

NorthWest Indiana Bancorp
Quarterly Financial Report

| Key Ratios | Three Months Ended | |
|---|--------------------------|--------|
| | March 31, (Unaudited) | |
| | 2018 | 2017 |
| Return on equity | 11.20% | 10.73% |
| Return on assets | 1.10% | 1.02% |
| Basic earnings per share | \$0.89 | \$0.80 |
| Diluted earnings per share | \$0.89 | \$0.80 |
| Yield on loans | 4.46% | 4.35% |
| Yield on security investments | 2.77% | 2.70% |
| Total yield on earning assets | 3.99% | 3.84% |
| Cost of deposits | 0.35% | 0.24% |
| Cost of repurchase agreements | 1.15% | 0.68% |
| Cost of borrowed funds | 1.87% | 1.37% |
| Total cost of funds | 0.43% | 0.28% |
| Net interest margin - tax equivalent | 3.80% | 3.82% |
| Noninterest income / average assets | 1.05% | 0.79% |
| Noninterest expense / average assets | 2.98% | 2.80% |
| Net noninterest margin / average assets | -1.93% | -2.01% |
| Efficiency ratio | 67.75% | 67.74% |
| Effective tax rate | 13.94% | 16.92% |
| Dividend declared per common share | \$0.29 | \$0.28 |

| | March 31, | December 31, |
|---|---------------------|--------------|
| | 2018 (Unaudited) | 2017 |
| Net worth / total assets | 9.57% | 9.93% |
| Book value per share | \$ 31.30 | \$ 32.14 |
| Non-performing assets to total assets | 0.83% | 1.00% |
| Non-performing loans to total loans | 0.65% | 0.84% |
| Allowance for loan losses to non-performing loans | 175.39% | 143.26% |
| Allowance for loan losses to loans outstanding | 1.14% | 1.21% |
| Foreclosed real estate to total assets | 0.15% | 0.18% |

Consolidated Statements of Income

(Dollars in thousands)

| | Three Months Ended | |
|---|--------------------------|----------|
| | March 31, (Unaudited) | |
| | 2018 | 2017 |
| Interest income: | | |
| Loans | \$ 6,994 | \$ 6,439 |
| Securities & short-term investments | 1,739 | 1,639 |
| Total interest income | 8,733 | 8,078 |
| Interest expense: | | |
| Deposits | 675 | 459 |
| Borrowings | 223 | 104 |
| Total interest expense | 898 | 563 |
| Net interest income | 7,835 | 7,515 |
| Provision for loan losses | 341 | 234 |
| Net interest income after provision for loan losses | 7,494 | 7,281 |
| Noninterest income: | | |
| Fees and service charges | 892 | 740 |
| Gain on sale of securities, net | 758 | 293 |
| Gain on sale of loans held-for-sale, net | 211 | 200 |
| Wealth management operations | 415 | 410 |
| Increase in cash value of bank owned life insurance | 108 | 115 |
| Gain on sale of foreclosed real estate, net | 32 | - |
| Other | 33 | 27 |
| Total noninterest income | 2,449 | 1,785 |
| Noninterest expense: | | |
| Compensation and benefits | 3,860 | 3,613 |
| Occupancy and equipment | 853 | 882 |
| Data processing | 361 | 368 |
| Federal deposit insurance premiums | 84 | 77 |
| Marketing | 134 | 135 |
| Other | 1,675 | 1,225 |
| Total noninterest expense | 6,967 | 6,300 |
| Income before income taxes | 2,976 | 2,766 |
| Income tax expenses | 415 | 468 |
| Net income | \$ 2,561 | \$ 2,298 |

