United States Securities and Exchange Commission
Washington, D.C. 20549
Form 10-Q
(X) Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the quarterly period ended September 30, 2001

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 0-14354

FIRST INDIANA CORPORATION

(Exact name of registrant as specified in its charter)

Indiana	35-1692825
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

135 North Pennsylvania Street, Indianapolis, IN	46204
(Address of principal executive office)	(Zip Code)

(317) 269-1200
(Registrant's telephone number, including area code)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Shares
Common Stock, par value $0.01 per share	Outstanding at 10/31/2001 12,354,289

FIRST INDIANA CORPORATION AND SUBSIDIARIES
FORM 10-Q
INDEX

Financial Highlights

First Indiana Corporation and Subsidiaries

(Dollars in Thousands, Except Per Share Data)

(Unaudited)

	For the Three Months Ended September 30	
	2001	2000
Total Interest Income	$ 39,192	$ 45,042
Total Interest Expense	20,352	25,181
Net Earnings	6,848	6,470
Basic Earnings Per Share	$ 0.55	$ 0.51
Diluted Earnings Per Share	0.54	0.50
Dividends Per Share	0.16	0.14
Net Interest Margin	3.74 %	3.91 %
Net Interest Spread	3.11	3.17
Efficiency Ratio	56.41	49.42
Annualized Return on Average Equity	13.00	13.59
Annualized Return on Average Assets	1.28	1.22
Average Shares Outstanding	12,472,327	12,611,908
Average Diluted Shares Outstanding	12,818,389	12,823,490

	For the Nine Months Ended September 30	
	2001	2000
Total Interest Income	$ 122,672	$ 128,482
Total Interest Expense	65,826	70,099
Net Earnings	20,381	18,166
Basic Earnings Per Share	$ 1.63	$ 1.44
Diluted Earnings Per Share	1.59	1.41
Dividends Per Share	0.48	0.42
Net Interest Margin	3.76 %	3.91 %
Net Interest Spread	3.07	3.20
Efficiency Ratio	55.81	50.33
Annualized Return on Average Equity	13.19	13.18
Annualized Return on Average Assets	1.29	1.18
Average Shares Outstanding	12,490,819	12,613,921
Average Diluted Shares Outstanding	12,849,384	12,806,553

	At September 30	
	2001	2000
Assets	$ 2,129,152	$ 2,125,867
Loans	1,827,732	1,827,653
Deposits	1,390,549	1,403,083
Shareholders' Equity	212,687	191,354
Shareholders' Equity/Assets	9.99 %	9.00 %
Shareholders' Equity Per Share	$ 17.19	$ 15.39
Market Closing Price	20.60	26.06
Shares Outstanding	12,369,289	12,434,645

Condensed Consolidated Balance Sheets

First Indiana Corporation and Subsidiaries

(Dollars in Thousands, Except Per Share Data)

(Unaudited)

	September 30 2001	December 31 2000	September 30 2000
Assets			
Cash	$ 59,420	$ 43,114	$ 35,288
Federal Funds Sold	8,000	22,000	34,000
Total Cash and Cash Equivalents	67,420	65,114	69,288
Securities Available for Sale	154,408	158,784	151,747
FHLB and Federal Reserve Bank Stock	22,491	21,591	21,591
Loans			
Business	478,945	312,757	295,947
Consumer	699,533	748,290	762,429
Residential Mortgage	355,357	466,125	509,686
Single-Family Construction	240,927	207,569	212,701
Commercial Real Estate	52,970	49,734	46,890
Total Loans	1,827,732	1,784,475	1,827,653
Allowance for Loan Losses	(36,442)	(33,578)	(32,668)
Net Loans	1,791,290	1,750,897	1,794,985
Premises and Equipment	20,626	19,212	18,528
Accrued Interest Receivable	17,223	18,327	16,536
Real Estate Owned - Net	4,314	2,593	2,583
Goodwill	13,274	13,904	13,958
Other Assets	38,106	35,575	36,651
Total Assets	$ 2,129,152	$ 2,085,997	$ 2,125,867
Liabilities and Shareholders' Equity			
Liabilities			
Non-Interest-Bearing Deposits	$ 140,880	$ 123,836	$ 114,543
Interest-Bearing Deposits			
Demand Deposits	119,150	115,651	111,515
Savings Deposits	418,322	375,331	375,325
Certificates of Deposit	712,197	785,165	801,700
Total Interest-Bearing Deposits	1,249,669	1,276,147	1,288,540
Total Deposits	1,390,549	1,399,983	1,403,083
Short-Term Borrowings	124,983	117,725	113,608
Federal Home Loan Bank Advances	356,647	336,754	361,754
Accrued Interest Payable	4,738	6,752	7,531
Advances by Borrowers for Taxes and Insurance	15,559	6,188	14,092
Other Liabilities	23,989	19,783	34,445
Total Liabilities	1,916,465	1,887,185	1,934,513
Shareholders' Equity			
Preferred Stock, $0.01 Par Value: 2,000,000 Shares Authorized; None Issued	-	-	-
Common Stock. $0.01 Par Value: 33.000.000 Shares Authorized:			
Issued: 2001 - 13,691,870 Shares;			
2000 - 13,561,085 and 13,536,316 Shares	137	135	135
Capital Surplus	41,800	39,923	39,502
Retained Earnings	185,469	170,954	165,981
Accumulated Other Comprehensive Income (Loss)	4,982	2,046	(18)
Treasury Stock at Cost: 2001 - 1,322,581 Shares;			
2000 - 1.101.671 and 1.101.671 Shares	(19,701)	(14,246)	(14,246)
Total Shareholders' Equity	212,687	198,812	191,354
Total Liabilities and Shareholders' Equity	$ 2,129,152	$ 2,085,997	$ 2,125,867

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Earnings

First Indiana Corporation and Subsidiaries

(Dollars in Thousands, Except Per Share Data)

