

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

Key Ratios	Three Months Ended		Twelve Months Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Return on equity	9.95%	9.08%	9.90%	10.14%
Return on assets	0.95%	0.88%	0.96%	0.97%
Basic earnings per share	\$0.72	\$0.61	\$2.75	\$2.60
Diluted earnings per share	\$0.72	\$0.61	\$2.75	\$2.60
Yield on loans	4.45%	4.41%	4.44%	4.42%
Yield on security investments	2.69%	2.73%	2.54%	2.72%
Total yield on earning assets	3.93%	3.78%	3.84%	3.82%
Cost of deposits	0.24%	0.21%	0.22%	0.20%
Cost of borrowings	0.88%	0.96%	0.95%	0.98%
Total cost of funds	0.29%	0.27%	0.28%	0.27%
Net interest margin - tax equivalent	3.90%	3.76%	3.82%	3.81%
Noninterest income / average assets	0.73%	0.77%	0.84%	0.80%
Noninterest expense / average assets	2.87%	2.81%	2.89%	2.76%
Net noninterest margin / average assets	-2.14%	-2.04%	-2.05%	-1.96%
Efficiency ratio	69.05%	69.10%	69.01%	66.85%
Effective tax rate	13.99%	20.19%	18.63%	22.55%
Dividend declared per common share	\$0.27	\$0.25	\$1.06	\$0.97

  

	December 31, 2015	December 31, 2014
Net worth / total assets	9.35%	9.83%
Book value per share	\$28.37	\$26.78
Non-performing assets to total assets	1.05%	1.15%
Non-performing loans to total loans	0.98%	1.10%
Allowance for loan losses to non-performing loans	124.66%	114.83%
Allowance for loan losses to loans outstanding	1.22%	1.30%
Foreclosed real estate to total assets	0.18%	0.23%

**Consolidated Statements of Income**

(Dollars in thousands)

	Three Months Ended		Twelve Months Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Interest income:				
Loans	\$ 6,212	\$ 5,405	\$ 23,204	\$ 21,232
Securities & short-term investments	1,599	1,532	6,179	5,951
Total interest income	<u>7,811</u>	<u>6,937</u>	<u>29,383</u>	<u>27,183</u>
Interest expense:				
Deposits	422	339	1,509	1,253
Borrowings	126	140	504	567
Total interest expense	<u>548</u>	<u>479</u>	<u>2,013</u>	<u>1,820</u>
Net interest income	7,263	6,458	27,370	25,363
Provision for loan losses	369	300	954	875
Net interest income after provision for loan losses	<u>6,894</u>	<u>6,158</u>	<u>26,416</u>	<u>24,488</u>
Noninterest income:				
Fees and service charges	829	707	2,901	2,738
Wealth management operations	392	411	1,657	1,605
Gain on sale of loans held-for-sale, net	202	21	1,212	541
Gain on sale of securities, net	44	107	606	418
Increase in cash value of bank owned life insurance	115	240	442	623
Gain on sale of foreclosed real estate	(59)	14	(35)	35
Other	30	16	67	114
Total noninterest income	<u>1,553</u>	<u>1,516</u>	<u>6,850</u>	<u>6,074</u>
Noninterest expense:				
Compensation and benefits	3,404	2,997	13,147	11,416
Occupancy and equipment	796	762	3,520	3,238
Data processing	320	288	1,270	1,139
Marketing	158	128	548	496
Federal deposit insurance premiums	155	120	522	466
Other	1,255	1,215	4,609	4,260
Total noninterest expense	<u>6,088</u>	<u>5,510</u>	<u>23,616</u>	<u>21,015</u>
Income before income taxes	2,359	2,164	9,650	9,547
Income tax expenses	330	437	1,798	2,153
Net income	<u>\$ 2,029</u>	<u>\$ 1,727</u>	<u>\$ 7,852</u>	<u>\$ 7,394</u>

**NorthWest Indiana Bancorp**  
Financial Report

**Balance Sheet Data**

(Dollars in thousands)

	December 31, 2015	December 31, 2014	Change %	Mix %
Total assets	\$ 864,893	\$ 775,044	11.6%	
Cash & cash equivalents	11,533	21,963	-47.5%	
Securities - available for sale	233,350	220,053	6.0%	
Loans receivable:				
Construction and land development	41,524	25,733	61.4%	7.2%
1-4 first liens	179,527	160,526	11.8%	31.4%
Multifamily	45,524	31,703	43.6%	8.0%
Commercial real estate	172,741	156,015	10.7%	30.2%
Commercial business	68,757	58,682	17.2%	12.0%
1-4 Junior Liens	1,065	1,507	-29.3%	0.2%
HELOC	29,881	25,564	16.9%	5.2%
Lot loans	3,283	1,932	69.9%	0.6%
Consumer	535	471	13.6%	0.1%
Government	29,062	26,020	11.7%	5.1%
Total loans	571,899	488,153	17.2%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	100,031	80,352	24.5%	14.0%
Interest bearing checking	147,585	133,962	10.2%	20.6%
Savings	118,453	89,866	31.8%	16.6%
MMDA	154,316	145,384	6.1%	21.6%
Total core deposits	520,385	449,564	15.8%	72.8%
Certificates of deposit	194,490	184,382	5.5%	27.2%
Total deposits	714,875	633,946	12.8%	100.0%
Borrowings and repurchase agreements	58,001	53,906	7.6%	
Stockholder's equity	80,909	76,165	6.2%	

**Asset Quality**

(Dollars in thousands)

	December 31, 2015	December 31, 2014	Change %
Nonaccruing loans	\$ 5,201	\$ 4,599	13.1%
Accruing loans delinquent more than 90 days	377	941	-59.9%
Securities in non-accrual	1,912	1,611	18.7%
Foreclosed real estate	1,590	1,745	-8.9%
Total nonperforming assets	9,080	8,896	2.1%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	356	426	-16.4%
ALL general allowances for loan portfolio	6,597	5,935	11.2%
Total ALL	6,953	6,361	9.3%
Troubled Debt Restructurings:			
Nonaccruing troubled debt restructurings, non-compliant (1) (2)	522	524	-0.4%
Nonaccruing troubled debt restructurings, compliant (2)	-	1,216	-100.0%
Accruing troubled debt restructurings	4,493	4,687	-4.1%
Total troubled debt restructurings	5,015	6,427	-22.0%
(1) "non-compliant" refers to not being within the guidelines of the restructuring agreement			
(2) included in nonaccruing loan balances presented above			

**Capital Adequacy**

At December 31, 2015

	Actual Ratio	Required to be well capitalized <sup>(1)</sup>
Common equity tier 1 capital to risk-weighted assets	12.4%	6.5%
Tier 1 capital to risk-weighted assets	12.4%	8.0%
Total capital to risk-weighted assets	13.5%	10.0%
Tier 1 capital to adjusted average assets	9.0%	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).