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Balance Sheet Data

(Dollars in thousands)

| | March 31, 2018 (Unaudited) | December 31, 2017 | Change % | Mix % |
|---|----------------------------------|----------------------|-------------|----------|
| Total assets | \$ 938,508 | \$ 927,259 | 1.2% | n/a |
| Cash & cash equivalents | 20,415 | 11,025 | 85.2% | n/a |
| Certificates of deposit in other financial institutions | 1,526 | 1,676 | -8.9% | n/a |
| Securities - available for sale | 241,471 | 244,490 | -1.2% | n/a |
| Loans receivable: | | | | |
| Residential real estate | \$ 173,866 | \$ 172,141 | 1.0% | 27.8% |
| Home equity | 36,658 | 36,769 | -0.3% | 5.9% |
| Commercial real estate | 208,482 | 211,090 | -1.2% | 33.4% |
| Construction and land development | 53,775 | 50,746 | 6.0% | 8.6% |
| Multifamily | 44,612 | 43,368 | 2.9% | 7.1% |
| Farmland | 248 | - | 100.0% | 0.1% |
| Consumer | 491 | 461 | 6.5% | 0.1% |
| Commercial business | 76,354 | 76,851 | -0.6% | 12.2% |
| Government | 30,176 | 28,785 | 4.8% | 4.8% |
| Total loans | \$ 624,662 | \$ 620,211 | 0.7% | 100.0% |
| Deposits: | | | | |
| Core deposits: | | | | |
| Noninterest bearing checking | \$ 126,582 | \$ 120,556 | 5.0% | 15.9% |
| Interest bearing checking | 170,831 | 188,467 | -9.4% | 21.5% |
| Savings | 134,779 | 129,702 | 3.9% | 16.9% |
| Money market | 168,458 | 170,359 | -1.1% | 21.2% |
| Total core deposits | 600,650 | 609,084 | -1.4% | 75.5% |
| Certificates of deposit | 194,723 | 183,920 | 5.9% | 24.5% |
| Total deposits | \$ 795,373 | \$ 793,004 | 0.3% | 100.0% |
| Borrowings and repurchase agreements | \$ 43,756 | \$ 32,181 | 36.0% | |
| Stockholder's equity | 89,808 | 92,060 | -2.4% | |

Asset Quality

(Dollars in thousands)

| | March 31, 2018 (Unaudited) | December 31, 2017 | Change % |
|---|----------------------------------|----------------------|-------------|
| Nonaccruing loans | \$ 3,996 | \$ 4,996 | -20.0% |
| Accruing loans delinquent more than 90 days | 51 | 227 | -77.5% |
| Securities in non-accrual | 2,187 | 2,299 | -4.9% |
| Foreclosed real estate | 1,432 | 1,699 | -15.7% |
| Total nonperforming assets | \$ 7,666 | \$ 9,221 | -16.9% |
| Allowance for loan losses (ALL): | | | |
| ALL specific allowances for impaired loans | \$ 59 | \$ 704 | -91.6% |
| ALL general allowances for loan portfolio | 7,038 | 6,778 | 3.8% |
| Total ALL | \$ 7,097 | \$ 7,482 | -5.1% |
| Troubled Debt Restructurings: | | | |
| Nonaccruing troubled debt restructurings, non-compliant (1) (2) | \$ - | \$ - | 0.0% |
| Nonaccruing troubled debt restructurings, compliant (2) | - | - | 0.0% |
| Accruing troubled debt restructurings | 717 | 535 | 34.0% |
| Total troubled debt restructurings | \$ 717 | \$ 535 | 34.0% |

(1) "non-compliant" refers to not being within the guidelines of the restructuring agreement

(2) included in nonaccruing loan balances presented above

| | At March 31, 2018 Actual Ratio (Unaudited) | Required To Be Well Capitalized |
|--|---|------------------------------------|
| Capital Adequacy Bancorp | | |
| Common equity tier 1 capital to risk-weighted assets | 13.3% | N/A |
| Tier 1 capital to risk-weighted assets | 13.3% | N/A |
| Total capital to risk-weighted assets | 14.4% | N/A |
| Tier 1 capital to adjusted average assets | 9.7% | N/A |
| Capital Adequacy Bank | | |
| Common equity tier 1 capital to risk-weighted assets | 13.0% | 6.5% |
| Tier 1 capital to risk-weighted assets | 13.0% | 8.0% |
| Total capital to risk-weighted assets | 14.0% | 10.0% |
| Tier 1 capital to adjusted average assets | 9.5% | 5.0% |