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Interest Income				
Loans	$ 36,334	$ 41,785	$ 113,496	$ 118,834
Securities Available for Sale	2,419	2,560	7,554	7,786
Dividends on FHLB and Federal Reserve Bank Stock	404	462	1,247	1,285
Federal Funds Sold	35	235	375	577
Total Interest Income	39,192	45,042	122,672	128,482
Interest Expense				
Deposits	14,484	17,111	47,697	47,411
Short-Term Borrowings	1,032	1,684	3,584	4,629
Federal Home Loan Bank Advances	4,836	6,386	14,545	18,059
Total Interest Expense	20,352	25,181	65,826	70,099
Net Interest Income	18,840	19,861	56,846	58,383
Provision for Loan Losses	2,475	2,439	7,353	7,317
Net Interest Income after Provision for Loan Losses	16,365	17,422	49,493	51,066
Non-Interest Income				
Loan and Deposit Charges	3,457	1,905	8,804	5,318
Loan Servicing Income	398	304	849	899
Loan Fees	938	903	2,931	2,235
Trust Fees	618	460	1,653	1,135
Other Financial Services Fees	1,600	-	7,895	-
Insurance Commissions	604	36	1,407	102
Sale of Loans	2,420	600	7,583	2,923
Sale of Loan Servicing	-	1,197	-	1,197
Sale of Investment Securities	543	(211)	543	(168)
Sale of Premises and Equipment	563	(131)	549	(48)
Other	716	840	1,902	2,467
Total Non-Interest Income	11,857	5,903	34,116	16,060
Non-Interest Expense				
Salaries and Benefits	9,584	6,851	28,500	20,246
Net Occupancy	937	691	2,759	2,038
Equipment	1,950	1,493	5,411	4,450
Professional Services	1,015	606	2,958	2,012
Marketing	670	645	2,051	1,787
Office Supplies and Postage	555	458	1,707	1,346
Real Estate Owned Operations - Net	229	121	251	181
Goodwill Amortization	229	18	692	53
Other	2,147	1,850	6,408	5,351
Total Non-Interest Expense	17,316	12,733	50,737	37,464
Earnings before Income Taxes	10,906	10,592	32,872	29,662
Income Taxes	4,058	4,122	12,491	11,496
Net Earnings	$ 6,848	$ 6,470	$ 20,381	$ 18,166
Basic Earnings Per Share	$ 0.55	$ 0.51	$ 1.63	$ 1.44
Diluted Earnings Per Share	$ 0.54	$ 0.50	$ 1.59	$ 1.41
Dividends Per Common Share	$ 0.16	$ 0.14	$ 0.48	$ 0.42

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Shareholders' Equity

First Indiana Corporation and Subsidiaries
(Dollars in Thousands, Except Per Share Data)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
Balance at December 31, 2000	12,459,414	$ 135	$ 39,923	$ 170,954	$ 2,046	$ (14,246)	$ 198,812
Comprehensive Income:							
Net Earnings	-	-	-	20,381	-	-	20,381
Unrealized Gain on Securities Available for Sale of $4,812, Net of Income Taxes and Reclassification Adjustment of $331, Net of Income Taxes	-	-	-	-	2,936	-	2,936
Total Comprehensive Income							23,317
Dividends on Common Stock - $0.48 per share	-	-	-	(6,001)	-	-	(6,001)
Exercise of Stock Options	147,288	2	1,614	-	-	-	1,616
Tax Benefit of Option Compensation	-	-	652	-	-	-	652
Common Stock Issued under Restricted Stock Plans - Net of Amortization	807	-	128	189	-	-	317
Option Compensation Related to Somerset Merger	-	-	(113)	(54)	-	-	(167)
Purchase of Treasury Stock	(220,910)	-	-	-	-	(5,455)	(5,455)
Redemption of Common Stock	(17,310)	-	(404)	-	-	-	(404)
Balance at September 30, 2001	12,369,289	$ 137	$ 41,800	$ 185,469	$ 4,982	$ (19,701)	$ 212,687

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Cash Flows

First Indiana Corporation and Subsidiaries

(Dollars in Thousands)

(Unaudited)

	Nine Months Ended September 30	
	2001	2000
Cash Flows from Operating Activities		
Net Earnings	$ 20,381	$ 18,166
Adjustments to Reconcile Net Earnings to		
Net Cash from Operating Activities		
Gain on Sale of Loans and Securities Available for Sale, Net	(8,126)	(2,755)
Amortization of Goodwill	692	53
Amortization of Premium, Discount, and Other Intangibles	1,235	(239)
Depreciation and Amortization of Premises and Equipment	2,358	2,171
Net Accretion of Loans	777	565
Provision for Loan Losses	7,353	7,317
Origination of Loans Held For Sale Net of Principal Collected	(196,409)	(227,937)
Proceeds from Sale of Loans Held for Sale	215,922	200,250
Tax Benefit of Option Compensation	652	230
Change In:		
Accrued Interest Receivable	1,104	(2,982)
Other Assets	(17,902)	(8,217)
Accrued Interest Payable	(2,014)	1,926
Other Liabilities	4,372	(2,275)
Net Cash Provided (Used) by Operating Activities	30,395	(13,727)
Cash Flows from Investing Activities		
Proceeds from Sale of Securities Available for Sale	20,000	22,255
Proceeds from Maturities of Securities Available for Sale	10,646	4,782
Purchase of Securities Available for Sale	(20,000)	(20,000)
Purchase of Federal Reserve Bank Stock	(900)	-
Originations of Loans Net of Principal Collected	(51,123)	(133,563)
Proceeds from Sale of Loans	-	41,112
Purchase of Premises and Equipment	(4,531)	(2,909)
Proceeds from Sale of Premises and Equipment	1,308	10
Acquisition of Somerset, Net of Cash Acquired	(333)	1,561
Net Cash Used by Investing Activities	(44,933)	(86,752)
Cash Flows from Financing Activities		
Net Change in Deposits	(9,434)	90,968
Net Change in Short-Term Borrowings	7,258	14,854
Repayment of Federal Home Loan Bank Advances	(205,107)	(635,101)
Borrowings of Federal Home Loan Bank Advances	225,000	630,001
Net Change in Advances by Borrowers for Taxes and Insurance	9,371	12,715
Stock Option Proceeds	1,212	427
Purchase of Treasury Stock	(5,455)	(283)
Reissuance of Treasury Stock	-	46
Dividends Paid	(6,001)	(5,301)
Net Cash Provided by Financing Activities	16,844	108,326
Net Change in Cash and Cash Equivalents	2,306	7,847
Cash and Cash Equivalents at Beginning of Period	65,114	61,441
Cash and Cash Equivalents at End of Period	$ 67,420	$ 69,288

See Notes to Condensed Consolidated Financial Statements

FIRST INDIANA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three and Nine Months Ended September 30, 2001
(Unaudited)

Note 1 - Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (comprising only normal recurring accruals) necessary for a fair presentation of the condensed consolidated financial statements have been included. Results for any interim period are not necessarily indicative of results to be expected for the year. The condensed consolidated financial statements include the accounts of First Indiana Corporation and its subsidiaries ("Corporation"). The principal subsidiaries of the Corporation are First Indiana Bank and its subsidiaries ("Bank") and Somerset Financial Services, LLC ("Somerset"). A summary of the Corporation's significant accounting policies is set forth in Note 1 of the Notes to Consolidated Financial Statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000.

