

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

Key Ratios	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2015	2014	2015	2014
Return on equity	9.73%	10.34%	9.88%	10.51%
Return on assets	0.91%	0.98%	0.96%	1.00%
Basic earnings per share	\$0.67	\$0.67	\$2.04	\$1.99
Diluted earnings per share	\$0.67	\$0.67	\$2.04	\$1.99
Yield on loans	4.49%	4.51%	4.44%	4.42%
Yield on security investments	2.61%	2.73%	2.64%	2.72%
Total yield on earning assets	3.87%	3.85%	3.80%	3.85%
Cost of deposits	0.23%	0.21%	0.22%	0.20%
Cost of borrowings	0.91%	0.97%	0.98%	0.99%
Total cost of funds	0.28%	0.27%	0.27%	0.27%
Net interest margin - tax equivalent	3.85%	3.87%	3.80%	3.85%
Noninterest income / average assets	0.76%	0.75%	0.88%	0.81%
Noninterest expense / average assets	2.94%	2.75%	2.90%	2.74%
Net noninterest margin / average assets	-2.18%	-2.00%	-2.02%	-1.93%
Efficiency ratio	71.44%	66.79%	69.00%	66.09%
Effective tax rate	19.62%	23.63%	20.13%	23.25%
Dividend declared per common share	\$0.27	\$0.25	\$0.79	\$0.72

	September 30,	December 31,
	2015	2014
	(Unaudited)	
Net worth / total assets	9.51%	9.83%
Book value per share	\$28.08	\$26.78
Non-performing assets to total assets	0.96%	1.15%
Non-performing loans to total loans	0.89%	1.13%
Allowance for loan losses to non-performing loans	136.47%	114.83%
Allowance for loan losses to loans outstanding	1.22%	1.30%
Foreclosed real estate to total assets	0.17%	0.23%

Consolidated Statements of Income (Dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2015	2014	2015	2014
Interest income:				
Loans	\$ 6,084	\$ 5,520	\$ 16,992	\$ 15,827
Securities & short-term investments	1,541	1,522	4,580	4,419
Total interest income	7,625	7,042	21,572	20,246
Interest expense:				
Deposits	408	332	1,087	914
Borrowings	117	139	378	427
Total interest expense	525	471	1,465	1,341
Net interest income	7,100	6,571	20,107	18,905
Provision for loan losses	100	165	585	575
Net interest income after provision for loan losses	7,000	6,406	19,522	18,330
Noninterest income:				
Fees and service charges	729	734	2,072	2,031
Wealth management operations	449	375	1,265	1,194
Gain on sale of loans held-for-sale, net	276	178	1,010	383
Gain on sale of securities, net	32	63	562	520
Increase in cash value of bank owned life insurance	117	94	327	310
Gain on sale of foreclosed real estate, net	-	16	24	21
Other	12	11	37	99
Total noninterest income	1,615	1,471	5,297	4,558
Noninterest expense:				
Compensation and benefits	3,372	2,980	9,743	8,419
Occupancy and equipment	938	865	2,724	2,476
Data processing	322	291	950	851
Marketing	132	108	390	368
Federal deposit insurance premiums	124	128	367	346
Other	1,337	1,000	3,354	3,046
Total noninterest expense	6,225	5,372	17,528	15,506
Income before income taxes	2,390	2,505	7,291	7,382
Income tax expenses	469	592	1,468	1,716
Net income	\$ 1,921	\$ 1,913	\$ 5,823	\$ 5,666

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**Balance Sheet Data**

(Dollars in thousands)

	September 30, 2015 (Unaudited)	December 31, 2014	Change %	Mix %
Total assets	\$ 842,190	\$ 775,044	8.7%	n/a
Cash & cash equivalents	11,196	21,963	-49.0%	n/a
Securities - available for sale	232,872	220,053	5.8%	n/a
Loans receivable:				
Construction and land development	\$ 32,923	\$ 25,733	27.9%	6.0%
1-4 first liens	180,988	160,526	12.7%	32.7%
Multifamily	44,639	31,703	40.8%	8.1%
Commercial real estate	161,474	156,015	3.5%	29.2%
Commercial business	69,626	58,682	18.6%	12.6%
1-4 Junior Liens	1,128	1,507	-25.1%	0.2%
HELOC	28,212	25,564	10.4%	5.1%
Lot loans	3,457	1,932	78.9%	0.6%
Consumer	591	472	25.2%	0.1%
Government and other	29,882	26,019	14.8%	5.4%
Total loans	\$ 552,920	\$ 488,153	13.3%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	\$ 99,487	\$ 80,352	23.8%	14.2%
Interest bearing checking	135,870	133,962	1.4%	19.5%
Savings	117,617	89,866	30.9%	16.8%
MMDA	147,590	145,384	1.5%	21.2%
Total core deposits	500,564	449,564	11.3%	71.7%
Certificates of deposit	197,892	184,382	7.3%	28.3%
Total deposits	\$ 698,456	\$ 633,946	10.2%	100.0%
Borrowings	\$ 53,642	\$ 53,906	-0.5%	
Stockholder's equity	80,078	76,165	5.1%	

**Asset Quality**

(Dollars in thousands)

	September 30, 2015 (Unaudited)	December 31, 2014	Change %
Nonaccruing loans	\$ 4,652	\$ 4,599	1.2%
Accruing loans delinquent more than 90 days	276	941	-70.7%
Securities in non-accrual	1,913	1,611	18.7%
Foreclosed real estate	1,411	1,745	-19.1%
Total nonperforming assets	\$ 8,252	\$ 8,896	-7.2%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	\$ 367	\$ 426	-13.8%
ALL general allowances for loan portfolio	6,358	5,935	7.1%
Total ALL	\$ 6,725	\$ 6,361	5.7%
Troubled Debt Restructurings:			
Nonaccruing troubled debt restructurings, non-compliant (1) (2)	\$ 612	\$ 524	16.8%
Nonaccruing troubled debt restructurings, compliant (2)	-	1,216	-100.0%
Accruing troubled debt restructurings	4,543	4,687	-3.1%
Total troubled debt restructurings	\$ 5,155	\$ 6,427	-19.8%

(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 September 30, 2015 Actual Ratio (Unaudited)	Required To Be Well Capitalized <sup>(1)</sup>
Common equity tier 1 capital to risk-weighted assets	12.6%	6.5%
Tier 1 capital to risk-weighted assets	12.6%	8.0%
Total capital to risk-weighted assets	13.7%	10.0%
Tier 1 capital to adjusted average assets	8.9%	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).

Table 1 - Reconciliation of the Non-GAAP Earnings Figures

	Thee Months Ended 9/30/2015 <u>(Unaudited)</u>	Nine Months Ended 9/30/2015 <u>(Unaudited)</u>
Net Income	\$ 1,921	\$ 5,823
Acquisition costs	303	368
Income before income taxes	2,693	7,659
Income tax expenses	<u>528</u>	<u>1,542</u>
Proforma net income	<u>\$ 2,165</u>	<u>\$ 6,117</u>
Net income change	13.1%	8.0%