

NorthWest Indiana Bancorp
Financial Report

Key Ratios	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	(Unaudited)		(Unaudited)	
	2012	2011	2012	2011
Return on equity	9.31%	8.86%	10.27%	8.90%
Return on assets	0.95%	0.87%	1.02%	0.84%
Basic earnings per share	\$0.57	\$0.50	\$2.41	\$1.90
Diluted earnings per share	\$0.57	\$0.50	\$2.41	\$1.90
Yield on loans	4.77%	5.08%	4.88%	5.10%
Yield on security investments	2.40%	2.94%	2.62%	3.20%
Total yield on earning assets	3.99%	4.38%	4.14%	4.49%
Cost of deposits	0.24%	0.39%	0.29%	0.47%
Cost of borrowings	1.25%	1.40%	1.32%	1.50%
Total cost of funds	0.34%	0.48%	0.39%	0.56%
Net interest margin - tax equivalent	3.86%	4.14%	3.96%	4.17%
Noninterest income / average assets	1.25%	0.97%	1.12%	0.97%
Noninterest expense / average assets	3.06%	3.00%	3.00%	3.10%
Net noninterest margin / average assets	-1.81%	-2.03%	-1.88%	-2.13%
Efficiency ratio	64.98%	64.77%	64.36%	66.42%
Effective tax rate	22.71%	20.54%	22.07%	17.96%
Dividend declared per common share	\$0.19	\$0.15	\$0.72	\$0.60

	December 31,	December 31,
	2012	2011
	(Unaudited)	(Unaudited)
Net worth / total assets	9.78%	9.66%
Book value per share	\$23.83	\$22.20
Non-performing assets to total assets	1.84%	2.68%
Non-performing loans to total loans	2.63%	3.56%
Allowance for loan losses to non-performing loans	73.34%	56.03%
Allowance for loan losses to loans outstanding	1.93%	1.99%
Foreclosed real estate to total assets	0.06%	0.38%

Consolidated Statements of Income (Dollars in thousands)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	(Unaudited)		(Unaudited)	
	2012	2011	2012	2011
Interest income:				
Loans	\$ 5,153	\$ 5,183	\$ 20,665	\$ 20,893
Securities & short-term investments	1,278	1,448	5,410	6,093
Total interest income	<u>6,431</u>	<u>6,631</u>	<u>26,075</u>	<u>26,986</u>
Interest expense:				
Deposits	337	507	1,575	2,473
Borrowings	178	189	773	758
Total interest expense	<u>515</u>	<u>696</u>	<u>2,348</u>	<u>3,231</u>
Net interest income	5,916	5,935	23,727	23,755
Provision for loan losses	725	875	2,350	3,510
Net interest income after provision for loan losses	<u>5,191</u>	<u>5,060</u>	<u>21,377</u>	<u>20,245</u>
Noninterest income:				
Fees & service charges	762	636	2,677	2,501
Gain on sale of loans, net	322	119	987	256
Wealth management operations	313	300	1,264	1,177
Gain on sale of securities, net	385	283	1,120	966
Benefit from bank owned life insurance	-	-	587	-
Cash value increase from bank owned life insurance	91	99	381	398
Other-than-temporary impairment of securities	-	(1)	(6)	(1)
Gain on foreclosed real estate	260	101	430	887
Other income	17	26	96	63
Total noninterest income	<u>2,150</u>	<u>1,563</u>	<u>7,536</u>	<u>6,247</u>
Noninterest expense:				
Compensation & benefits	2,976	2,523	10,783	9,953
Occupancy & equipment	709	764	3,064	3,333
Federal deposit insurance premiums	137	141	571	946
Data processing	240	258	1,073	1,005
Marketing	146	99	380	403
Other	1,033	1,071	4,248	4,288
Total noninterest expense	<u>5,241</u>	<u>4,856</u>	<u>20,119</u>	<u>19,928</u>
Income before income taxes	2,100	1,767	8,794	6,564
Income tax expenses	477	363	1,941	1,179
Net income	<u>\$ 1,623</u>	<u>\$ 1,404</u>	<u>\$ 6,853</u>	<u>\$ 5,385</u>

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Balance Sheet Data

(Dollars in thousands)

	December 31, 2012 (unaudited)	December 31, 2011	Change %	Mix %
Total assets	\$ 691,845	\$ 651,758	6.2%	
Cash & cash equivalents	33,751	26,367	28.0%	
Securities - available for sale	187,475	186,962	0.3%	
Loans receivable:				
Construction and land development	23,984	21,143	13.4%	5.5%
1-4 first liens	135,143	132,231	2.2%	30.9%
Multifamily	31,669	7,313	333.1%	7.2%
Commercial real estate	148,156	146,402	1.2%	33.9%
Commercial business	69,329	63,293	9.5%	15.9%
1-4 Junior Liens	1,587	1,814	-12.5%	0.4%
HELOC	15,249	17,434	-12.5%	3.5%
Lot loans	2,648	2,656	-0.3%	0.6%
Consumer	347	472	-26.5%	0.1%
Government and other	8,869	8,643	2.6%	2.0%
Total loans	436,981	401,401	8.9%	100.0%
Deposits:				
Core deposits:				
Noninterest bearing checking	75,228	55,577	35.4%	13.3%
Interest bearing checking	117,849	102,294	15.2%	20.8%
Savings	77,650	71,417	8.7%	13.7%
MMDA	124,021	120,671	2.8%	21.9%
Total core deposits	394,748	349,959	12.8%	69.7%
Certificates of deposit	171,661	176,922	-3.0%	30.3%
Total deposits	566,409	526,881	7.5%	100.0%
Borrowings and repurchase agreements	49,505	52,013	-4.8%	
Stockholder's equity	67,651	62,960	7.5%	

Asset Quality

(Dollars in thousands)

	December 31, 2012 (unaudited)	December 31, 2011	Change %
Nonaccruing loans	\$ 11,253	\$ 14,010	-19.7%
Accruing loans delinquent more than 90 days	229	279	-17.9%
Securities in non-accrual	823	717	14.8%
Foreclosed real estate	425	2,457	-82.7%
Total nonperforming assets	12,730	17,463	-27.1%
Allowance for loan losses (ALL):			
ALL specific allowances for impaired loans	2,001	1,609	24.4%
ALL general allowances for loan portfolio	6,420	6,396	0.4%
Total ALL	8,421	8,005	5.2%
Troubled Debt Restructurings:			
Nonaccruing troubled debt restructurings, non-compliant (1) (2)	4,846	5,794	-16.4%
Nonaccruing troubled debt restructurings, compliant (2)	546	463	17.9%
Accruing troubled debt restructurings	9,735	8,496	14.6%
Total troubled debt restructurings	15,127	14,753	2.5%

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

(2) included in nonaccruing loan balances presented above

At December 31, 2012
(unaudited)

Capital Adequacy

	Actual Ratio	Required to be well capitalized
Total capital to risk-weighted assets	14.6%	10.0%
Tier 1 capital to risk-weighted assets	13.4%	6.0%
Tier 1 capital to adjusted average assets	9.4%	5.0%