Note 2 - Earnings Per Share

Basic earnings per share for 2001 and 2000 were computed by dividing net earnings by the weighted averages shares of common stock outstanding (12,472,327 and 12,611,908 for the three months ended September 30, 2001 and 2000 and 12,490,819 and 12,613,921 for the nine months ended September 30, 2001 and 2000). Diluted earnings per share for 2001 and 2000 were computed by dividing net earnings by the weighted average shares of common stock and common stock that would have been outstanding assuming the issuance of all dilutive potential common shares outstanding (12,818,389 and 12,823,490 for the three months ended September 30, 2001 and 2000 and 12,849,384 and 12,806,553 for the nine months ended September 30, 2001 and 2000). Dilution of the per-share calculation relates to stock options.

Note 3 - Allowances for Loan Losses and Real Estate Owned

Allowances have been established for losses on loans and real estate owned ("REO"). The provisions for losses charged to operations are based on management's judgment of current circumstances and the credit risk of the loan portfolio and REO. Management believes that these allowances are adequate to provide for probable losses inherent in the loan and REO portfolios. While management uses available information to recognize losses on loans and REO, future additions to the allowances may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examinations, periodically review these allowances and may require the Corporation to recognize additions to the allowances based on their judgments about information available to them at the time of their examination.

Note 4 - Segment Reporting

The Corporation's business units are primarily organized to operate in the financial services industry, and are determined by the products and services offered. The consumer segment includes the origination, sale, servicing, and portfolio activities of both home equity and installment loans, and the residential segment encompasses the origination, sale, servicing, and portfolio activities of both residential first mortgage and Community Reinvestment Act loans. The business segment originates construction, commercial, and commercial real estate loans, and provides traditional cash management services to business customers. The Corporation's investment portfolio management is included in the treasury segment. The retail segment includes the Bank's 26-branch network, virtual banking services, and First Indiana Investor Services, which was acquired in connection with the merger in September 2000 of The Somerset Group, Inc. ("Somerset Group") with and into the Corporation. FirstTrust provides trust and advisory services to the Bank's customers. Somerset Financial Services, also acquired as part of the Somerset Group merger, is a comprehensive financial services company offering businesses and their owners a wide variety of financial services, including tax planning and preparation, accounting services, retirement and estate planning, and investment and wealth management. Somerset Financial Services also has an extensive consulting practice spanning construction services, health care, entrepreneurial activities, real estate, information technology, and risk management. Revenues in the Corporation's segments are generated from loans, deposits, investments, servicing fees, loan sales, and trust and advisory services. The Corporation has no foreign operations.

Segment Reporting

(Dollars in Thousands)

	Business	Consumer	Residential	Treasury	Retail Banking	FirstTrust	Somerset Financial Services	Intersegment Eliminations	Third Quarter 2001 Consolidated Totals
Average Segment Assets	$ 757,105	$ 755,903	$ 387,932	$ 232,475	$ 68,972	$ 4,349	12,787	$ (96,253) (1)	$ 2,123,270
Net Interest Income	7,655	6,741	755	(396)	4,013	-	26	46 (2)	18,840
Non-Interest Income	1,317	3,146	341	556	4,089	617	1,607	184 (3)	11,857
Intersegment Income (Expense)	-	87	(109)	-	-	-	-	22 (4)	-
Significant Noncash Items:									
Provision for Loan Losses	1,100	1,375	-	-	-	-	-	-	2,475
Goodwill Amortization	-	-	-	-	90	-	111	28 (3)	229
Earning (Loss) before Income Taxes	4,830	6,052	397	(32)	3,344	163	(337)	(3,511) (3)	10,906

	Business	Consumer	Residential	Treasury	Retail Banking	FirstTrust	Intersegment Eliminations	Third Quarter 2000 Consolidated Totals
Average Segment Assets	$561,064	$763,570	$ 541,549	$220,830	$ 20,643	$ 904	$ 3,644 (1)	$ 2,112,204
Net Interest Income	5,821	6,445	1,700	704	4,262	-	929 (2)	19,861
Non-Interest Income	1,136	1,560	1,016	(211)	1,583	460	359 (3)	5,903
Intersegment Income (Expense)	-	586	(89)	-	-	-	(497) (4)	-
Significant Noncash Items:								
Provision for Loan Losses	707	1,685	47	-	-	-	-	2,439
Goodwill Amortization	-	-	-	-	18	-	-	18
Earning (Loss) before Income Taxes	4,340	6,137	2,224	56	2,307	138	(4,610) (3)	10,592

	Business	Consumer	Residential	Treasury	Retail Banking	FirstTrust	Somerset Financial Services	Intersegment Eliminations	YTD 2001 Consolidated Totals
Average Segment Assets	$ 677,058	$ 756,172	$ 421,235	$ 232,054	$ 40,334	$ 3,322	13,338	$ (34,919) (1)	$ 2,108,594
Net Interest Income	21,126	20,636	3,076	1,660	10,116	-	63	169 (2)	56,846
Non-Interest Income	4,011	9,682	692	583	9,263	1,653	7,902	330 (3)	34,116
Intersegment Income (Expense)	-	87	(323)	-	-	-	-	236 (4)	-
Significant Noncash Items:									
Provision for Loan Losses	3,017	4,267	69	-	-	-	-	-	7,353
Goodwill Amortization	-	-	-	-	29	-	338	325 (3)	692
Earning (Loss) before Income Taxes	13,467	19,389	1,777	1,565	5,943	303	1,274	(10,846) (3)	32,872

	Business	Consumer	Residential	Treasury	Retail Banking	FirstTrust	Intersegment Eliminations	YTD 2000 Consolidated Totals
Average Segment Assets	$562,100	$750,557	$ 531,575	$219,534	$ 20,608	$ 927	$ (23,093) (1)	$ 2,062,208
Net Interest Income	15,897	18,061	4,995	2,515	14,107	-	2,808 (2)	58,383
Non-Interest Income	2,865	4,534	1,754	(168)	4,530	1,134	1,411 (3)	16,060
Intersegment Income (Expense)	-	2,869	(165)	-	-	-	(2,704) (4)	-
Significant Noncash Items:								
Provision for Loan Losses	1,641	5,519	157	-	-	-	-	7,317
Goodwill Amortization	-	-	-	-	53	-	-	53
Earning (Loss) before Income Taxes	11,186	17,587	5,059	1,576	8,500	93	(14,339) (3)	29,662

(1) Segment assets differ from consolidated assets due to reclassification adjustments (primarily related to income tax assets) that are not reflected in the management reporting system.
(2) The net interest income amounts in the segment results reflect not only the actual interest income and expense from segment activities, but also amounts for transfer income and expense to match fund each segment. Transfer income and expense is assigned to each asset and liability based on the treasury yield curve. These match-funding entries are not made to the Corporation's actual results.
(3) These income amounts represent income and expense items, which are allocated to corporate overhead departments. These amounts are included in the Corporation's overall results, but are not part of the management reporting system.
(4) Intersegment revenues are received by one segment for performing a service for another segment. In the case of residential and consumer portfolios, an amount is paid to the origination office, which is capitalized in the portfolio and amortized over a four-year period. These charges are similar to premiums paid for the purchase of loans, and are treated as such for management reporting. These entries are not made to the Corporation's actual results.

