the quarter ended March 31, 2013.

The table below shows the credit loss roll forward on a year-to-date basis for the Bancorp's pooled trust preferred securities that have been classified with other-than-temporary impairment:

	(Dollars in thousands) Other-than-temporary impairment
Ending balance, December 31, 2012	$ 271
Additions not previously recognized	-
Ending balance, March 31, 2013	$ 271

The following table contains information regarding the Bancorp's pooled trust preferred securities as of March 31, 2013:

(Dollars in thousands)				
Cusip	74043CAC1	74042TAJ0	01449TAB9	01450NAC6
Deal name	PreTSL XXIV	PreTSL XXVII	Alesco IX	Alesco XVII
Class	B-1	C-1	A-2A	B
Book value	$ 1,257	$ 1,296	$ 1,303	$ 1,352
Fair value	$ 320	$ 288	$ 615	$ 364
Unrealized gains/(losses)	$ (937)	$ (1,008)	$ (688)	$ (988)
Lowest credit rating assigned	CC	C	BB	C
Number of performing banks	51	28	53	44
Number of performing insurance companies	13	7	10	n/a
Number of issuers in default	17	9	2	2
Number of issuers in deferral	12	5	11	10
Defaults & deferrals as a % of performing collateral	47.06%	33.47%	21.05%	32.67%
Subordination:				
As a % of performing collateral	-2.61%	-15.67%	33.57%	10.55%
As a % of performing collateral - adjusted for projected future defaults	-9.51%	-24.24%	28.88%	5.15%
Other-than-temporary impairment model assumptions:				
Defaults:				
Year 1 - issuer average	2.10%	2.30%	2.20%	1.90%
Year 2 - issuer average	2.10%	2.30%	2.20%	1.90%
Year 3 - issuer average	2.10%	2.30%	2.20%	1.90%
> 3 Years - issuer average	(1)	(1)	(1)	(1)
Discount rate - 3 month Libor, plus implicit yield spread at purchase	1.48%	1.23%	1.27%	1.44%
Recovery assumptions	(2)	(2)	(2)	(2)
Prepayments	0.00%	0.00%	0.00%	0.00%
Other-than-temporary impairment	$ 41	$ 132	$ 36	$ 62

(1) - Default rates > 3 years are evaluated on a issuer by issuer basis and range from 0.25% to 5.00%.
(2) - Recovery assumptions are evaluated on a issuer by issuer basis and range from 0% to 15% with a five year lag.

In the table above, the Bancorp's subordination for each trust preferred security is calculated by taking the total performing collateral and subtracting the sum of the total collateral within the Bancorp's class and the total collateral within all senior classes, and then stating this result as a percentage of the total performing collateral. This measure is an indicator of the level of collateral that can default before potential cash flow disruptions may occur. In addition, management calculates subordination assuming future collateral defaults by utilizing the default/deferral assumptions in the Bancorp's other-than-temporary-impairment analysis. Subordination assuming future default/deferral assumptions is calculated by deducting future defaults from the current performing collateral. At March 31, 2013, management reviewed the subordination levels for each security in context of the level of current collateral defaults and deferrals within each security; the potential for additional defaults and deferrals within each security; the length of time that the security has been in "payment in kind" status; and the Bancorp's class position within each security.

Management calculated the other-than-temporary impairment model assumptions based on the specific collateral underlying each individual security. The following assumption methodology was applied consistently to each of the four pooled trust preferred securities: For collateral that has already defaulted, no recovery was assumed; no cash flows were assumed from collateral currently in deferral, with the exception of the recovery assumptions. The default and recovery assumptions were calculated based on a detailed collateral review. The discount rate assumption used in the calculation of the present value of cash flows is based on the discount margin (i.e., credit spread) at the time each security was purchased using the original purchase price. The discount margin is then added to the appropriate 3-month LIBOR forward rate obtained from the forward LIBOR curve.

At March 31, 2013, three of the trust preferred securities with a cost basis of $3.9 million continue to be in "payment in kind" status. The Bancorp's securities that are classified as "payment in kind" are a result of not receiving the scheduled quarterly interest payments. For the securities in "payment in kind" status, management anticipates to receive the unpaid contractual interest payments from the issuer, because of the self correcting cash flow waterfall provisions within the structure of the securities. When a tranche senior to the Bancorp's position fails the coverage test, the Bancorp's interest cash flows are paid to the senior tranche and recorded as a reduction of principal. The coverage test represents an over collateralization target by stating the balance of the performing collateral as a percentage of the balance of the Bancorp's tranche, plus the balance of all senior tranches. The principal reduction in the senior tranche continues until the appropriate coverage test is passed. As a result of the principal reduction in the senior tranche, more cash is available for future payments to the Bancorp's tranche. Consistent with the Investments – Debt and Equity Securities Topic, management considered the failure of the issuer of the security to make scheduled interest payments in determining whether a credit loss existed. Management will not capitalize the "payment in kind" interest payments to the book value of the securities and will keep these securities in non-accrual status until the quarterly interest payments resume.

Assets and Liabilities Measured on a Recurring Basis

There were no transfers to or from Levels 1 and 2 during the three months ended March 31, 2013. Assets measured at fair value on a recurring basis are summarized below:

		Fair Value Measurements at March 31, 2013 Using		
(Dollars in thousands)	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale debt securities				
U.S. government sponsored entities	$ 22,553	$ -	$ 22,553	$ -
Collateralized mortgage obligations and residential mortgage-backed securities	103,021	-	103,021	-
Municipal securities	63,301	-	63,301	-
Collateralized debt obligations	1,587	-	-	1,587
Total securities available-for-sale	$ 190,462	$ -	$ 188,875	$ 1,587

		Fair Value Measurements at December 31, 2012 Using		
(Dollars in thousands)	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale debt securities				
U.S. government sponsored entities	$ 23,096	$ -	$ 23,096	$ -
Collateralized mortgage obligations and residential mortgage-backed securities	99,914	-	99,914	-
Municipal securities	63,073	-	63,073	-
Collateralized debt obligations	1,392	-	-	1,392
Total securities available-for-sale	$ 187,475	$ -	$ 186,083	$ 1,392

A roll forward of available-for-sale securities, which require significant adjustment based on unobservable data, are presented in the following table:

(Dollars in thousands)	Fair Value Measurements at March 31, 2013 Using Significant Unobservable Inputs (Level 3) Available-for-sale securities Collateralized Debt Obligations
Beginning balance, December 31, 2012	$ 1,392
Transfers in and/or (out) of Level 3	-
Total gains or (losses)	
Included in earnings	-
Included in other comprehensive income	195
Purchases, issuances, sales, and settlements	
Purchases	-
Issuances	-
Sales	-
Settlements	-
Ending balance, March 31, 2013	$ 1,587

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

(Dollars in thousands)	Estimated Fair Value	Fair Value Measurements at March 31, 2013 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans	$ 17,253	$ -	$ -	$ 17,253
Foreclosed real estate	447	-	-	447

(Dollars in thousands)	Estimated Fair Value	Fair Value Measurements at December 31, 2012 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans	$ 17,879	$ -	$ -	$ 17,879
Foreclosed real estate	425	-	-	425

The fair value of impaired loans with specific allocations of the allowance for loan losses or loans for which charge-offs have been taken is generally based on a present value of cash flows or, for collateral dependent loans, based on recent real estate appraisals. Appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. The unpaid principal balance of impaired loans was $19.3 million and the related specific reserves totaled $2.0 million, resulting in a fair value of impaired loans totaling $17.3 million, at March 31, 2013. The unpaid principal balance of impaired loans was $19.9 million and the related specific reserves totaled $2.0 million, resulting in a fair value of impaired loans totaling $17.9 million, at December 31, 2012. Fair value is determined, where possible, using market prices derived from an appraisal or evaluation, which are considered to be Level 2 inputs. However, certain assumptions and unobservable inputs are often used by the appraiser, therefore, qualifying the assets as Level 3 in the fair value hierarchy. The fair value of foreclosed real estate is similarly determined by using the results of recent real estate appraisals. The numerical range of unobservable inputs for these valuation assumptions is not meaningful.

