

NorthWest Indiana Bancorp
Quarterly Financial Report

Key Ratios	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2016	2015	2016	2015
Return on equity	10.67%	9.73%	10.63%	9.88%
Return on assets	1.03%	0.91%	1.03%	0.96%
Basic earnings per share	\$0.81	\$0.67	\$2.38	\$2.04
Diluted earnings per share	\$0.81	\$0.67	\$2.38	\$2.04
Yield on loans	4.45%	4.49%	4.48%	4.44%
Yield on security investments	2.43%	2.61%	2.50%	2.64%
Total yield on earning assets	3.86%	3.87%	3.90%	3.80%
Cost of deposits	0.24%	0.23%	0.24%	0.22%
Cost of borrowings	1.01%	0.91%	1.00%	0.98%
Total cost of funds	0.29%	0.28%	0.30%	0.27%
Net interest margin - tax equivalent	3.82%	3.85%	3.86%	3.80%
Noninterest income / average assets	0.97%	0.76%	0.86%	0.88%
Noninterest expense / average assets	2.90%	2.94%	2.81%	2.90%
Net noninterest margin / average assets	-1.93%	-2.18%	-1.95%	-2.02%
Efficiency ratio	67.05%	71.44%	66.01%	69.00%
Effective tax rate	21.32%	19.62%	21.96%	20.13%
Dividend declared per common share	\$0.28	\$0.27	\$0.83	\$0.79

	September 30,	December 31,
	2016	2015
	(Unaudited)	
Net worth / total assets	9.68%	9.35%
Book value per share	\$30.49	\$28.37
Non-performing assets to total assets	0.87%	1.05%
Non-performing loans to total loans	0.92%	0.98%
Allowance for loan losses to non-performing loans	136.79%	124.66%
Allowance for loan losses to loans outstanding	1.26%	1.22%
Foreclosed real estate to total assets	0.12%	0.18%

Consolidated Statements of Income
(Dollars in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2016	2015	2016	2015
Interest income:				
Loans	\$ 6,664	\$ 6,084	\$ 19,654	\$ 16,992
Securities & short-term investments	1,505	1,541	4,581	4,580
Total interest income	8,169	7,625	24,235	21,572
Interest expense:				
Deposits	445	408	1,315	1,087
Borrowings	142	117	444	378
Total interest expense	587	525	1,759	1,465
Net interest income	7,582	7,100	22,476	20,107
Provision for loan losses	262	100	846	585
Net interest income after provision for loan losses	7,320	7,000	21,630	19,522
Noninterest income:				
Fees and service charges	763	729	2,143	2,072
Wealth management operations	423	449	1,280	1,265
Gain on sale of loans held-for-sale, net	579	276	1,120	1,010
Gain on sale of securities, net	283	32	700	562
Increase in cash value of bank owned life insurance	118	117	354	327
Gain on sale of foreclosed real estate, net	6	-	80	24
Other	15	12	18	37
Total noninterest income	2,187	1,615	5,695	5,297
Noninterest expense:				
Compensation and benefits	3,901	3,372	10,534	9,743
Occupancy and equipment	900	938	2,768	2,724
Data processing	343	322	1,005	950
Federal deposit insurance premiums	135	124	403	367
Marketing	108	132	352	390
Other	1,161	1,337	3,533	3,354
Total noninterest expense	6,548	6,225	18,595	17,528
Income before income taxes	2,959	2,390	8,730	7,291
Income tax expenses	631	469	1,917	1,468
Net income	\$ 2,328	\$ 1,921	\$ 6,813	\$ 5,823

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Balance Sheet Data

(Dollars in thousands)

	September 30, 2016 (Unaudited)	December 31, 2015	Change %	Mix %
Total assets	\$ 900,889	\$ 864,893	4.2%	n/a
Cash & cash equivalents	16,561	11,533	43.6%	n/a
Securities - available for sale	240,050	233,350	2.9%	n/a
Loans receivable:				
Construction and land development	\$ 42,983	\$ 41,524	3.5%	7.2%
1-4 first liens	174,472	179,527	-2.8%	29.3%
Multifamily	46,511	45,524	2.2%	7.8%
Commercial real estate	191,312	172,741	10.8%	32.2%
Commercial business	75,572	68,757	9.9%	12.7%
1-4 Junior Liens	942	1,065	-11.5%	0.2%
HELOC	30,540	29,880	2.2%	5.1%
Lot loans	2,553	3,283	-22.2%	0.4%
Consumer	732	535	36.8%	0.1%
Government and other	29,014	29,062	-0.2%	4.9%
Total loans	\$ 594,631	\$ 571,898	4.0%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	\$ 107,917	\$ 100,031	7.9%	14.4%
Interest bearing checking	150,389	147,585	1.9%	20.1%
Savings	125,921	118,453	6.3%	16.8%
Money market	171,560	154,316	11.2%	22.9%
Total core deposits	555,787	520,385	6.8%	74.2%
Certificates of deposit	192,573	194,490	-1.0%	25.8%
Total deposits	\$ 748,360	\$ 714,875	4.7%	100.0%
Borrowings	\$ 54,295	\$ 58,001	-6.4%	
Stockholder's equity	87,212	80,909	7.8%	

Asset Quality

(Dollars in thousands)

	September 30, 2016 (Unaudited)	December 31, 2015	Change %
Nonaccruing loans	\$ 4,866	\$ 5,201	-6.4%
Accruing loans delinquent more than 90 days	620	377	64.5%
Securities in non-accrual	1,372	1,912	-28.2%
Foreclosed real estate	1,123	1,590	-29.4%
Total nonperforming assets	\$ 7,981	\$ 9,080	-12.1%

Allowance for loan losses (ALL):

ALL specific allowances for impaired loans	\$ 477	\$ 356	34.0%
ALL general allowances for loan portfolio	7,027	6,597	6.5%
Total ALL	\$ 7,504	\$ 6,953	7.9%

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	1,952	4,493	-56.6%
Total troubled debt restructurings	\$ 1,952	\$ 5,015	-61.1%

(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, 2016 Actual Ratio (Unaudited)	Required To Be Well Capitalized
Common equity tier 1 capital to risk-weighted assets	12.8%	6.5%
Tier 1 capital to risk-weighted assets	12.8%	8.0%
Total capital to risk-weighted assets	14.0%	10.0%
Tier 1 capital to adjusted average assets	9.0%	5.0%