Note 5 - Current Accounting Pronouncements

Effective January 1, 2001, the Corporation adopted the provisions of the Financial Accounting Standards Board ("FASB") Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." Since the Corporation does not hold any derivative instruments that are subject to the requirements of FASB Statement No. 133, the adoption had no impact on the financial condition or results of operations of the Corporation.

Effective April 1, 2001, the Corporation adopted the provisions of FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (a replacement of FASB Statement No. 125)." The statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of the provisions of Statement No. 125 without reconsideration. The adoption of the standard had no impact on the financial condition or results of operations of the Corporation.

In July 2001, the Financial Accounting Standards Board issued FASB Statement No. 141, "Business Combinations," and FASB Statement No. 142, "Goodwill and Other Intangible Assets." Statement No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 as well as all purchase method business combinations completed after June 30, 2001. Statement No. 141 also specifies criteria that intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill, noting that any purchase price allocable to an assembled workforce may not be accounted for separately. Statement No. 142 will require that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of Statement No. 142. Statement No. 142 will also require that intangible assets with estimated useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

The provisions of Statement No. 141 are required to be adopted immediately and Statement No. 142 will be effective January 1, 2002. Furthermore, any goodwill and intangible assets determined to have an indefinite useful life that are acquired in a purchase business combination completed after June 30, 2001, but before Statement No. 142 is adopted in full, will not be amortized, but will continue to be evaluated for impairment in accordance with the appropriate pre-Statement No. 142 accounting literature. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 will continue to be amortized and tested for impairment in accordance with the appropriate pre-Statement No. 142 accounting literature prior to the adoption of Statement No. 142.

Statement No. 141 will require upon adoption of Statement No. 142, that the Corporation evaluate its existing intangible assets and goodwill that were acquired in a prior purchase business combination, and to make any necessary reclassifications in order to conform with the new criteria in Statement No. 141 for recognition apart from goodwill. Upon adoption of Statement No. 142, the Corporation will be required to reassess the useful lives and residual values of all intangible assets acquired, and make any necessary amortization period adjustments by the end of the first interim period after adoption. In addition, to the extent an intangible asset is identified as having an indefinite useful life, the Corporation will be required to test the intangible asset for impairment in accordance with the provisions of Statement No. 142 within the first interim period. Any impairment loss will be measured as of the date of adoption and recognized as the cumulative effect of a change in accounting principle in the first interim period.

In connection with the Statement's transitional goodwill impairment evaluation, Statement No. 142 will require the Corporation to perform an assessment whether there is an indication that goodwill is impaired as of the date of adoption. To accomplish this, the Corporation must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of adoption. The Corporation will have up to six months from the date of adoption to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of the reporting unit exceeds fair value, an indication exists that the reporting unit goodwill may be impaired and the Corporation must perform the second step of the transitional impairment test. In the second step, the Corporation must compare the implied fair value of the reporting unit to the reporting unit goodwill, both of which would be measured as of the date of adoption. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in accordance with Statement No. 141. This second step is required to be completed as soon as possible, but no later than the end of the year of adoption. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Corporation's statement of earnings.

And finally, any unamortized negative goodwill existing at the date Statement No. 142 is adopted must be written off as the cumulative effect of a change in accounting principle.

As of the date of adoption of Statement No. 142, the Corporation expects to have unamortized goodwill in the amount of $13,045,000, which will be subject to the transition provisions of Statement No. 141 and Statement No. 142. Amortization expense related to goodwill was $279,000 and $692,000 for the year ended December 31, 2000 and the nine months ended September 30, 2001, respectively. Because of the extensive effort needed to comply with adopting Statement No. 141 and Statement No. 142, it is not practicable to reasonably estimate the impact of adopting these Statements on the Corporation's financial statements at the date of this report, including whether it will be required to recognize any transitional impairment losses as the cumulative effect of a change of accounting principle.

On October 3, 2001, FASB issued FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Statement No. 144 excludes goodwill and other intangible assets that are not amortized which are covered by Statement No. 142. While Statement No. 144 supersedes Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," it retains many of the fundamental provisions of that Statement.

Statement No. 144 also supersedes the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business. However, it retains the requirement in Opinion No. 30 to report separately discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale.

Statement No. 144 is effective for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. Since Statement No. 144 maintains many of the fundamental provisions of current accounting pronouncements, the adoption of this standard is not expected to have a material impact on the financial condition or results of operations of the Corporation.

Note 6 - Reclassifications

Certain amounts in the Condensed Consolidated Financial Statements relating to prior periods have been reclassified to conform to current reporting presentation.

Note 7 - Business Combination

On September 29, 2000, Somerset Group merged with and into the Corporation. Somerset Group, based in Indianapolis, Indiana, was a comprehensive financial services company offering a number of specialty consulting and advisory services and investment and insurance products to the general public. Somerset Group owned 22 percent of the outstanding common stock of the Corporation prior to the acquisition. The acquisition has been accounted for by the purchase method of accounting, and accordingly, the financial results of Somerset Group have been included in the Corporation's consolidated financial statements from the September 29, 2000 acquisition date.

Management's Discussion and Analysis of Results of Operations and Financial Condition

Charter Conversion Completed

As announced on July 31, 2001, the Federal Reserve Board approved the Corporation's bank holding company application and the Office of the Comptroller of the Currency approved the conversion of First Indiana Bank from a federal savings bank to a national bank. Effective August 1, 2001, First Indiana Bank became a national bank and the thrift charter was surrendered. Effective September 25, 2001, the Federal Reserve Board approved the Corporation's election to become a financial holding company. As a financial holding company, the Corporation may engage in activities that are financial in nature or incidental to a financial activity.