The following table shows carrying values and related estimated fair values of financial instruments as of the dates indicated. Estimated fair values are further categorized by the inputs used to measure fair value. Items that are not financial instruments are not included.

	March 31, 2013		Estimated Fair Value Measurements at March 31, 2013 Using		
(Dollars in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and cash equivalents	$ 24,380	$ 24,380	$ 24,380	$ -	$ -
Securities available-for-sale	190,462	190,462	-	188,875	1,587
Loans held-for-sale	120	122	122	-	-
Loans receivable, net	432,579	434,925	-	-	434,925
Federal Home Loan Bank stock	3,086	3,086	-	3,086	-
Accrued interest receivable	2,367	2,367	-	2,367	-
Financial liabilities:					
Non-interest bearing deposits	76,121	76,121	76,121	-	-
Interest bearing deposits	486,233	486,359	308,726	177,633	-
Repurchase agreements	16,685	16,694	10,664	6,030	-
Borrowed funds	34,280	34,961	401	34,560	-
Accrued interest payable	48	48	-	48	-

	December 31, 2012		Estimated Fair Value Measurements at December 31, 2012 Using		
(Dollars in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and cash equivalents	$ 33,751	$ 33,751	$ 33,751	$ -	$ -
Securities available-for-sale	187,475	187,475	-	186,083	1,392
Loans held-for-sale	323	332	332	-	-
Loans receivable, net	428,560	429,733	-	-	429,733
Federal Home Loan Bank stock	3,086	3,086	-	3,086	-
Accrued interest receivable	2,483	2,483	-	2,483	-
Financial liabilities:					
Non-interest bearing deposits	75,228	75,228	75,228	-	-
Interest bearing deposits	491,181	491,295	319,520	171,775	-
Repurchase agreements	16,298	16,310	10,131	6,179	-
Borrowed funds	33,207	33,658	207	33,451	-
Accrued interest payable	52	52	-	52	-

The following methods were used to estimate the fair value of financial instruments presented in the preceding table for the periods ended March 31, 2013 and December 31, 2012:

Cash and cash equivalent carrying amounts approximate fair value. The fair values of securities available-for-sale are obtained from broker pricing (Level 2), with the exception of collateralized debt obligations, which are valued by a third-party specialist (Level 3). Loans held-for-sale comprise residential mortgages and are priced based on values established by the secondary mortgage markets. The estimated fair value for net loans receivable is based on estimates of the rate the Bancorp would charge for similar such loans, applied for the time period until estimated repayment, in addition to appraisals which may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Federal Home Loan Bank stock is estimated at book value due to restrictions that limit the sale or transfer the security. Fair value of accrued interest receivable and payable approximates book value, as the carrying values are determined using the observable interest rate, balance, and last payment date.

Non-interest and interest bearing deposits, which include checking, savings, and money market deposits, are estimated to have fair values based on the amount payable as of the reporting date (Level 1). The fair value of fixed-maturity certificates of deposit (included in interest bearing deposits) are based on estimates of the rate the Bancorp would pay on similar deposits, applied for the time period until maturity (Level 2). Estimated fair values for short-term repurchase agreements, which represent sweeps from demand deposits to accounts secured by pledged securities, are estimated based on the amount payable as of the reporting date (Level 1). Longer-term repurchase agreements, with contractual maturity dates of three months or more, are based on estimates of the rate the Bancorp would pay on similar deposits, applied for the time period until maturity (Level 2). Short-term borrowings are generally only held overnight, therefore, their carrying amount is a reasonable estimate of fair value (Level 1). The fair value of FHLB Advances (included in borrowed funds) are estimated by discounting the future cash flows using quoted rates from the FHLB similar advances with similar maturities. The estimated fair value of other financial instruments, and off-balance sheet loan commitments, approximate cost and are not considered significant to this presentation.

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

Summary

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

At March 31, 2013, the Bancorp had total assets of $688.8 million, total loans of $440.9 and total deposits of $562.4 million. Stockholders' equity totaled $68.1 million or 9.89% of total assets, with book value per share of $23.97. Net income for the quarter ended March 31, 2013, was $1.7 million, or $0.59 earnings per common share for both basic and diluted calculations. For the quarter ended March 31, 2013, the return on average assets (ROA) was 0.97%, while the return on average stockholders' equity (ROE) was 9.52%.

Recent Developments

The Current Economic Environment. We continue to operate in a challenging and uncertain economic environment, including generally uncertain national conditions and local conditions in our markets. Overall economic growth continues to be slow and national and regional unemployment rates remain at elevated levels. The risks associated with our business remain acute in periods of slow economic growth and high unemployment. Moreover, many financial institutions continue to be affected by an uncertain real estate market. While we are continuing to take steps to decrease and limit our exposure to problem loans, we nonetheless retain direct exposure to the residential and commercial real estate markets, and we are affected by these events.

Our loan portfolio includes residential mortgage loans, construction loans, and commercial real estate loans. Declines in real estate values, home sales volumes and financial stress on borrowers as a result of the uncertain economic environment, including job losses, could have an adverse effect on our borrowers or their customers, which could adversely affect our financial condition and results of operations. In addition, the current level of low economic growth on a national scale, the occurrence of another national recession, or a deterioration in local economic conditions in our markets could drive loan losses beyond that which are provided for in our allowance for loan losses and result in the following other consequences: increases in loan delinquencies; problem assets and foreclosures may increase; demand for our products and services may decline; deposits may decrease, which would adversely impact our liquidity position; and collateral for our loans, especially real estate, may decline in value, in turn reducing customers' borrowing power, and reducing the value of assets and collateral associated with our existing loans.

Impact of Legislation. Over the last four-and-a-half years, Congress and the U.S. Department of the Treasury have enacted legislation and taken actions to address the disruptions in the financial system, declines in the housing market, and the overall regulation of financial institutions and the financial system. In this regard, the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), includes provisions affecting large and small financial institutions alike, including several provisions that profoundly affect the regulation of community banks, thrifts, and small bank and thrift holding companies, such as the Bancorp. Among other things, the Dodd-Frank Act abolished the Office of Thrift Supervision effective July 21, 2011 and transferred its functions to the Office of the Comptroller of the Currency ("OCC"), FDIC, and Federal Reserve. The Dodd-Frank Act also relaxes rules regarding interstate branching, allows financial institutions to pay interest on business checking accounts, changes the scope of federal deposit insurance coverage, imposes new capital requirements on bank and thrift holding companies, and imposes limits on debit card interchange fees charged by issuer banks (commonly known as the Durbin Amendment).

