

**NorthWest Indiana Bancorp**  
**Quarterly Financial Report**

**Key Ratios**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2014	2013	2014	2013
Return on equity	10.77%	9.65%	10.59%	9.58%
Return on assets	1.02%	0.99%	1.02%	0.98%
Basic earnings per share	\$0.69	\$0.60	\$1.32	\$1.19
Diluted earnings per share	\$0.69	\$0.60	\$1.32	1.19
Yield on loans	4.41%	4.48%	4.38%	4.49%
Yield on security investments	2.83%	2.60%	2.87%	2.61%
Total yield on earning assets	3.88%	3.84%	3.83%	3.85%
Cost of deposits	0.20%	0.20%	0.19%	0.21%
Cost of borrowings	1.01%	1.14%	1.00%	1.20%
Total cost of funds	0.26%	0.29%	0.26%	0.29%
Net interest margin - tax equivalent	3.89%	3.76%	3.85%	3.77%
Noninterest income / average assets	0.81%	0.86%	0.84%	0.83%
Noninterest expense / average assets	2.77%	2.81%	2.74%	2.80%
Net noninterest margin / average assets	-1.96%	-1.95%	-1.90%	-1.97%
Efficiency ratio	66.14%	66.55%	65.72%	66.74%
Effective tax rate	23.63%	26.77%	23.05%	26.02%
Dividend declared per common share	\$0.25	\$0.22	\$0.47	\$0.41

	June 30,	December 31,
	2014	2013
	(Unaudited)	
Net worth / total assets	9.37%	9.63%
Book value per share	\$25.56	\$23.50
Non-performing assets to total assets	1.06%	0.91%
Non-performing loans to total loans	1.07%	0.90%
Allowance for loan losses to non-performing loans	118.12%	181.82%
Allowance for loan losses to loans outstanding	1.26%	1.64%
Foreclosed real estate to total assets	0.18%	0.16%

**Consolidated Statements of Income**

(Dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2014	2013	2014	2013
<b>Interest income:</b>				
Loans	\$ 5,412	\$ 4,955	\$ 10,307	\$ 9,961
Securities & short-term investments	1,504	1,252	2,897	2,509
Total interest income	6,916	6,207	13,204	12,470
<b>Interest expense:</b>				
Deposits	307	283	582	586
Borrowings	147	154	288	313
Total interest expense	454	437	870	899
Net interest income	6,462	5,770	12,334	11,571
Provision for loan losses	165	95	410	230
Net interest income after provision for loan losses	6,297	5,675	11,924	11,341
<b>Noninterest income:</b>				
Fees and service charges	703	625	1,297	1,216
Wealth management operations	441	330	819	697
Gain on sale of securities, net	107	316	457	444
Increase in cash value of bank owned life insurance	103	88	205	175
Gain on sale of loans held-for-sale, net	141	139	216	298
Gain/ (loss) on foreclosed real estate, net	(7)	(18)	5	(1)
Other	72	4	88	18
Total noninterest income	1,560	1,484	3,087	2,847
<b>Noninterest expense:</b>				
Compensation and benefits	2,793	2,628	5,439	5,270
Occupancy and equipment	821	741	1,611	1,523
Data processing	284	232	560	472
Marketing	142	159	260	267
Federal deposit insurance premiums	127	131	218	253
Other	1,138	937	2,046	1,838
Total noninterest expense	5,305	4,828	10,134	9,623
Income before income taxes	2,552	2,331	4,877	4,565
Income tax expenses	603	624	1,124	1,188
Net income	\$ 1,949	\$ 1,707	\$ 3,753	\$ 3,377

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**Balance Sheet Data**

(Dollars in thousands)

	June 30, 2014 (Unaudited)	December 31, 2013	Change %	Mix %
Total assets	\$ 776,327	\$ 693,453	12.0%	n/a
Cash & cash equivalents	30,965	21,124	46.6%	n/a
Securities - available for sale	209,379	194,296	7.8%	n/a
Loans receivable:				
Construction and land development	\$ 24,496	\$ 21,462	14.1%	5.0%
1-4 first liens	162,898	141,186	15.4%	33.2%
Multifamily	31,770	30,782	3.2%	6.5%
Commercial real estate	151,566	144,378	5.0%	30.9%
Commercial business	63,530	57,716	10.1%	13.0%
1-4 Junior Liens	1,331	1,186	12.2%	0.3%
HELOC	23,719	16,903	40.3%	4.8%
Lot loans	2,260	2,389	-5.4%	0.5%
Consumer	432	232	86.4%	0.1%
Government and other	27,957	21,587	29.5%	5.7%
Total loans	\$ 489,960	\$ 437,821	11.9%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	\$ 84,551	\$ 73,430	15.1%	13.2%
Interest bearing checking	127,119	123,299	3.1%	19.9%
Savings	89,606	84,460	6.1%	14.0%
MMDA	150,154	136,088	10.3%	23.5%
Total core deposits	451,430	417,277	8.2%	70.6%
Certificates of deposit	188,200	155,616	20.9%	29.5%
Total deposits	\$ 639,630	\$ 572,893	11.6%	100.1%
Borrowings	\$ 57,401	\$ 44,929	27.8%	
Stockholder's equity	72,710	66,760	8.9%	

**Asset Quality**

(Dollars in thousands)

	June 30, 2014 (Unaudited)	December 31, 2013	Change %
Nonaccruing loans	\$ 4,637	\$ 3,780	22.7%
Accruing loans delinquent more than 90 days	592	174	240.2%
Securities in non-accrual	1,612	1,252	28.8%
Foreclosed real estate	1,402	1,084	29.3%
Total nonperforming assets	\$ 8,243	\$ 6,290	31.0%

Allowance for loan losses (ALL):

ALL specific allowances for impaired loans	\$ 406	\$ 1,703	-76.2%
ALL general allowances for loan portfolio	5,770	5,486	5.2%
Total ALL	\$ 6,176	\$ 7,189	-14.1%

Troubled Debt Restructurings:

Nonaccruing troubled debt restructurings, non-compliant (1) (2)	\$ 1,224	\$ 569	115.1%
Nonaccruing troubled debt restructurings, compliant (2)	-	534	-100.0%
Accruing troubled debt restructurings	5,274	8,148	-35.3%
Total troubled debt restructurings	\$ 6,498	\$ 9,251	-29.8%

(1) "non-compliant" refers to not being within the guidelines of the restructuring agreement

(2) included in nonaccruing loan balances presented above

**Capital Adequacy (Bancorp and Bank)**

	At June 30, 2014 Actual Ratio (Unaudited)	Minimum Required To Be Well Capitalized Under Prompt Corrective Action Regulations
Total capital to risk-weighted assets	14.3%	10.0%
Tier 1 capital to risk-weighted assets	13.1%	6.0%
Tier 1 capital to adjusted average assets	9.1%	5.0%