Summary of Corporation's Results

First Indiana Corporation and subsidiaries had net earnings of $6,848,000 for the three months ended September 30, 2001, compared with net earnings of $6,470,000 for the same period last year. Diluted earnings per share for the three months ended September 30, 2001 were $0.54, compared with $0.50 per share for the same period one year ago. Cash dividends for the third quarter of 2001 and 2000 were $0.16 and $0.14 per share of common stock outstanding.

For the first nine months of 2001, net earnings were $20,381,000, compared with $18,166,000 one year ago. For the nine months ended September 30, 2001, diluted earnings per share were $1.59, compared with $1.41 for the same period one year ago. Cash dividends through the first nine months of 2001 and 2000 were $0.48 and $0.42 per share of common stock outstanding.

Annualized return on total average assets was 1.28 percent for the three months ended September 30, 2001, compared with 1.22 percent for the same period one year ago. For the nine months ended September 30, 2001, the Corporation's annualized return on total average assets was 1.29 percent, compared with 1.18 percent for the same period in 2000.

Annualized return on total average equity was 13.00 percent for the three months ended September 30, 2001, compared with 13.59 percent for the same period one year ago. For the nine months ended September 30, 2001, the Corporation's annualized return on total average equity was 13.19 percent, compared with 13.18 percent for the same period in 2000.

Net Interest Income

Net interest income was $18,840,000 for the three months ended September 30, 2001, compared with $19,861,000 for the three months ended September 30, 2000. For the nine months ended September 30, 2001, net interest income was $56,846,000, compared with $58,383,000 for the nine months ended September 30, 2000. The decreases shown in 2001 are a result of the declining interest rate environment and the fact that the Corporation was in a net asset-sensitive position within a one-year time period.

Interest income for the three months ended September 30, 2001 was $39,192,000, compared with $45,042,000 for the three months ended September 30, 2000. Interest income for the nine months ended September 30, 2001 was $122,672,000, compared with $128,482,000 for the same period in 2000. The yield on average interest-earning assets for the three months ended September 30, 2001 and 2000 was 7.71 percent and 8.81 percent. Average interest-earning assets for the three months ended September 30, 2001 and 2000 were $2,021,378,000 and $2,040,419,000. Average loans for the three months ended September 30, 2001 and 2000 were $1,841,469,000 and $1,852,945,000. Average business loans for the three months ended September 30, 2001 and 2000 were $450,563,000 and $288,256,000, an increase of 56 percent. Average commercial real estate loans for the three months ended September 30, 2001 and 2000 were $53,623,000 and $44,632,000, an increase of 20 percent. This growth in business and commercial real estate loans was a result of the Corporation's emphasis on building relationships with business clients in its market and exemplifies the transition from a thrift to a commercial bank. Offsetting the increase in commercial loans was a decrease in residential mortgage loans and consumer loans. Average residential mortgage loans for the three months ended September 30, 2001 and 2000 were $376,940,000 and $542,174,000. This decrease was the result of the Corporation's strategy to de-emphasize this business and prepayments of loans due to the lower interest rate environment. Average consumer loans for the three months ended September 30, 2001 and 2000 were $718,358,000 and $753,787,000. The decrease in consumer loans resulted from an increase in prepayments due to the lower interest rate environment, a decrease in the amount of loans originated, and increased sales of loans.

Interest expense for the three months ended September 30, 2001 was $20,352,000, compared with $25,181,000 for the three months ended September 30, 2000. Interest expense for the nine months ended September 30, 2001 and 2000 was $65,826,000 and $70,099,000. The cost of average interest-bearing liabilities for the three months ended September 30, 2001 and 2000 was 4.60 percent and 5.64 percent. Average interest-bearing deposits for the three months ended September 30, 2001 and 2000 were $1,270,887,000 and $1,268,620,000. Although interest-bearing deposits increased only slightly on average, consistent with the Corporation's relationship-oriented strategy, the mix of deposits changed considerably. Average savings deposits for the three months ended September 30, 2001 and 2000 were $416,974,000 and $365,655,000, an increase of 14 percent. Average certificates of deposit for the three months ended September 30, 2001 and 2000 were $729,730,000 and $783,483,000, a decrease of seven percent. Average borrowed funds for the three months ended September 30, 2001 and 2000 were $467,663,000 and $502,833,000, a decrease of seven percent.

Net interest margin consists of two components: interest-rate spread and the contribution of interest-free funds (primarily capital and non-interest-bearing liabilities). Average interest-free funds for the three months ended September 30, 2001 and 2000 totaled $282,828,000 and $268,966,000. Average interest-free funds for the nine months ended September 30, 2001 and 2000 totaled $277,126,000 and $262,679,000. Although interest-free funds increased on average during these periods, their impact on net interest margin declined due to the lower interest rate environment, particularly in the quarterly comparisons.

(Dollars in Thousands)	Three Months Ended September 30 2001	Three Months Ended September 30 2000	Nine Months Ended September 30 2001	Nine Months Ended September 30 2000
Net Interest Income	$ 18,840	$ 19,861	$ 56,846	$ 58,383
Average Interest-Earning Assets	$ 2,021,378	$ 2,040,419	$ 2,010,572	$ 1,994,024
Average Interest-Bearing Liabilities	1,738,550	1,771,453	1,733,446	1,731,345
Average Interest-Free Funds	$ 282,828	$ 268,966	$ 277,126	$ 262,679
Yield on Interest-Earning Assets	7.71 %	8.81 %	8.13 %	8.59 %
Cost of Interest-Bearing Liabilities	4.60	5.64	5.06	5.39
Interest-Rate Spread	3.11	3.17	3.07	3.20
Impact of Interest-Free Funds	0.63	0.74	0.69	0.71
Net Interest Margin	3.74 %	3.91 %	3.76 %	3.91 %

Non-accruing delinquent loans have been included in average interest-earning assets.

Summary of Loan Loss and REO Experience and Non-Performing Assets

The following table analyzes net loan charge-offs.