The Dodd-Frank Act also established the Consumer Financial Protection Bureau (the "CFPB") within the Federal Reserve, which has broad authority to regulate consumer financial products and services and entities offering such products and services, including banks. Many of the consumer financial protection functions formerly assigned to the federal banking and other designated agencies are now performed by the CFPB. The CFPB has a large budget and staff, and has broad rulemaking authority over providers of credit, savings, and payment services and products. In this regard, the CFPB has the authority to implement regulations under federal consumer protection laws and enforce those laws against, and examine, financial institutions. State officials also will be authorized to enforce consumer protection rules issued by the CFPB. This bureau also is authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data, and promote the availability of financial services to underserved consumers and communities. The CFPB also is directed to prevent "unfair, deceptive or abusive acts or practices" and ensure that all consumers have access to markets for consumer financial products and services, and that such markets are fair, transparent, and competitive. Although the CFPB has begun to implement its regulatory, supervisory, examination, and enforcement authority, there continues to be significant uncertainty as to how the agency's strategies and priorities will impact the Bancorp.

The CFPB has indicated that mortgage lending is an area of supervisory focus and that it will concentrate its examination and rulemaking efforts on the variety of mortgage-related topics required under the Dodd-Frank Act, including steering consumers to less-favorable products, discrimination, abusive or unfair lending practices, predatory lending, origination disclosures, minimum mortgage underwriting standards, mortgage loan originator compensation, and servicing practices. The CFPB recently published several final regulations impacting the mortgage industry, including rules related to ability-to-pay, mortgage servicing, and mortgage loan originator compensation. The ability-to-repay rule makes lenders liable if they fail to assess ability to repay under a prescribed test, but also creates a safe harbor for so called “qualified mortgages.” The “qualified mortgages” standards include a tiered cap structure that places limits on the total amount of certain fees that can be charged on a loan, a 43% cap on debt-to-income (i.e., total monthly payments on debt to monthly gross income), exclusion of interest-only products, and other requirements. The 43% debt-to-income cap does not apply for the first seven years the rule is in effect for loans that are eligible for sale to Fannie Mae or Freddie Mac or eligible for government guarantee through the FHA or the Veterans Administration. Failure to comply with the ability-to-repay rule may result in possible CFPB enforcement action and special statutory damages plus actual, class action, and attorneys fees damages, all of which a borrower may claim in defense of a foreclosure action at any time. The Bancorp’s management is currently assessing the impact of these requirements on our mortgage lending business.

In addition, the Federal Reserve and other federal bank regulatory agencies have issued a proposed rule under the Dodd-Frank Act that would exempt “qualified residential mortgages” from the securitization risk retention requirements of the Dodd-Frank Act. Although the Bancorp is primarily a portfolio lender, the final definition of what constitutes a “qualified residential mortgage” may impact the pricing and depth of the secondary market into which we may sell mortgages we originate. At this time, we cannot predict the content of final CFPB and other federal agency regulations or the impact they might have on the Bancorp’s financial results. The CFPB’s authority over mortgage lending, and its authority to change regulations adopted in the past by other regulators (i.e., regulations issued under the Truth in Lending Act, for example), or to rescind or ignore past regulatory guidance, could increase the Bancorp’s compliance costs and litigation exposure.

In addition to the CFPB’s authority over mortgage lending, the Dodd-Frank Act includes a series of provisions covering mortgage loan origination standards affecting, among other things, originator compensation, minimum repayment standards, and pre-payments. Moreover, the Dodd-Frank Act requires public companies like the Bancorp to hold shareholder advisory “say-on-pay” votes on executive compensation at least once every three years and submit related proposals to a vote of shareholders. The Bancorp will hold its first such “say-on-pay” vote at its 2013 annual meeting of shareholders. The Dodd-Frank Act contains numerous other provisions affecting financial institutions of all types, many of which may have an impact on the operating environment of the Bancorp in substantial and unpredictable ways. Consequently, the Dodd-Frank Act is expected to increase our cost of doing business, it may limit or expand our permissible activities, and it may affect the competitive balance within our industry and market areas. The Bancorp’s management continues to actively monitor the implementation of the Dodd-Frank Act and the regulations promulgated thereunder and assess its probable impact on the business, financial condition, and results of operations of the Bancorp. However, the ultimate effect of the Dodd-Frank Act on the financial services industry in general, and the Bancorp in particular, continues to be uncertain.

New Proposed Capital Rules. On June 7, 2012, the Federal Reserve approved proposed rules that would substantially amend the regulatory risk-based capital rules applicable to the Bancorp and the Bank. The FDIC and the OCC subsequently approved these proposed rules on June 12, 2012. The proposed rules implement the “Basel III” regulatory capital reforms and changes required by the Dodd-Frank Act. “Basel III” refers to two consultative documents released by the Basel Committee on Banking Supervision in December 2009, the rules text released in December 2010, and loss absorbency rules issued in January 2011, which include significant changes to bank capital, leverage and liquidity requirements. The proposed rules received extensive comments during a comment period that ran through October 2012. In November 2012, the federal ban regulatory agencies jointly stated that they do not expect any of the proposed rules to become effective on the original target date of January 1, 2013. Further guidance from the bank regulatory agencies is expected in early 2013.

The proposed rules include new risk-based capital and leverage ratios, which would be phased in from 2013 to 2019, and would refine the definition of what constitutes “capital” for purposes of calculating those ratios. The proposed new minimum capital level requirements applicable to the Bancorp and the Bank under the proposals would be: (i) a new common equity Tier 1 capital ratio of 4.5%; (ii) a Tier 1 capital ratio of 6% (increased from 4%); (iii) a total capital ratio of 8% (unchanged from current rules); and (iv) a Tier 1 leverage ratio of 4% for all institutions. The proposed rules would also establish a “capital conservation buffer” of 2.5% above the new regulatory minimum capital requirements, which must consist entirely of common equity Tier 1 capital and would result in the following minimum ratios: (i) a common equity Tier 1 capital ratio of 7.0%, (ii) a Tier 1 capital ratio of 8.5%, and (iii) a total capital ratio of 10.5%. The new capital conservation buffer requirement would be phased in beginning in January 2016 at 0.625% of risk-weighted assets and would increase by that amount each year until fully implemented in January 2019. An institution would be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if its capital level falls below the buffer amount. These limitations would establish a maximum percentage of eligible retained income that could be utilized for such actions.

Basel III provided discretion for regulators to impose an additional buffer, the "countercyclical buffer," of up to 2.5% of common equity Tier 1 capital to take into account the macro-financial environment and periods of excessive credit growth. However, the proposed rules permit the countercyclical buffer to be applied only to "advanced approach banks" (i.e. , banks with $250 billion or more in total assets or $10 billion or more in total foreign exposures), which currently excludes the Bancorp and the Bank. The proposed rules also implement revisions and clarifications consistent with Basel III regarding the various components of Tier 1 capital, including common equity, unrealized gains and losses, as well as certain instruments that will no longer qualify as Tier 1 capital, some of which would be phased out over time.

