

NorthWest Indiana Bancorp
Financial Report

Key Ratios

| | Three Months Ended | | Twelve Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Return on equity | 9.08% | 7.74% | 10.14% | 10.17% |
| Return on assets | 0.88% | 0.79% | 0.97% | 1.03% |
| Basic earnings per share | \$0.61 | \$0.48 | \$2.60 | \$2.50 |
| Diluted earnings per share | \$0.61 | \$0.48 | \$2.60 | \$2.50 |
| Yield on loans | 4.41% | 4.40% | 4.42% | 4.79% |
| Yield on security investments | 2.73% | 2.88% | 2.72% | 2.73% |
| Total yield on earning assets | 3.78% | 3.82% | 3.82% | 4.03% |
| Cost of deposits | 0.21% | 0.20% | 0.20% | 0.20% |
| Cost of borrowings | 0.96% | 1.08% | 0.98% | 1.15% |
| Total cost of funds | 0.27% | 0.27% | 0.27% | 0.28% |
| Net interest margin - tax equivalent | 3.76% | 3.78% | 3.81% | 3.98% |
| Noninterest income / average assets | 0.77% | 0.71% | 0.80% | 0.78% |
| Noninterest expense / average assets | 2.81% | 2.98% | 2.76% | 2.87% |
| Net noninterest margin / average assets | -2.04% | -2.27% | -1.96% | -2.09% |
| Efficiency ratio | 69.10% | 73.94% | 66.85% | 66.55% |
| Effective tax rate | 20.19% | 22.06% | 22.55% | 25.19% |
| Dividend declared per common share | \$0.25 | \$0.22 | \$0.97 | \$0.85 |

| | December 31, 2014 | December 31, 2013 |
|---|----------------------|----------------------|
| | (Unaudited) | (Unaudited) |
| Net worth / total assets | 9.83% | 9.63% |
| Book value per share | \$26.78 | \$23.50 |
| Non-performing assets to total assets | 1.15% | 0.91% |
| Non-performing loans to total loans | 1.10% | 0.90% |
| Allowance for loan losses to non-performing loans | 114.83% | 181.81% |
| Allowance for loan losses to loans outstanding | 1.30% | 1.64% |
| Foreclosed real estate to total assets | 0.23% | 0.16% |

Consolidated Statements of Income

(Dollars in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | (Unaudited) | 2013 | (Unaudited) | 2013 |
| Interest income: | | | | |
| Loans | \$ 5,405 | \$ 4,789 | \$ 21,232 | \$ 20,891 |
| Securities & short-term investments | 1,532 | 1,382 | 5,951 | 5,266 |
| Total interest income | <u>6,937</u> | <u>6,171</u> | <u>27,183</u> | <u>26,157</u> |
| Interest expense: | | | | |
| Deposits | 339 | 275 | 1,253 | 1,143 |
| Borrowings | 140 | 137 | 567 | 587 |
| Total interest expense | <u>479</u> | <u>412</u> | <u>1,820</u> | <u>1,730</u> |
| Net interest income | 6,458 | 5,759 | 25,363 | 24,427 |
| Provision for loan losses | 300 | 70 | 875 | 450 |
| Net interest income after provision for loan losses | <u>6,158</u> | <u>5,689</u> | <u>24,488</u> | <u>23,977</u> |
| Noninterest income: | | | | |
| Fees and service charges | 707 | 640 | 2,738 | 2,537 |
| Wealth management operations | 411 | 344 | 1,605 | 1,397 |
| Gain on sale of securities, net | 21 | 90 | 541 | 630 |
| Increase in cash value of bank owned life insurance | 107 | 111 | 418 | 380 |
| Gain on sale of loans held-for-sale, net | 240 | 39 | 623 | 379 |
| Gain on sale of foreclosed real estate | 14 | - | 35 | 17 |
| Other | 16 | - | 114 | 19 |
| Total noninterest income | <u>1,516</u> | <u>1,224</u> | <u>6,074</u> | <u>5,359</u> |
| Noninterest expense: | | | | |
| Compensation and benefits | 2,997 | 2,701 | 11,416 | 10,599 |
| Occupancy and equipment | 762 | 788 | 3,238 | 3,120 |
| Data processing | 288 | 267 | 1,139 | 1,021 |
| Marketing | 128 | 126 | 496 | 509 |
| Federal deposit insurance premiums | 120 | 124 | 466 | 503 |
| Other | 1,215 | 1,157 | 4,260 | 4,069 |
| Total noninterest expense | <u>5,510</u> | <u>5,163</u> | <u>21,015</u> | <u>19,821</u> |
| Income before income taxes | 2,164 | 1,750 | 9,547 | 9,515 |
| Income tax expenses | 437 | 386 | 2,153 | 2,397 |
| Net income | <u>\$ 1,727</u> | <u>\$ 1,364</u> | <u>\$ 7,394</u> | <u>\$ 7,118</u> |