(Dollars in Thousands)	Three Months Ended September 30 2001	Three Months Ended September 30 2000	Nine Months Ended September 30 2001	Nine Months Ended September 30 2000
Charge-Offs				
Business	$ 58	$ 260	$ 257	$ 332
Consumer	1,378	1,182	4,224	3,394
Residential Mortgage	5	4	94	48
Single-Family Construction	-	57	293	380
Commercial Real Estate	150	-	335	-
Total Charge-Offs	1,591	1,503	5,203	4,154
Recoveries				
Business	39	78	132	131
Consumer	202	133	520	512
Residential Mortgage	(11)	-	1	6
Single-Family Construction	24	23	60	97
Total Recoveries	254	234	713	746
Net Charge-Offs	$ 1,337	$ 1,269	$ 4,490	$ 3,408
Net Charge-Offs to Average Loans (Annualized)	0.29%	0.28%	0.33%	0.25%

Net charge-offs for the quarter totaled $1,337,000, compared to $1,882,000 for the second quarter of 2001 and $1,269,000 for the third quarter of 2000. The level of charge-offs in the third quarter of 2001 was contained due to the secured nature of the Corporation's residential and consumer loans. Charge-offs of commercial loans are expected to increase in the fourth quarter of 2001, but at levels management has anticipated. Net charge-offs for the nine months ended September 30, 2001 totaled $4,490,000, compared to $3,408,000 for the first nine months of 2000. This increase in net charge-offs occurred primarily in the second quarter of 2001, in all categories of loans, except residential mortgages. The allowance for loan losses increased to $36,442,000 at September 30, 2001, compared to $35,304,000 at June 30, 2001, $33,578,000 at December 31, 2000, and $32,668,000 at September 30, 2000.

The following table provides information on the Corporation's non-performing assets.

(Dollars in Thousands)	September 30, 2001	December 31, 2000	September 30, 2000
Non-Accrual Loans:			
Impaired	$ 1,861	$ -	$ -
Other Non-Accrual	30,684	25,430	21,820
Total Non-Accrual Loans	32,545	25,430	21,820
Other Impaired Loans	4,042	7,118	1,522
Real Estate Owned - Net	4,314	2,593	2,583
Total Non-Performing Assets	$ 40,901	$ 35,141	$ 25,925
Allowance for Loan Losses to Loans	1.99 %	1.88 %	1.79 %
Allowance for Loan Losses to Non-Performing Loans	99.60	103.16	139.95
Total Loan and REO Loss Allowance to Non-Performing Assets	89.23	95.61	125.52
Total Non-Performing Assets to Total Loans and REO	2.23	1.97	1.42

Non-performing assets were $40,901,000, or 1.92 percent of assets, at September 30, 2001. This compares with $35,141,000, or 1.68 percent of assets, at December 31, 2000 and $25,925,000, or 1.22 percent of assets, at September 30, 2000. Non-performing assets include non-accrual loans, impaired loans on which the Bank continues to accrue interest, and real estate owned. The increase in non-performing assets in the third quarter of 2001 occurred in the categories of loans in foreclosure and real estate owned, both of which represent loans secured by real estate previously charged down to their expected realizable value.

The Bank regularly reviews all non-performing assets to evaluate the adequacy of the allowances for losses on loans and REO inherent in the loan portfolio. The allowance for loan losses is maintained through a provision for loan losses, which is charged to earnings. The provisions are determined in conjunction with management's review and evaluation of current economic conditions, changes in the character and size of the loan portfolio, estimated charge-offs, and other pertinent information derived from a quarterly review of the loan portfolio and REO properties.

The provision recorded for the three and nine months ended September 30, 2001 is the result of management's ongoing evaluation of the adequacy of the allowance for loan losses and the changing composition of the Corporation's loan portfolio. Management will continue to evaluate the adequacy of the provision and will adjust it, if necessary, based on the risk inherent in the portfolio.

Non-Interest Income

Total non-interest income was $11,857,000 for the three months ended September 30, 2001, compared with $5,903,000 for the same period in 2000. For the nine months ended September 30, 2001 and 2000, total non-interest income was $34,116,000 and $16,060,000.

The increase in fee revenue for the three and nine months ended September 30, 2001 over the same periods in 2000 was broad-based and resulted from the Corporation's strategy of expanding client relationships and the merger with Somerset Group in September 2000. Other financial services fees and insurance commissions include the fee income of Somerset Financial Services and First Indiana Investor Services, both of which were acquired in connection with the Somerset Group merger. Somerset Financial Services historically has a strong first quarter due to fees generated from year-end audit and tax preparation services, and this seasonality is expected to be reflected in the statement of earnings going forward.

Loan and deposit charges increased to $3,457,000 for the three months ended September 30, 2001 compared with $1,905,000 for the same period last year. For the nine months ended September 30, 2001 and 2000, loan and deposit charges were $8,804,000 and $5,318,000. These increases are primarily due to an increase in overdraft fees, partially resulting from a new product offered to selected customers beginning in 2001.

Loan fees increased to $938,000 for the three months ended September 30, 2001 from $903,000 in the same period last year. For the nine months ended September 30, 2001 and 2000, loan fees were $2,931,000 and $2,235,000. Growth in loan fees is primarily the result of increased business loan originations.

The gain on sale of loans of $2,420,000 and $7,583,000 for the three- and nine-month periods ended September 30, 2001 consists primarily of gains on the sale of fixed-rate home equity loans. The gain on sale of loans for the three- and nine-month periods ended September 30, 2000 was $600,000 and $2,923,000. The increase in the gain on sale of loans is due partially to improved sale prices resulting from declining interest rates. Consumer loans sold for the three months ended September 30, 2001 were $79,134,000, compared with $62,123,000 for the same period in 2000. Through its national network of originators, the Bank originates a full range of fixed-rate consumer loans with varying levels of credit risk. These range from "A" credits to the Bank's retail customers, which may be kept in the portfolio, to sub-prime credits, which are generally originated for sale. The $563,000 gain on sale of premises and equipment for the three months ended September 30, 2001 resulted from the sale of a former branch building.

Consumer loans serviced for others totaled $404,962,000 at September 30, 2001, compared with $336,559,000 at September 30, 2000. The Corporation's residential loans serviced for others decreased to $504,297,000 at September 30, 2001 from $804,279,000 at September 30, 2000. The decrease in residential loan servicing is consistent with the Bank's strategy related to de-emphasizing the residential mortgage business. Another factor in the decrease is loan prepayments due to the current interest rate environment.

Non-Interest Expense

Total non-interest expense was $17,316,000 for the three months ended September 30, 2001, compared with $12,733,000 for the same period in 2000. For the nine months ended September 30, 2001 and 2000, total non-interest expense was $50,737,000 and $37,464,000. Salaries and benefits increased $2,733,000, occupancy expenses increased $246,000, and equipment expenses increased $457,000 for the three months ended September 30, 2001 when compared with the same period in 2000. The nine months ended September 30, 2001 showed similar increases in these categories. Each of these increases was primarily the result of the Somerset Group merger. Also as a result of the merger, goodwill expense increased $211,000 and $639,000 for the three- and nine-months ended September 30, 2001. Professional services expense for the three months ended September 30, 2001 and 2000 was $1,015,000 and $606,000. Professional services expense for the nine months ended September 30, 2001 and 2000 was $2,958,000 and $2,012,000. The increase in professional services expense for 2001 compared to 2000 was partially due to expenses incurred to change the Bank's charter from a thrift to a national bank, as well as tax planning and acquisition initiatives.