The federal bank regulatory agencies also proposed revisions to the prompt corrective action framework, which is designed to place restrictions on insured depository institutions, including the Bank, if their capital levels begin to show signs of weakness. These revisions would take effect January 1, 2015. Under the prompt corrective action requirements, which are designed to complement the capital conservation buffer, insured depository institutions would be required to meet the following increased capital level requirements in order to qualify as "well capitalized:" (i) a new common equity Tier 1 capital ratio of 6.5%; (ii) a Tier 1 capital ratio of 8% (increased from 6%); (iii) a total capital ratio of 10% (unchanged from current rules); and (iv) a Tier 1 leverage ratio of 5% (increased from 4%).

The proposed rules set forth certain changes for the calculation of risk-weighted assets, which we would be required to utilize beginning January 1, 2015. The standardized approach proposed rule utilizes an increased number of credit risk exposure categories and risk weights, and also addresses: (i) a proposed alternative standard of creditworthiness consistent with Section 939A of the Dodd-Frank Act Act; (ii) revisions to recognition of credit risk mitigation; (iii) rules for risk weighting of equity exposures and past due loans; (iv) revised capital treatment for derivatives and repo-style transactions; and (v) disclosure requirements for top-tier banking organizations with $50 billion or more in total assets that are not subject to the "advance approach rules" that apply to banks with greater than $250 billion in consolidated assets. Based on our current capital composition and levels, we believe that we would be in compliance with the requirements as set forth in the proposed rules if they were presently in effect.

Financial Condition

During the three months ended March, 2013, total assets decreased by $3.0 million (0.4%), with interest-earning assets decreasing by $617 thousand (0.1%). At March 31, 2013, interest-earning assets totaled $652.5 million compared to $653.1 million at December 31, 2012. Earning assets represented 94.7% of total assets at March 31, 2013, compared to 94.4% at December 31, 2012.

Loans receivable totaled $440.9 million at March 31, 2013, compared to $437.0 million at December 31, 2012. The loan portfolio, which is the Bancorp's largest asset, is the primary source of both interest and fee income. The Bancorp's lending strategy stresses quality loan growth, product diversification, and competitive and profitable pricing. The Bancorp's end-of-period loan balances were as follows:

(Dollars in thousands)	March 31, 2013 (unaudited)		December 31, 2012	
	Balance	% Loans	Balance	% Loans
Construction & land development	$ 23,507	5.3%	$ 23,984	5.5%
1-4 first liens	137,765	31.2%	135,143	30.9%
Multifamily	31,449	7.1%	31,669	7.2%
Commercial real estate	151,698	34.4%	148,156	33.9%
Commercial business	63,997	14.5%	69,329	15.9%
1-4 Junior Liens	1,460	0.3%	1,587	0.4%
HELOC	15,087	3.4%	15,249	3.5%
Lot loans	2,621	0.6%	2,648	0.6%
Consumer	309	0.1%	347	0.1%
Government and other	13,033	3.1%	8,869	2.0%
Total loans	$ 440,926	100.0%	$ 436,981	100.0%
Adjustable rate loans / total loans	$ 237,824	53.9%	$ 250,162	57.2%

	March 31, 2013 (unaudited)	December 31, 2012
Total loans to total assets	64.0%	63.2%
Total loans to earning assets	67.6%	66.9%
Total loans to total deposits	78.4%	77.1%

The Bancorp is primarily a portfolio lender. Mortgage banking activities historically have been limited to the sale of fixed rate mortgage loans with contractual maturities greater than 15 years. These loans are identified as held for sale when originated and sold, on a loan-by-loan basis, in the secondary market. During the first three months of 2013, the Bancorp sold $5.1 million in newly originated fixed rate mortgage loans, compared to $3.1 million during the first three months of 2012. Net gains realized from the mortgage loan sales totaled $159 thousand for the first three months of 2013, compared to $75 thousand for the first three months of 2012. At March 31, 2013, the Bancorp had $120 thousand in loans that were classified as held for sale, as compared to $323 thousand at December 31, 2012.

The allowance for loan losses (ALL) is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses, and decreased by charge-offs net of recoveries. A loan is charged-off against the allowance by management as a loss when deemed uncollectible, although collection efforts continue and future recoveries may occur. The determination of the amounts of the ALL and provisions for loan losses is based on management’s current judgments about the credit quality of the loan portfolio with consideration given to all known relevant internal and external factors that affect loan collectability as of the reporting date. The appropriateness of the current period provision and the overall adequacy of the ALL are determined through a disciplined and consistently applied quarterly process that reviews the Bancorp’s current credit risk within the loan portfolio and identifies the required allowance for loan losses given the current risk estimates.

Historically, the Bancorp has successfully originated commercial real estate loans within its primary lending area. However, beginning in the fourth quarter of 2005, in response to a decrease in local loan demand and in an effort to reduce the potential credit risk associated with geographic concentrations, a strategy was implemented to purchase commercial real estate participation loans outside of the Bancorp’s primary lending area. The strategy to purchase these commercial real estate participation loans was limited to 10% of the Bancorp’s loan portfolio. The Bancorp’s management discontinued the out of market strategy during the third quarter of 2007. As of March 31, 2013, the Bancorp’s commercial real estate participation loan portfolio carried an aggregate balance of $23.6 million, of which $13.7 million has been purchased within the Bancorp’s primary lending area and $9.9 million outside of the primary lending area. At March 31, 2013, $5.4 million, or 22.9%, of the Bancorp’s commercial real estate participation loans have been internally classified as substandard and have been placed on non-accrual status. All $5.4 million in substandard commercial real estate participation loans placed on non-accrual status are located outside of the Bancorp’s primary lending area. During April 2013, one of the two commercial real estate loans was sold to another investor. As a result, the balance on these participation loans of $5.4 million has since decreased to $4.6 million. The discussion in the paragraphs that follow regarding non-performing loans, internally classified loans and impaired loans includes loans from the Bancorp’s commercial real estate participation loan portfolio.

For all of its commercial real estate participation loans, consistent with current regulatory guidelines the Bancorp’s management requires that the lead lenders obtain external appraisals to determine the fair value of the underlying collateral for any collateral dependent loans. The Bancorp’s management requires current external appraisals when entering into a new lending relationship or when events have occurred that materially change the assumptions in the existing appraisal. The lead lenders receive external appraisals from qualified appraisal firms that have expertise in valuing commercial properties and are able to comply with the required scope of the engagement. After the lead lender receives the external appraisal and performs its compliance review, the appraisal is forwarded to the Bancorp for review. The Bancorp’s management validates the external appraisal by conducting an internal in-house review by personnel with expertise in commercial real estate developments. If additional expertise is needed, an independent review appraiser is hired to assist in the evaluation of the appraisal. The Bancorp is not aware of any significant time lapses during this process. Periodically, the Bancorp’s management may make adjustments to the external appraisal assumptions if additional known quantifiable data becomes available that materially impacts the value of a project. Examples of adjustments that may occur are changes in property tax assumptions or changes in capitalization rates. The Bancorp’s management relies on up-to-date external appraisals to determine the current value of its impaired commercial real estate participation loans. These values are appropriately adjusted to reflect changes in market value and, when necessary, is the basis for establishing the appropriate allowance for loan losses (ALL). If an updated external appraisal for a commercial real estate participation loan is received after the balance sheet date, but before the annual or quarterly financial statements are issued, material changes in appraised values are “pushed back” in the yet to be issued financial statements in order that appropriate loan loss provision is recorded for the current reporting period. The Bancorp’s management consistently records loan charge-offs based on the fair value or income approach of the collateral as presented in the current external appraisal.

