

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

Key Ratios	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2015	2014	2015	2014
Return on equity	10.03%	10.77%	9.95%	10.59%
Return on assets	1.00%	1.02%	0.99%	1.02%
Basic earnings per share	\$0.69	\$0.69	\$1.37	\$1.32
Diluted earnings per share	\$0.69	\$0.69	\$1.37	\$1.32
Yield on loans	4.47%	4.41%	4.42%	4.38%
Yield on security investments	2.64%	2.83%	2.66%	2.87%
Total yield on earning assets	3.80%	3.88%	3.78%	3.83%
Cost of deposits	0.21%	0.20%	0.21%	0.19%
Cost of borrowings	1.02%	1.01%	1.02%	1.00%
Total cost of funds	0.27%	0.26%	0.27%	0.26%
Net interest margin - tax equivalent	3.80%	3.89%	3.78%	3.85%
Noninterest income / average assets	0.87%	0.81%	0.94%	0.84%
Noninterest expense / average assets	2.86%	2.77%	2.88%	2.74%
Net noninterest margin / average assets	-1.99%	-1.96%	-1.94%	-1.90%
Efficiency ratio	67.97%	66.14%	67.72%	65.72%
Effective tax rate	20.13%	23.63%	20.38%	23.05%
Dividend declared per common share	\$0.27	\$0.25	\$0.52	\$0.47

	June 30,	December 31,
	2015	2014
	(Unaudited)	
Net worth / total assets	9.47%	9.83%
Book value per share	\$27.02	\$26.78
Non-performing assets to total assets	0.81%	1.15%
Non-performing loans to total loans	0.66%	1.10%
Allowance for loan losses to non-performing loans	200.73%	114.83%
Allowance for loan losses to loans outstanding	1.32%	1.30%
Foreclosed real estate to total assets	0.19%	0.23%

Consolidated Statements of Income (Dollars in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2015	2014	2015	2014
Interest income:				
Loans	\$ 5,569	\$ 5,412	\$ 10,908	\$ 10,307
Securities & short-term investments	1,516	1,504	3,039	2,897
Total interest income	7,085	6,916	13,947	13,204
Interest expense:				
Deposits	345	307	679	582
Borrowings	130	147	261	288
Total interest expense	475	454	940	870
Net interest income	6,610	6,462	13,007	12,334
Provision for loan losses	198	165	485	410
Net interest income after provision for loan losses	6,412	6,297	12,522	11,924
Noninterest income:				
Fees and service charges	711	703	1,343	1,297
Wealth management operations	387	441	816	819
Gain on sale of loans held-for-sale, net	354	141	734	216
Gain on sale of securities, net	137	107	530	457
Increase in cash value of bank owned life insurance	106	103	210	205
Gain/(loss) on sale of foreclosed real estate, net	23	(7)	24	5
Other	14	72	25	88
Total noninterest income	1,732	1,560	3,682	3,087
Noninterest expense:				
Compensation and benefits	3,198	2,793	6,371	5,439
Occupancy and equipment	885	821	1,786	1,611
Data processing	313	284	628	560
Marketing	145	142	258	260
Federal deposit insurance premiums	109	127	243	218
Other	1,020	1,138	2,016	2,046
Total noninterest expense	5,670	5,305	11,302	10,134
Income before income taxes	2,474	2,552	4,902	4,877
Income tax expenses	498	603	999	1,124
Net income	\$ 1,976	\$ 1,949	\$ 3,903	\$ 3,753

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**Balance Sheet Data**

(Dollars in thousands)

	June 30, 2015 (Unaudited)	December 31, 2014	Change %	Mix %
Total assets	\$ 813,323	\$ 775,044	4.9%	n/a
Cash & cash equivalents	35,125	21,963	59.9%	n/a
Securities - available for sale	227,350	220,053	3.3%	n/a
Loans receivable:				
Construction and land development	\$ 33,561	\$ 25,733	30.4%	6.6%
1-4 first liens	150,562	160,526	-6.2%	29.7%
Multifamily	35,379	31,703	11.6%	7.0%
Commercial real estate	161,847	156,015	3.7%	31.9%
Commercial business	66,283	58,682	13.0%	13.1%
1-4 Junior Liens	1,368	1,507	-9.2%	0.3%
HELOC	27,831	25,564	8.9%	5.5%
Lot loans	2,777	1,932	43.7%	0.5%
Consumer	478	357	33.9%	0.1%
Government and other	26,902	26,134	2.9%	5.3%
Total loans	\$ 506,988	\$ 488,153	3.9%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	\$ 91,256	\$ 80,352	13.6%	13.7%
Interest bearing checking	140,667	133,962	5.0%	21.1%
Savings	95,058	89,866	5.8%	14.2%
MMDA	157,428	145,384	8.3%	23.6%
Total core deposits	484,409	449,564	7.8%	72.6%
Certificates of deposit	183,725	184,382	-0.4%	27.4%
Total deposits	\$ 668,134	\$ 633,946	5.4%	100.0%
Borrowings	\$ 53,506	\$ 53,906	-0.7%	
Stockholder's equity	77,049	76,165	1.2%	

**Asset Quality**

(Dollars in thousands)

	June 30, 2015 (Unaudited)	December 31, 2014	Change %
Nonaccruing loans	\$ 3,207	\$ 4,599	-30.3%
Accruing loans delinquent more than 90 days	131	941	-86.1%
Securities in non-accrual	1,707	1,611	6.0%
Foreclosed real estate	1,530	1,745	-12.3%
Total nonperforming assets	\$ 6,575	\$ 8,896	-26.1%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	\$ 421	\$ 426	-1.2%
ALL general allowances for loan portfolio	6,278	5,935	5.8%
Total ALL	\$ 6,699	\$ 6,361	5.3%
Troubled Debt Restructurings:			
Nonaccruing troubled debt restructurings, non-compliant (1) (2)	\$ 613	\$ 524	17.0%
Nonaccruing troubled debt restructurings, compliant (2)	-	1,216	-100.0%
Accruing troubled debt restructurings	4,592	4,687	-2.0%
Total troubled debt restructurings	\$ 5,205	\$ 6,427	-19.0%

(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, 2015 Actual Ratio (Unaudited)	Required To Be Well Capitalized <sup>(1)</sup>
Common equity tier 1 capital to risk-weighted assets	13.4%	6.5%
Tier 1 capital to risk-weighted assets	13.4%	8.0%
Total capital to risk-weighted assets	14.6%	10.0%
Tier 1 capital to adjusted average assets	9.4%	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).