

NorthWest Indiana Bancorp
Quarterly Financial Report

Key Ratios	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2016	2015	2016	2015
Return on equity	10.49%	10.77%	10.64%	9.95%
Return on assets	1.02%	1.00%	1.03%	0.99%
Basic earnings per share	\$0.78	\$0.69	\$1.57	\$1.37
Diluted earnings per share	\$0.78	\$0.69	\$1.57	\$1.37
Yield on loans	4.43%	4.47%	4.51%	4.42%
Yield on security investments	2.54%	2.64%	2.56%	2.66%
Total yield on earning assets	3.87%	3.80%	3.92%	3.78%
Cost of deposits	0.24%	0.21%	0.24%	0.21%
Cost of borrowings	1.01%	1.02%	1.00%	1.02%
Total cost of funds	0.30%	0.27%	0.30%	0.27%
Net interest margin - tax equivalent	3.82%	3.80%	3.88%	3.78%
Noninterest income / average assets	0.80%	0.87%	0.81%	0.94%
Noninterest expense / average assets	2.71%	2.86%	2.76%	2.88%
Net noninterest margin / average assets	-1.91%	-1.99%	-1.95%	-1.94%
Efficiency ratio	65.09%	67.97%	65.46%	67.72%
Effective tax rate	22.69%	20.13%	22.28%	20.38%
Dividend declared per common share	\$0.28	\$0.27	\$0.55	\$0.52

	June 30,	December 31,
	2016	2015
	(Unaudited)	
Net worth / total assets	9.51%	9.35%
Book value per share	\$30.23	\$28.37
Non-performing assets to total assets	0.85%	1.05%
Non-performing loans to total loans	0.92%	0.98%
Allowance for loan losses to non-performing loans	136.43%	124.66%
Allowance for loan losses to loans outstanding	1.25%	1.22%
Foreclosed real estate to total assets	0.12%	0.18%

Consolidated Statements of Income
(Dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	(Unaudited)		(Unaudited)	
	2016	2015	2016	2015
Interest income:				
Loans	\$ 6,427	\$ 5,569	\$ 12,991	\$ 10,908
Securities & short-term investments	1,525	1,516	3,076	3,039
Total interest income	7,952	7,085	16,067	13,947
Interest expense:				
Deposits	441	345	870	679
Borrowings	151	130	302	261
Total interest expense	592	475	1,172	940
Net interest income	7,360	6,610	14,895	13,007
Provision for loan losses	288	198	584	485
Net interest income after provision for loan losses	7,072	6,412	14,311	12,522
Noninterest income:				
Fees and service charges	716	711	1,379	1,343
Wealth management operations	434	387	857	816
Gain on sale of loans held-for-sale, net	291	354	541	734
Gain on sale of securities, net	165	137	418	530
Increase in cash value of bank owned life insurance	121	106	237	210
Gain on sale of foreclosed real estate, net	42	23	74	24
Other	1	14	2	25
Total noninterest income	1,770	1,732	3,508	3,682
Noninterest expense:				
Compensation and benefits	3,071	3,198	6,633	6,371
Occupancy and equipment	964	885	1,868	1,786
Data processing	338	313	663	628
Federal deposit insurance premiums	131	109	268	243
Marketing	130	145	244	258
Other	1,308	1,020	2,371	2,016
Total noninterest expense	5,942	5,670	12,047	11,302
Income before income taxes	2,900	2,474	5,772	4,902
Income tax expenses	658	498	1,286	999
Net income	\$ 2,242	\$ 1,976	\$ 4,486	\$ 3,903

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Balance Sheet Data

(Dollars in thousands)

	June 30, 2016 (Unaudited)	December 31, 2015	Change %	Mix %
Total assets	\$ 909,390	\$ 864,893	5.1%	n/a
Cash & cash equivalents	31,325	11,533	171.6%	n/a
Securities - available for sale	243,233	233,350	4.2%	n/a
Loans receivable:				
Construction and land development	\$ 45,376	\$ 41,524	9.3%	7.7%
1-4 first liens	176,847	179,527	-1.5%	30.2%
Multifamily	45,174	45,524	-0.8%	7.7%
Commercial real estate	183,828	172,741	6.4%	31.4%
Commercial business	71,952	68,757	4.6%	12.3%
1-4 Junior Liens	1,016	1,065	-4.6%	0.2%
HELOC	30,332	29,880	1.5%	5.2%
Lot loans	2,684	3,283	-18.2%	0.5%
Consumer	528	535	-1.3%	0.1%
Government and other	28,388	29,062	-2.3%	4.8%
Total loans	\$ 586,127	\$ 571,898	2.5%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	\$ 99,273	\$ 100,031	-0.8%	13.3%
Interest bearing checking	159,000	147,585	7.7%	21.2%
Savings	123,497	118,453	4.3%	16.5%
MMDA	174,750	154,316	13.2%	23.3%
Total core deposits	556,520	520,385	6.9%	74.3%
Certificates of deposit	192,393	194,490	-1.1%	25.7%
Total deposits	\$ 748,913	\$ 714,875	4.8%	100.0%
Borrowings	\$ 56,586	\$ 58,001	-2.4%	
Stockholder's equity	86,461	80,909	6.9%	

Asset Quality

(Dollars in thousands)

	June 30, 2016 (Unaudited)	December 31, 2015	Change %
Nonaccruing loans	\$ 4,911	\$ 5,201	-5.6%
Accruing loans delinquent more than 90 days	466	377	23.6%
Securities in non-accrual	1,229	1,912	-35.7%
Foreclosed real estate	1,116	1,590	-29.8%
Total nonperforming assets	\$ 7,722	\$ 9,080	-15.0%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	\$ 416	\$ 356	16.9%
ALL general allowances for loan portfolio	6,921	6,597	4.9%
Total ALL	\$ 7,337	\$ 6,953	5.5%
Troubled Debt Restructurings:			
Nonaccruing troubled debt restructurings, non-compliant (1) (2)	\$ -	\$ 522	-100.0%
Nonaccruing troubled debt restructurings, compliant (2)	-	-	0.0%
Accruing troubled debt restructurings	2,106	4,493	-53.1%
Total troubled debt restructurings	\$ 2,106	\$ 5,015	-58.0%

(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, 2016 Actual Ratio (Unaudited)	Required To Be Well Capitalized
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	13.6%	10.0%
Tier 1 capital to adjusted average assets	9.0%	5.0%