Non-performing loans include those loans that are 90 days or more past due and those loans that have been placed on non-accrual status. Non-performing loans totaled $12.5 million at March 31, 2013, compared to $11.5 million at December 31, 2012, an increase of $1.0 million or 8.7%. The ratio of non-performing loans to total loans was 2.83% at March 31, 2013, compared to 2.63% at December 31, 2012. The ratio of non-performing loans to total assets was 1.80% at March 31, 2013, compared to 1.66% at December 31, 2012. The increase in non-performing loans for the first three months of 2013 is primarily the result of commercial real estate and commercial business loans that had been considered impaired and internally classified as substandard at December 31, 2012. At March 31, 2013, all non-performing loans are also accounted for on a non accrual basis, except for one loan totaling $5 thousand that was classified as accruing and 90 days past due. The current level of non-performing loans is concentrated in two previously reported out of market commercial real estate participation loans totaling $5.4 million in the aggregate. Both of the non-performing commercial real estate participation loans are hotel loans that have been charged down to their fair value based on the current fair value of the respective project's collateral, less estimated selling costs. For these commercial real estate participation loans, to the extent that actual cash flows, collateral values and strength of personal guarantees differ from current estimates, additional provisions to the allowance for loan losses may be required.

Loans, internally classified as substandard, totaled $20.1 million at March 31, 2013, compared to $19.7 million at December 31, 2012 an increase of $364 thousand or 1.8%. The current level of substandard loans is concentrated in the previously mentioned two non-performing commercial real estate participation loans and one accruing commercial real estate hotel loan in the amount of $4.9 million, which is the largest loan in this group. Substandard loans include non-performing loans and potential problem loans, where information about possible credit issues or other conditions causes management to question the ability of such borrowers to comply with loan covenants or repayment terms. No loans were internally classified as doubtful or loss at March 31, 2013 or December 31, 2012. In addition to identifying and monitoring non-performing and other classified loans, management maintains a list of watch loans. Watch loans represent loans management is closely monitoring due to one or more factors that may cause the loan to become classified as substandard. Watch loans totaled $14.9 million at March 31, 2013, compared to $17.7 million at December 31, 2012 a decrease of $2.8 million or 15.8%. The decrease in watch loans is related to the upgrades and balance reductions in $1.5 million of loan balances and to the downgrading of $1.3 million of loan balances to substandard.

A loan is considered impaired when, based on current information and events, it is probable that a borrower will be unable to pay all amounts due according to the contractual terms of the loan agreement. At March 31, 2013, impaired loans totaled $19.3 million, compared to $19.9 million at December 31, 2012 a decrease of $594 thousand or 3.0%. The March 31, 2013, impaired loan balances consist of twenty-five commercial real estate and commercial business loans totaling $18.6 million that are secured by business assets and real estate, and are personally guaranteed by the owners of the businesses. In addition, seven mortgage loans totaling $741 thousand, which are troubled debt restructurings have also been classified as impaired. The March 31, 2013 ALL contained $2.0 million in specific allowances for collateral deficiencies, compared to $2.0 million at December 31, 2012. During the first quarter of 2013, three loans were newly classified as impaired with balances of $208 thousand. There were no other loans considered to be impaired loans as of March 31, 2013. Typically, management does not individually classify smaller-balance homogeneous loans, such as residential mortgages or consumer loans, as impaired, unless they are troubled debt restructurings.

At March 31, 2013, the Bancorp classified fourteen loans totaling $15.0 million as troubled debt restructurings, which involves modifying the terms of a loan to forego a portion of interest or principal or reducing the interest rate on the loan to a rate materially less than market rates, or materially extending the maturity date of a loan. The Bancorp's troubled debt restructurings include two commercial real estate participation hotel loans in the amount of $5.6 million and one commercial real estate hotel loan in the amount of $4.9 million, for which significant deferrals of principal repayments were granted; one commercial real estate loan in the amount of $2.4 million for which a significant deferral of principal and interest repayment was granted; one commercial real estate loan in the amount of $539 thousand for which a significant deferral of principal and interest repayment was granted by the Bank as required by a bankruptcy plan; two development loans in the amount of $893 thousand for which an interest rate concession was granted; and seven mortgage loans totaling $741 thousand, for which maturity dates were materially extended. At March 31, 2013, $8.8 million of the Bancorp's loans classified as troubled debt restructurings are accruing loans. The valuation basis for the Bancorp's troubled debt restructurings is based on the present value of cash flows, unless consistent cash flows are not present, then the fair value of the collateral securing the loan is the basis for valuation.

At March 31, 2013, management is of the opinion that there are no loans, except those discussed above, where known information about possible credit problems of borrowers causes management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms and which will imminently result in such loans being classified as past due, non-accrual or a troubled debt restructure. Management does not presently anticipate that any of the non-performing loans or classified loans would materially impact future operations, liquidity or capital resources.

For the three months ended March 31, 2013, $135 thousand in provisions to the ALL were required, compared to $525 thousand for the three months ended March 31, 2012, a decrease of $390 thousand or 74.3%. The ALL provision decrease for 2013 is primarily a result of improved asset quality. Although nonperforming loans increased overall during the quarter, the increase was primarily related to loans that had been previously considered impaired and previously allocated for in the allowance for loan loss. The current year ALL provisions were primarily related to the current credit risk in the commercial real estate loan portfolio and 2013 loan originations. For the first three months of 2013, charge-offs, net of recoveries, totaled $209 thousand, compared to $324 thousand for the first three months of 2012. The net loan charge-offs for 2013 were comprised of $168 thousand in commercial business loans, $40 thousand in commercial real estate loans, and $1 thousand in consumer loans. The ALL provisions take into consideration management's current judgments about the credit quality of the loan portfolio, loan portfolio balances, changes in the portfolio mix and local economic conditions. In determining the provision for loan losses for the current period, management has given consideration to historically elevated risks associated with the local economy, changes in loan balances and mix, and asset quality.

The ALL to total loans was 1.89% at March 31, 2013, compared to 1.93% at December 31, 2012. The ALL to non-performing loans (coverage ratio) was 66.97% at March 31, 2013, compared to 73.34% at December 31, 2012. The March 31, 2013 balance in the ALL account of $8.3 million is considered adequate by management after evaluation of the loan portfolio, past experience and current economic and market conditions. While management may periodically allocate portions of the allowance for specific problem loans, the whole allowance is available for any loan charge offs that occur. The allocation of the ALL reflects performance and growth trends within the various loan categories, as well as consideration of the facts and circumstances that affect the repayment of individual loans, and loans which have been pooled as of the evaluation date, with particular attention given to non-performing loans and loans which have been classified as substandard, doubtful or loss. Management has allocated reserves to both performing and non-performing loans based on current information available.

At March 31, 2013, foreclosed real estate totaled $447 thousand, which was comprised of nine properties, compared to $425 thousand and ten properties at December 31, 2012. During the three months ended March 31, 2013, loans totaling $95 thousand were transferred into foreclosed real estate, while net sales of foreclosed real estate totaled $73 thousand. Net gains from the sales totaled $17 thousand for the three months ended March 31, 2013. At the end of March 2013 all of the Bancorp's foreclosed real estate is located within its primary market area.