The Corporation's efficiency ratio was 56.41 percent for the three months ended September 30, 2001, compared to 49.42 percent for the same period last year. For the nine months ended September 30, 2001 and 2000, the efficiency ratio was 55.81 percent and 50.33 percent. In 2001, the Corporation's efficiency ratio has increased from its historical levels due to the merger of the Somerset Group, which by the nature of its business runs a higher level of non-interest expense as a percentage of revenue. Additionally, the decrease in net interest income in 2001 compared to the same periods in 2000 has had a negative impact on the efficiency ratio.

Capital Resources and Liquidity

At September 30, 2001, shareholders' equity was $212,687,000, or 9.99 percent of total assets, compared with $198,812,000, or 9.53 percent, at December 31, 2000 and $191,354,000, or 9.00 percent, at September 30, 2000.

The Corporation paid a quarterly dividend of $0.16 per common share on September 18, 2001 to shareholders of record as of September 6, 2001. This reflects a 14 percent increase from a quarterly dividend of $0.14 per share in 2000. For the nine months ended September 30, 2001, the Corporation paid $0.48 per share in dividends, compared to $0.42 for the same period in 2000.

During the three months ended September 30, 2001, the Corporation repurchased 185,910 shares of common stock for $4,606,000, at an average price of $24.78. During the nine months ended September 30, 2001, the Corporation repurchased 220,910 shares of common stock for $5,455,000, at an average price of $24.69.

In April 1999, the Board of Directors authorized the repurchase from time to time of up to an additional $10,000,000 of the Corporation's outstanding common stock. As of September 30, 2001, $9,400,000 had been repurchased under this authorization. In September 2001, an additional $5,000,000 was approved for repurchase. No shares had been repurchased under this additional authorization as of September 30, 2001.

First Indiana Corporation is subject to capital requirements and guidelines imposed on holding companies by the Federal Reserve Board. First Indiana Bank is subject to capital requirements and guidelines imposed on national banks by the Office of the Comptroller of the Currency. The Corporation and the Bank are required by their respective regulators to maintain minimum amounts of capital and ratios. The Federal Deposit Insurance Corporation Improvement Act of 1999 ("FDICIA") established ratios and guidelines for banks to be considered "well capitalized." The following table shows the Corporation's and the Bank's strong capital levels and compliance with all capital requirements at September 30, 2001. Additionally, the Bank exceeds the capital levels set by FDICIA to be considered well capitalized.

(Dollars in Thousands)	Actual		Minimum Capital Adequacy		To be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2001						
Leverage (Tier 1 Capital to Average Assets)						
First Indiana Corporation	$ 194,431	9.21 %	$ 84,403	4.00 %	N/A	N/A
First Indiana Bank	181,428	8.61	84,239	4.00	$ 105,299	5.00 %
Tier 1 Capital (to Risk-Weighted Assets)						
First Indiana Corporation	$ 194,431	10.38 %	$ 74,921	4.00 %	N/A	N/A
First Indiana Bank	181,428	9.71	74,728	4.00	$ 112,092	6.00 %
Total Capital (to Risk-Weighted Assets)						
First Indiana Corporation	$ 218,005	11.64 %	$ 149,842	8.00 %	N/A	N/A
First Indiana Bank	204,942	10.97	149,456	8.00	$ 186,820	10.00 %

The Corporation conducts its business through its subsidiaries. The main source of funds for the Corporation is dividends from the Bank. The Corporation's two significant assets are its investment in the Bank and its investment in Somerset Financial Services.

The Bank's primary source of funds is deposits, which were $1,390,549,000 at September 30, 2001, $1,399,983,000 at December 31, 2000, and $1,403,083,000 at September 30, 2000. The Bank also relies on Federal Home Loan Bank advances, repurchase agreements, sale of loans, loan payments, and loan payoffs as sources of funds. Although the Bank relies on core deposits as its chief source of funds, the use of borrowed funds continues to be an important source of the Bank's liquidity.

Financial Condition

Total assets at September 30, 2001 were $2,129,152,000, an increase of $43,155,000 from $2,085,997,000 at December 31, 2000, and an increase of $3,285,000 from $2,125,867,000 at September 30, 2000.

Loans receivable at September 30, 2001 were $1,827,732,000, compared with $1,784,475,000 at December 31, 2000 and $1,827,653,000 at September 30, 2000. Growth in loans occurred in the targeted portfolios of business and construction, each of which increased from year-end 2000 and one year ago. Consumer and residential mortgage loan outstandings declined as a result of prepayments due to the lower interest rate environment. Residential mortgages also decreased as a result of the Corporation's strategy to de-emphasize this business.

Total deposits were $1,390,549,000 at September 30, 2001, compared with $1,399,983,000 at December 31, 2000, and $1,403,083,000 at September 30, 2000. Due to the Corporation's continuing relationship-oriented strategy, the mix of deposits shifted to an increased percentage of core deposits, which reduced the Corporation's dependence on higher-interest certificates of deposit and borrowed funds. Savings deposits were $418,322,000 at September 30, 2001 compared to $375,331,000 at December 31, 2000 and $375,325,000 at September 30, 2000. Certificates of deposit were $712,197,000 at September 30, 2001, compared to $785,165,000 at December 31, 2000 and $801,700,000 at September 30, 2000.

Federal Home Loan Bank ("FHLB") advances totaled $356,647,000 at September 30, 2001, compared with $336,754,000 at December 31, 2000 and $361,754,000 at September 30, 2000. Following its conversion to a national bank, First Indiana Bank continued its membership in the FHLB and remains eligible for FHLB services, including FHLB advances. The Bank plans to continue the use of FHLB advances as one of its funding sources in the future.

Disclosures About Market Risk

The management of interest-rate risk entails the control, within acceptable limits, of the impact on earnings caused by fluctuating interest rates and changing rate relationships. In this process, management uses an internal earnings simulation model to identify and measure interest-rate sensitivity. The Asset/Liability Committee ("ALCO") reviews the earnings impact of various changes in interest rates each month and manages the risk to maintain an acceptable level of change in net interest income. The Board of Directors also reviews this every quarter.