NorthWest Indiana Bancorp
Financial Report

Balance Sheet Data

(Dollars in thousands)

| | December 31, 2014 (unaudited) | December 31, 2013 | Change % | Mix % |
|--------------------------------------|-------------------------------------|----------------------|-------------|----------|
| Total assets | \$ 775,044 | \$ 693,453 | 11.8% | |
| Cash & cash equivalents | 21,963 | 19,788 | 11.0% | |
| Securities - available for sale | 220,053 | 195,632 | 12.5% | |
| Loans receivable: | | | | |
| Construction and land development | 25,733 | 21,462 | 19.9% | 5.3% |
| 1-4 first liens | 160,526 | 141,186 | 13.7% | 32.9% |
| Multifamily | 31,703 | 30,782 | 3.0% | 6.5% |
| Commercial real estate | 156,015 | 144,378 | 8.1% | 32.0% |
| Commercial business | 58,682 | 57,716 | 1.7% | 12.0% |
| 1-4 Junior Liens | 1,507 | 1,186 | 27.1% | 0.3% |
| HELOC | 25,564 | 16,903 | 51.2% | 5.2% |
| Lot loans | 1,932 | 2,389 | -19.1% | 0.4% |
| Consumer | 357 | 232 | 53.8% | 0.1% |
| Government and other | 26,134 | 21,587 | 21.1% | 5.4% |
| Total loans | 488,153 | 437,821 | 11.5% | 100.1% |
| Deposits: | | | | |
| Core deposits: | | | | |
| Noninterest bearing checking | 80,352 | 73,430 | 9.4% | 12.7% |
| Interest bearing checking | 133,962 | 123,299 | 8.6% | 21.1% |
| Savings | 89,866 | 84,460 | 6.4% | 14.2% |
| MMDA | 145,384 | 136,088 | 6.8% | 22.9% |
| Total core deposits | 449,564 | 417,277 | 7.7% | 70.9% |
| Certificates of deposit | 184,382 | 155,616 | 18.5% | 29.1% |
| Total deposits | 633,946 | 572,893 | 10.7% | 100.0% |
| Borrowings and repurchase agreements | 53,906 | 44,929 | 20.0% | |
| Stockholder's equity | 76,165 | 66,761 | 14.1% | |

Asset Quality

(Dollars in thousands)

| | December 31, 2014 (unaudited) | December 31, 2013 | Change % |
|---|-------------------------------------|----------------------|-------------|
| Nonaccruing loans | \$ 4,599 | \$ 3,780 | 21.7% |
| Accruing loans delinquent more than 90 days | 941 | 174 | 440.8% |
| Securities in non-accrual | 1,611 | 1,252 | 28.7% |
| Foreclosed real estate | 1,745 | 1,084 | 61.0% |
| Total nonperforming assets | 8,896 | 6,290 | 41.4% |
| Allowance for loan losses (ALL): | | | |
| ALL specific allowances for impaired loans | 426 | 1,703 | -75.0% |
| ALL general allowances for loan portfolio | 5,935 | 5,486 | 8.2% |
| Total ALL | 6,361 | 7,189 | -11.5% |
| Troubled Debt Restructurings: | | | |
| Nonaccruing troubled debt restructurings, non-compliant (1) (2) | 524 | 569 | -7.9% |
| Nonaccruing troubled debt restructurings, compliant (2) | 1,216 | 534 | 127.7% |
| Accruing troubled debt restructurings | 4,687 | 8,148 | -42.5% |
| Total troubled debt restructurings | 6,427 | 9,251 | -30.5% |

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

(2) included in nonaccruing loan balances presented above

At December 31, 2014
(unaudited)

Capital Adequacy

| | Actual Ratio | Required to be well capitalized ⁽¹⁾ |
|---|-----------------|---|
| Total capital to risk-weighted assets | 14.8% | 10.0% |
| Tier 1 capital to risk-weighted assets | 13.6% | 6.0% |
| Tier 1 capital to adjusted average assets | 9.2% | 5.0% |

(1) Effective January 1, 2015, new minimum capital requirements went into effect, which increased the Tier 1 capital to risk-weighted assets ratio to 8.0% to be well capitalized and also introduced a new common equity Tier 1 capital ratio of 4.5% (6.5% to be well capitalized).

| | December 31, 2014 GAAP (unaudited) | Adjustment for commercial real estate sale | Pro-forma December 31, 2014 Non-GAAP (unaudited) |
|---|---|--|--|
| Non-performing assets | 8,896 | (1,119) | 7,777 |
| Total assets | <u>774,844</u> | (1,119) | <u>773,725</u> |
| Non-performing assets to total assets | 1.15% | | 1.01% |
| Non-performing loans | 5,540 | (1,119) | 4,421 |
| Total loans | <u>488,153</u> | (1,119) | <u>487,034</u> |
| Non-performing loans to total loans | 1.13% | | 0.91% |
| Allowance for loan losses | 6,361 | | 6,361 |
| Non-performing loans | <u>5,540</u> | (1,119) | <u>4,421</u> |
| Allowance for loan losses to non-performing loans | 114.82% | | 143.88% |