The primary objective of the Bancorp's investment portfolio is to provide for the liquidity needs of the Bancorp and to contribute to profitability by providing a stable flow of dependable earnings. Funds are generally invested in federal funds, interest bearing balances in financial institutions, U.S. government securities, federal agency obligations, obligations of state and local municipalities and corporate securities. The securities portfolio, all of which is designated as available-for-sale, totaled $190.5 million at March 31, 2013, compared to $187.5 million at December 31, 2012, an increase of $3.0 million (1.6%). The increase in securities is a result of investing excess liquidity in the securities portfolio. At March 31, 2013, the securities portfolio represented 29.2% of interest-earning assets and 27.7% of total assets compared to 28.7% of interest-earning assets and 27.1% of total assets at December 31, 2012. The Bancorp's end-of-period investment portfolio and other short-term investments and stock balances were as follows:

(Dollars in thousands)	March 31, 2013 (unaudited) Balance	March 31, 2013 (unaudited) % Securities	December 31, 2012 Balance	December 31, 2012 % Securities
U.S. government sponsored entities	$ 22,553	11.8%	$ 23,096	12.3%
Collateralized Mortgage Obligations and residential mortgage-backed securities	103,021	54.1%	99,914	53.3%
Municipal securities	63,301	33.2%	63,073	33.6%
Collateralized debt obligations	1,587	0.9%	1,392	0.8%
Total securities	$ 190,462	100.0%	$ 187,475	100.0%

(Dollars in thousands)	March 31, 2013 (unaudited) Balance	December 31, 2012 Balance	YTD Change $	%
Interest bearing balances in financial institutions	$ 16,311	$ 19,832	$ (3,521)	-17.8%
Fed funds sold	1,582	5,407	(3,825)	-70.7%
Federal Home Loan Bank stock	3,086	3,086	-	0.0%

The decrease in interest bearing balances in financial institutions and fed funds sold is a result of strong loan and securities growth.

Deposits are a fundamental and cost-effective source of funds for lending and other investment purposes. The Bancorp offers a variety of products designed to attract and retain customers, with the primary focus on building and expanding relationships. The Bancorp's end-of-period deposit portfolio balances were as follows:

(Dollars in thousands)	March 31, 2013 (unaudited) Balance	December 31, 2012 Balance	YTD Change $	%
Checking	$ 184,070	$ 193,067	$ (8,997)	-4.7%
Savings	83,219	77,650	5,569	7.2%
Money market	129,847	124,031	5,816	4.7%
Certificates of deposit	165,218	171,661	(6,443)	-3.8%
Total deposits	$ 562,354	$ 566,409	$ (4,055)	-0.7%

The Bancorp's core deposits include checking, savings, and money market accounts. The overall increase in core deposits is a result of managements' sales efforts along with current customer preferences for short-term, liquid investment alternatives.

The Bancorp's borrowed funds are primarily used to fund asset growth not supported by deposit generation. The Bancorp's end-of-period borrowing balances were as follows:

(Dollars in thousands)	March 31, 2013 (unaudited) Balance	December 31, 2012 Balance	YTD Change $	%
Repurchase agreements	$ 16,685	$ 16,298	$ 387	2.4%
Borrowed funds	34,280	33,207	1,073	3.2%
Total borrowed funds	$ 50,965	$ 49,505	$ 1,460	2.9%

Repurchase agreements increased as a result of growth in the Bancorp's business sweep accounts. Borrowed funds increased as the current low interest rate environment allowed for favorable Federal Home Loan Bank advance rates.

Liquidity and Capital Resources

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

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

During the three months ended March 31, 2013, cash and cash equivalents decreased by $9.4 million compared to a $4.3 million increase for the three months ended March 31, 2012. The primary sources of cash were proceeds from maturities, pay downs, and calls of available-for-sale securities and proceeds from FHLB advances. The primary uses of cash were the purchase of securities, repayment of FHLB advances, loan originations, stock repurchases, and the payment of common stock dividends. Cash provided by operating activities totaled $2.2 million for the three months ended March 31, 2013, compared to cash provided of $221 thousand for the three month period ended March 31, 2012. The increase in cash from operating activities was primarily a result of timing differences of customer ACH deposit activity. Cash outflows from investing activities totaled $8.4 million for the current period, compared to cash outflows of $14.0 million for the three months ended March 31, 2012. The decreased cash outflows for the current three months were primarily related to decreased loan originations. Net cash outflows from financing activities totaled $3.2 million during the current period compared to net cash inflows of $18.0 million for the three months ended March 31, 2012. The decrease in net cash inflows from financing activities was a result of deposit outflows and reduced borrowed fund inflows. On a cash basis, the Bancorp paid dividends on common stock of $539 thousand for the three months ended March 31, 2013, compared to $425 thousand for the three months ended March 31, 2012.

At March 31, 2013, outstanding commitments to fund loans totaled $68.3 million. Approximately 51.9% of the commitments were at variable rates. Standby letters of credit, which are conditional commitments issued by the Bancorp to guarantee the performance of a customer to a third party, totaled $8.9 million at March 31, 2013. Management believes that the Bancorp has sufficient cash flow and borrowing capacity to fund all outstanding commitments and letters of credit, while maintaining proper levels of liquidity.

Management strongly believes that maintaining a high level of capital enhances safety and soundness. During the three months ended March 31, 2013, stockholders' equity increased by approximately $464 thousand (0.7%). During the three months ended March 31, 2013, stockholders’ equity was primarily increased by net income of $1.7 million. Decreasing stockholders’ equity was the declaration of $540 thousand in cash dividends and the net change in the valuation of the available-for-sale securities of $635 thousand.

The Bancorp is subject to risk-based capital guidelines adopted by the Board of Governors of the Federal Reserve System (the FRB), and the Bank is subject to risk-based capital guidelines adopted by the FDIC. As applied to the Bancorp and the Bank, the FRB and FDIC capital requirements are substantially the same. These regulations divide capital into two tiers. The first tier (Tier 1) 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 2) 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 Bancorp and the Bank are required to maintain a total risk-based capital ratio of 8%, of which 4% must be Tier 1 capital. In addition, the FRB and FDIC regulations provide for a minimum Tier 1 leverage ratio (Tier 1 capital to adjusted average assets) of 3% for financial institutions that meet certain specified criteria, including that they have the highest regulatory rating and are not experiencing or anticipating significant growth. All other financial institutions are required to maintain a Tier 1 leverage ratio of 3% plus an additional cushion of at least one to two percent. See “Recent Developments - New Proposed Capital Rules” for a description of the new capital ratios that are proposed to be phased-in beginning in 2013.

The following table shows that, at March 31, 2013, and December 31, 2012, the Bancorp’s capital exceeded all regulatory capital requirements. During the three months ended March 31, 2013, the Bancorp’s regulatory capital ratios continued to be negatively impacted by regulatory requirements regarding collateralized debt obligations. The regulatory requirements state that for collateralized debt obligations that have been downgraded below investment grade by the rating agencies, increased risk based asset weightings are required. The Bancorp currently holds four pooled trust preferred securities with a cost basis of $5.2 million. These investments currently have ratings that are below investment grade. As a result, approximately $29.7 million of risk based assets are generated by the trust preferred securities in the Bancorp’s and Bank’s total risk based capital calculation. The Bancorp’s and the Bank’s regulatory capital ratios were substantially the same at both March 31, 2013 and December 31, 2012. The dollar amounts are in millions.