The Corporation's success is largely dependent upon its ability to manage interest-rate risk, which is defined as the exposure of the Corporation's net interest income and net earnings to changes in interest rates. ALCO is responsible for managing interest-rate risk and the Corporation has established acceptable limits for interest-rate exposure, which are reviewed on a monthly basis. The Corporation uses a model which measures interest-rate sensitivity to determine the impact on net earnings of immediate and sustained upward and downward movements in interest rates. Incorporated into the model are assumptions regarding the current and anticipated interest rate environment, estimated prepayment rates of certain assets and liabilities, forecasted loan and deposit originations, contractual maturities and renewal rates on certificates of deposit, estimated borrowing needs, projected secondary marketing gains and losses, expected repricing spreads on variable-rate products, and contractual maturities and repayments on lending and investment products. The model incorporates interest-rate sensitive instruments which are held to maturity or available for sale. The Corporation has no trading assets. Based on the information and assumptions in effect at September 30, 2001, the model forecasts that a 100 basis point increase in interest rates would result in a 4.8 percent increase in annual net interest income. A 100 basis point decrease in interest rates would result in a 6.0 percent decrease in annual net interest income. Because of the numerous assumptions used in the computation of interest-rate sensitivity, and the fact that the model does not assume any actions the ALCO could take in response to the change in interest rates, the results should not be relied upon as indicative of actual results.

The Corporation also monitors interest rate sensitivity using gap analysis. This method recognizes the dynamics of the balance sheet and the effect of changing interest rates on the Corporation's net earnings. The cumulative rate-sensitivity gap reflects the Corporation's sensitivity to interest-rate changes over time. It is a static indicator and does not attempt to predict the net interest income of a dynamic business in a rapidly changing environment. Significant adjustments may be made when the rate outlook changes. At September 30, 2001, the Corporation's one-year interest-rate gap stood at a positive 1.62 percent.

The following schedule analyzes the difference in rate-sensitive assets and liabilities or gap at September 30, 2001 and December 31, 2000.

(Dollars in Thousands)

	Rate		Balance	Percent of Total		Within 180 Days	Over 180 Days to One Year	Over One Year to Five Years	Over Five Years
Interest-Earning Assets									
Federal Funds Sold	3.41	%	$ 8,000	0.40	%	$ 8,000	$ -	$ -	$ -
Securities Available for Sale	6.06		154,408	7.67		17,418	12,057	117,176	7,757
FHLB / FRB Stock	7.50		22,491	1.12		-	-	-	22,491
Loans (1)									
Business	7.05		478,945	23.80		402,282	8,701	56,788	11,174
Consumer	8.70		699,533	34.75		306,203	48,590	250,042	94,698
Residential Mortgage	6.85		355,357	17.66		98,147	74,962	159,753	22,495
Single-Family Construction	7.01		240,927	11.97		217,132	11,897	11,898	-
Commercial Real Estate	7.83		52,970	2.63		30,381	7,482	8,901	6,206
	7.52		$ 2,012,631	100.00	%	1,079,563	163,689	604,558	164,821
Interest-Bearing Liabilities									
Deposits									
Demand Deposits (2)	1.42		$ 119,150	6.88	%	17,046	-	-	102,104
Savings Deposits (2)	2.65		418,322	24.16		384,531	874	6,988	25,929
Certificates of Deposit $100,000 or Greater	6.10		257,817	14.89		126,864	40,999	89,954	-
Other Certificates of Deposit	5.70		454,380	26.25		138,437	176,913	139,030	-
	4.35		1,249,669	72.18		666,878	218,786	235,972	128,033
Borrowings									
Short-Term Borrowings	3.13		124,983	7.22		124,983	-	-	-
FHLB Advances	5.28		356,647	20.60		175,000	25,000	115,855	40,792
	4.46		1,731,299	100.00	%	966,861	243,786	351,827	168,825
Net - Other (3)			281,332						281,332
Total			$ 2,012,631			966,861	243,786	351,827	450,157
Rate Sensitivity Gap						$ 112,702	$ (80,097)	$ 252,731	$ (285,336)
September 30, 2001 - Cumulative Rate Sensitivity Gap						$ 112,702	$ 32,605	$ 285,336	
Percent of Total Interest-Earning Assets						5.60%	1.62%	14.18%	
December 31, 2000 - Cumulative Rate Sensitivity Gap						$ 54,045	$ 19,199	$ 133,743	
Percent of Total Interest-Earning Assets						2.72%	0.97%	6.73%	

(1) The distribution of fixed-rate loans is based upon contractual maturity and scheduled contractual repayments adjusted for estimated prepayments. For adjustable-rate loans, interest rates adjust at intervals of six months to five years. Included in consumer loans are $36.9 million of home equity loans held for sale and $0.3 million of residential loans held for sale.

(2) A portion of these deposits has been included in the Over Five Years category to reflect management's assumption that these accounts are not rate-sensitive. This assumption is based upon the historic trends on these types of deposits experienced through periods of significant increases and decreases in interest rates without changes in rates paid on these deposits. The rates represent a blended rate on all deposit types in the category.

(3) Net - Other is the excess of non-interest-bearing liabilities and capital over non-interest-earning assets.

Part II

Items 1, 2, 3, and 4 are not applicable.

Item 5. Statements contained in this presentation that are not historical facts may constitute forward-looking statements (within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended) which involve significant risks and uncertainties. The Corporation intends such forward-looking statements to be covered by the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe-harbor provisions. The Corporation's ability to predict results or the actual effect of future plans or strategies is inherently uncertain, and involves a number of risks and uncertainties. In particular, among the factors that could cause actual results to differ materially are changes in interest rates, loss of deposits and loan demand to other financial institutions, substantial changes in financial markets in general or the loan market in particular, changes in the real estate market, statutory or regulatory changes, or unanticipated results in pending legal proceedings. The fact that there are various risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on such statements. The Corporation undertakes no obligation to publicly release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3(i) Articles of Incorporation of First Indiana Corporation, incorporated by reference to Exhibit 3(a) to the Annual Report on Form 10-K of First Indiana Corporation for the year ended December 31, 2000.
- 3(ii) Amended and Restated Bylaws of First Indiana Corporation, incorporated by reference to Exhibit 3(b) to the Annual Report on Form 10-K of First Indiana Corporation for the year ended December 31, 2000.

(b) Reports on Form 8-K

- (i) On July 17, 2001, a Form 8-K was filed related to the July 16, 2001, second quarter 2001 earnings release.
- (ii) On August 1, 2001, a Form 8-K was filed related to the July 31, 2001 press release about the August 1, 2001, conversion from a thrift to a national bank charter.
- (iii) On October 16, 2001, a Form 8-K was filed related to the October 15, 2001, third quarter 2001 earnings release.

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.

First Indiana Corporation

November 9, 2001

Owen B. Melton, Jr.
President

November 9, 2001

William J. Brunner
Vice President and Treasurer
(Principal Financial Officer)