(Dollars in millions)	Actual		Required for adequate capital		To be well capitalized	
At March 31, 2013	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk-weighted assets	$ 71.2	14.9%	$ 38.4	8.0%	$ 47.9	10.0%
Tier 1 capital to risk-weighted assets	$ 65.2	13.6%	$ 19.2	4.0%	$ 28.8	6.0%
Tier 1 capital to adjusted average assets	$ 65.2	9.5%	$ 20.6	3.0%	$ 34.3	5.0%

(Dollars in millions)	Actual		Required for adequate capital		To be well capitalized	
At December 31, 2012	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk-weighted assets	$ 70.1	14.6%	$ 38.3	8.0%	$ 47.9	10.0%
Tier 1 capital to risk-weighted assets	$ 64.1	13.4%	$ 19.1	4.0%	$ 28.7	6.0%
Tier 1 capital to adjusted average assets	$ 64.1	9.4%	$ 20.5	3.0%	$ 34.2	5.0%

The Bancorp's ability to pay dividends to its shareholders is entirely dependent upon the Bank's ability to pay dividends to the Bancorp. Under Indiana law, the Bank may pay dividends from its undivided profits (generally, earnings less losses, bad debts, taxes and other operating expenses) as is considered expedient by the Bank's Board of Directors. However, the Bank must obtain the approval of the Indiana Department of Financial Institutions (DFI) for the payment of a dividend if the total of all dividends declared by the Bank during the current year, including the proposed dividend, would exceed the sum of retained net income for the year to date plus its retained net income for the previous two years. For this purpose, "retained net income," means net income as calculated for call report purposes, less all dividends declared for the applicable period. The aggregate amount of dividends that may be declared by the Bank in 2013, without prior DFI approval is $8.7 million plus 2013 net profits. Moreover, the FDIC and the Federal Reserve Board may prohibit the payment of dividends if it determines that the payment of dividends would constitute an unsafe or unsound practice in light of the financial condition of the Bank. On February 22, 2013, the Board of Directors of the Bancorp declared a first quarter dividend of $0.19 per share. The Bancorp's first quarter dividend was paid to shareholders on April 5, 2013.

Results of Operations - Comparison of the Quarter Ended March 31, 2013 to the Quarter Ended March 31, 2012

For the quarter ended March 31, 2013, the Bancorp reported net income of $1.7 million, compared to net income of $1.4 million for the quarter ended March 31, 2012, an increase of $316 thousand (23.3%). For the current quarter the ROA was 0.97%, compared to 0.83% for the quarter ended March 31, 2012. The ROE was 9.52% for the quarter ended March 31, 2013, compared to 8.36% for the quarter ended March 31, 2012.

Net interest income for the three months ended March 31, 2013 was $5.8 million, a decrease of $53 thousand (0.9%), compared to $5.9 million for the quarter ended March 31, 2012. During the current quarter, the Bancorp's cost of funds continues to be positively impacted by the Federal Reserve's continued action in maintaining a low short-term interest rate environment, however, the Bancorp's yield on interest earning assets is being negatively impacted by lower long-term interest rates. The weighted-average yield on interest-earning assets was 3.86% for the three months ended March 31, 2013, compared to 4.24% for the three months ended March 31, 2012. The weighted-average cost of funds for the quarter ended March 31, 2013, was 0.30%, compared to 0.44% for the quarter ended March 31, 2012. The impact of the 3.86% return on interest earning assets and the 0.30% cost of funds resulted in an interest rate spread of 3.56% for the current quarter, compared to 3.80% for the quarter ended March 31, 2012. During the current quarter, total interest income decreased by $236 thousand (3.6%) while total interest expense decreased by $183 thousand (28.4%). The net interest margin was 3.58% for the three months ended March 31, 2013, compared to 3.82% for the quarter ended March 31, 2012. On a tax equivalent basis, the Bancorp's net interest margin was 3.77% for the three months ended March 31, 2013, compared to 4.02% for the quarter ended March 31, 2012. Comparing the net interest margin on a tax equivalent basis more accurately compares the returns on tax-exempt loans and securities to those on taxable interest-earning assets.

During the three months ended March 31, 2013, interest income from loans decreased by $103 thousand (2.0%), compared to the three months ended March 31, 2012. The change was due to a decrease in loan portfolio weighted-average yields. The weighted-average yield on loans outstanding was 4.51% for the current quarter, compared to 4.98% for the three months ended March 31, 2012. Loan balances averaged $444.3 million for the current quarter, an increase of $33.8 million (8.2%) from $410.5 million for the three months ended March 31, 2012. During the three months ended March 31, 2013, interest income on securities and other interest bearing balances decreased by $133 thousand (9.6%), compared to the quarter ended March 31, 2012. The change was primarily due to a decrease in the weighted-average yield of the securities portfolio. The weighted-average yield on securities and other interest bearing balances was 2.47%, for the current quarter, compared to 2.75% for the three months ended March 31, 2012. Securities balances averaged $191.5 million for the current quarter, up $5.7 million (3.1%) from $185.8 million for the three months ended March 31, 2012. The increase in security average daily balances is a result of consistent investment growth. Other interest bearing balances averaged $12.4 million for the current period, down $4.3 million (25.7%) from $16.7 million for the three months ended March 31, 2012. The decrease in other interest bearing balances is a result of growth in the loan and securities portfolios.

Interest expense on deposits decreased by $141 thousand (31.8%) during the current quarter compared to the three months ended March 31, 2012. The change was due to a decrease in the weighted-average rate paid on deposits, which was the result of a change in the deposit mix as well as lower rates paid. The weighted-average rate paid on deposits for the three months ended March 31, 2013 was 0.22%, compared to 0.34%, for the quarter ended March 31, 2012. Total deposit balances averaged $560.7 million for the current quarter, an increase of $36.1 million (6.9%) from $524.6 million for the quarter ended March 31, 2012. Interest expense on borrowed funds decreased by $42 thousand (20.9%) during the current quarter due to a decrease in average daily balances and a decrease in the weighted-average cost compared to the three months ended March 31, 2012. The weighted-average cost of borrowed funds was 1.26% for the current quarter, compared to 1.40% for the three months ended March 31, 2012. Borrowed funds averaged $50.5 million during the quarter ended March 31, 2013, a decrease of $7.2 million (12.5%) from $57.7 million for the quarter ended March 31, 2012.

Noninterest income for the quarter ended March 31, 2013 was $1.4 million, a decrease of $234 thousand (14.7%) from $1.6 million for the quarter ended March 31, 2012. During the current quarter, fees and service charges totaled $591 thousand, a decrease of $47 thousand (7.4%) from $638 thousand for the quarter ended March 31, 2012. The decrease in fees and service charges is primarily a result of loan related fees collected during the first quarter of 2012 that were infrequent in nature. Fees from Wealth Management operations totaled $367 thousand for the quarter ended March 31, 2013, an increase of $35 thousand (10.5%) from $332 thousand for the quarter ended March 31, 2012. The increase in Wealth Management income is related to growth in assets under management and market value changes. Gains from loan sales totaled $159 thousand for the current quarter, an increase of $84 thousand (112.0%), compared to $75 thousand for the quarter ended March 31, 2012. The increase in gains from the sale of loans is primarily a result of increased customer refinance activity to low rate fixed rate mortgages. Gains from the sale of securities totaled $128 thousand for the current quarter, a decrease of $238 thousand (65.0%) from $366 thousand for the quarter ended March 31, 2012. Current market conditions continued to provide some opportunities to maintain securities cash flows, while recognizing gains from the sales of securities. Income from an increase in the cash value of bank owned life insurance totaled $87 thousand for the quarter ended March 31, 2013, a decrease of $10 thousand (10.3%) compared to the quarter ended March 31, 2012. Gains on foreclosed real estate totaled $17 thousand for the quarter ended March 31, 2013, a decrease of $19 thousand (52.8%) from gains of $36 thousand for the quarter ended March 31, 2012. Other noninterest income totaled $14 thousand for the quarter, a decrease of $39 thousand (73.6%) compared to $53 thousand for the quarter ended March 31, 2012. The decrease in other noninterest income is primarily related to the sale of several foreclosed properties and the resulting loss of rents from those properties.

Noninterest expense for the quarter ended March 31, 2013 was $4.8 million, a decrease of $427 thousand (8.2%) from $5.2 million for the three months ended March 31, 2012. During the current quarter, compensation and benefits totaled $2.64 million, an increase of $17 thousand (0.6%) from $2.62 million for the quarter ended March 31, 2012. Occupancy and equipment totaled $782 thousand for the current quarter, a decrease of $37 thousand (4.5%), compared to $819 thousand for the quarter ended March 31, 2012. The decrease in occupancy and equipment expense is the result of lower required depreciation expense and building repair and maintenance expenses during the first quarter. Data processing expense totaled $240 thousand for the three months ended March 31, 2013, a decrease of $31 thousand (11.4%) from $271 thousand for the three months ended March 31, 2012. Data processing expense has decreased as a result of contract renegotiations. Federal deposit insurance premium expense totaled $122 thousand for the three months ended March 31, 2013, a decrease of $22 thousand (15.3%) from $144 thousand for the quarter ended March 31, 2012. The decrease was the result of lower FDIC assessment rates. Marketing expense related to banking products totaled $108 thousand for the current quarter, an increase of $33 thousand (44.0%) from $75 thousand for the three months ended March 31, 2012. The Bancorp proactively markets its products, but varies its timing based on projected benefits and needs. Other expenses related to banking operations totaled $901 thousand for the quarter ended March 31, 2013, a decrease of $387 thousand (30.0%) from $1.3 million for the quarter ended March 31, 2012. The decrease in other expenses was primarily associated with less foreclosed real estate and legal expenses for the current quarter. The Bancorp’s efficiency ratio was 66.9% for the quarter ended March 31, 2013, compared to 70.1% for the three months ended March 31, 2012. The ratio is determined by dividing total noninterest expense by the sum of net interest income and total noninterest income for the period.

Income tax expenses for the three months ended March 31, 2013 totaled $564 thousand, compared to income tax expense of $350 thousand for the three months ended March 31, 2012, an increase of $214 thousand (61.1%). The combined effective federal and state tax rates for the Bancorp was 25.3% for the three months ended March 31, 2013, compared to 20.5% for the three months ended March 31, 2012. The Bancorp's higher current quarter effective tax rate is a result of lower tax preferred income.

Critical Accounting Policies

Critical accounting policies are those accounting policies that management believes are most important to the portrayal of the Bancorp's financial condition and that require management's most difficult, subjective or complex judgments. The Bancorp's critical accounting policies from December 31, 2012 remain unchanged.

Forward-Looking Statements

Statements contained in this report that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are also intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. The Bancorp cautions readers that forward-looking statements, including without limitation those relating to the Bancorp's future business prospects, interest income and expense, net income, liquidity, and capital needs are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements, due to, among other things, factors identified in this report, including those identified in the Bancorp's 2012 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

The Bancorp maintains disclosure controls and procedures (as defined in Sections 13a – 15(e) and 15d – 15(e)) of regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") that are designed to ensure that information required to be disclosed by the Bancorp in the reports that it files or submits under the "Exchange Act" is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Bancorp in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Bancorp's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The Bancorp's chief executive officer and chief financial officer evaluate the effectiveness of the Bancorp's disclosure controls and procedures as of the end of each quarter. Based on that evaluation as of March 31, 2013, the Bancorp's chief executive officer and chief financial officer have concluded that such disclosure controls and procedures were effective as of that date in ensuring that information required to be disclosed by the Bancorp under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) Changes in Internal Control Over Financial Reporting.

There was no change in the Bancorp's internal control over financial reportingidentified in connection with the Bancorp's evaluation of controls that occurred during the three months ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Bancorp's internal control over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings
There are no matters reportable under this item.

Item 1A. Risk Factors
Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
On April 18, 2000 the Bancorp's Board of Directors authorized a stock repurchase program to repurchase up to 50,000 shares of the Bancorp's outstanding common stock, from time to time and subject to market conditions, on the open market or in privately negotiated transactions. This stock repurchase program does not expire and is only limited by the number of shares that can be purchased. As of March 31, 2013, the Bancorp has repurchased 38,850 shares of its outstanding common stock under the program at an average price per share of $22.55. Information on the shares repurchased under the program during the quarter ended March 31, 2013 is as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Program(1)
January 1, 2013 – January 31, 2013	2,833	$ 20.05	38,850	11,150
February 1, 2013 – February 28, 2013	-	N/A	38,850	11,150
March 1, 2013 – March 31, 2013	-	N/A	38,850	11,150
	2,833	$ 20.05	38,850	11,150

(1) The stock repurchase plan was announced on April 18, 2000, whereby the Bancorp is authorized to repurchase up to 50,000 shares of the Bancorp's common stock outstanding. There is no expiration date for this plan.

Item 3. Defaults Upon Senior Securities
There are no matters reportable under this item.

Item 4. Mine Safety Disclosures
Not Applicable.

Item 5. Other Information
There are no matters reportable under this item.

Item 6. Exhibits

Exhibit Number	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications
101	The following materials from the Bancorp's Form 10-Q for the quarterly period ended March 31, 2013, formatted in an XBRL Interactive Data File: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Changes in Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements, with detailed tagging of notes and financial statement schedules.*

* Users of the XBRL-related information in Exhibit 101 of this Quarterly Report on Form 10-Q are advised, in accordance with Regulation S-T Rule 406T, that this Interactive Data File is deemed not filed or as a part of a registration statement for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections. The financial information contained in the XBRL-related documents is unaudited and unreviewed.

SIGNATURES

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

	NORTHWEST INDIANA BANCORP
Date: April 23, 2013	/s/ David A. Bochnowski David A. Bochnowski Chairman of the Board, Chief Executive Officer and President
Date: April 23, 2013	/s/ Robert T. Lowry Robert T. Lowry Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 31.1

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

I, David A. Bochnowski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NorthWest Indiana Bancorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15 (f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2013

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

Exhibit 31.2

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

I, Robert T. Lowry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NorthWest Indiana Bancorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15 (f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2013

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

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of NorthWest Indiana Bancorp (the "Company") for the quarterly period ended March 31, 2013, as filed with the Securities and Exchange Commission (the "Report"), each of David A. Bochnowski, Chairman of the Board and Chief Executive Officer of the Company, and Robert T. Lowry, Senior Vice President, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 23, 2013

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

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

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