

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 28, 2025

FINWARD BANCORP

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of incorporation)

001-40999
(Commission File Number)

35-1927981
(IRS Employer Identification No.)

9204 Columbia Avenue
Munster, Indiana 46321
(Address of principal executive offices) (Zip Code)

(219) 836-4400
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	FNWD	The NASDAQ Stock Market, LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On January 28, 2025, Finward Bancorp (the "Bancorp") issued a press release reporting its unaudited financial results for the quarter and twelve months ended December 31, 2024. A copy of the press release is filed as Exhibit 99.1 to this report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Earnings release for the quarter and twelve months ended December 31, 2024, and Unaudited Consolidated Condensed Balance Sheets as of December 31, 2024, and Consolidated Condensed Statements of Income and Selected Financial Data for the quarter and twelve months ended December 31, 2024.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 28, 2025

FINWARD BANCORP

By: /s/ Benjamin L. Schmitt
Name: Benjamin L. Schmitt
Title: Executive Vice President, Chief Financial Officer and
Treasurer

FOR IMMEDIATE RELEASE
JANUARY 28, 2025

FOR FURTHER INFORMATION
CONTACT SHAREHOLDER SERVICES
(219) 853-7575

FINWARD BANCORP
ANNOUNCES EARNINGS FOR THE QUARTER AND TWELVE MONTHS ENDED
DECEMBER 31, 2024

Munster, Indiana - Finward Bancorp (Nasdaq: FNWD) (the "Bancorp"), the holding company for Peoples Bank (the "Bank"), today announced that net income available to common stockholders was \$12.1 million, or \$2.84 per diluted share, for the twelve months ended December 31, 2024, as compared to \$8.4 million, or \$1.96 per diluted share, for the corresponding prior year period. For the three months ended December 31, 2024, the Bancorp's net income totaled \$2.1 million, or \$0.49 per diluted share, as compared to \$606 thousand, or \$0.14 per diluted share, for the three months ended September 30, 2024, and as compared to \$1.5 million, or \$0.35 per diluted share, for the three months ended December 31, 2023. Selected performance metrics are as follows for the periods presented:

Performance Ratios	Quarter ended,					Twelve months ended,	
	(Unaudited) December 31, 2024	(Unaudited) September 30, 2024	(Unaudited) June 30, 2024	(Unaudited) March 31, 2024	(Unaudited) December 31, 2023	(Unaudited) December 31, 2024	(Unaudited) December 31, 2023
	Return on equity	5.39%	1.60%	0.39%	24.97%	4.92%	8.06%
Return on assets	0.41%	0.12%	0.03%	1.77%	0.29%	0.58%	0.40%
Tax adjusted net interest margin (Non-GAAP)	2.79%	2.66%	2.67%	2.57%	2.80%	2.68%	2.98%
Noninterest income / average assets	0.72%	0.55%	0.50%	2.57%	0.53%	1.09%	0.52%
Noninterest expense / average assets	2.75%	2.80%	2.79%	2.86%	2.60%	2.80%	2.65%
Efficiency ratio	87.20%	97.32%	98.56%	59.41%	87.49%	81.78%	84.58%

"The Bank ended the year with continued improvement in its overall positioning and increased momentum for 2025," said Benjamin Bochnowski, chief executive officer. "We improved regulatory capital throughout the year through balance sheet management and earnings and had the benefit of one-time income including our sale leaseback transaction early in the year and a gain on a long-held tax credit investment this past quarter. Net interest margin improved throughout 2024 as expected, based on our earning asset position and reduced funding costs driven by recent Federal Reserve interest rate policy," he continued. "The Bank charged off a small number of commercial business loans in the 4th quarter, and management will continue to actively manage credit quality," he concluded.

Highlights of the current period include:

- Net Interest Margin** - The net interest margin for the three months ended December 31, 2024, was 2.65%, compared to 2.51% for the three months ended September 30, 2024. The tax-adjusted net interest margin (a non-GAAP measure) for the three months ended December 31, 2024, was 2.79%, compared to 2.66% for the three months ended September 30, 2024. The net interest margin for the twelve months ended December 31, 2024, was 2.54%, compared to 2.83% for the twelve months ended December 31, 2023. The tax-adjusted net interest margin (a non-GAAP measure) for the twelve months ended December 31, 2024, was 2.68%, compared to 2.98% for the twelve months ended December 31, 2023. The increased net interest margin for the three months ended December 31, 2024 compared to September 30, 2024 is primarily the result of increased yields on the Bank's loan portfolio, combined with reduced deposit and borrowing costs as a result of the Federal Reserve's continued reduction of federal funds rates during the quarter. See Table 1 at the end of this press release for a reconciliation of the tax-adjusted net interest margin to the GAAP net interest margin.

- **Funding** - As of December 31, 2024, deposits totaled \$1.8 billion, an increase of \$11.8 million or 0.7%, compared to September 30, 2024. As of December 31, 2024, non-interest-bearing deposits totaled \$263.3 million, a decrease of \$21.8 million or 7.7%, compared to September 30, 2024. Core deposits totaled \$1.2 billion at both December 31, 2024, and September 30, 2024. Core deposits include checking, savings, and money market accounts and represented 68.2% of the Bancorp's total deposits at December 31, 2024. As of December 31, 2024, balances for certificates of deposit totaled \$560.3 million, compared to \$562.2 million on September 30, 2024, a decrease of \$2.0 million or 0.4%. The increase in total portfolio deposits is primarily related to cyclical flows and continued adjustments to deposit pricing. The decrease in non-interest-bearing deposits is primarily attributable to regular outflow of business-related checking deposits at year-end which tend to return in subsequent periods. In addition, as of December 31, 2024, borrowings and repurchase agreements totaled \$105.0 million, a decrease of \$22.9 million or 17.9%, compared to September 30, 2024. The decrease in short-term borrowings was the result of cyclical inflows and outflows of interest-earning assets and interest-bearing liabilities.

As of December 31, 2024, 72% of our deposits are fully FDIC insured, and another 9% are further backed by the Indiana Public Deposit Insurance Fund. The Bancorp's liquidity position remains strong with solid core deposit customer relationships, excess cash, debt securities, contractual loan repayments, and access to diversified borrowing sources. As of December 31, 2024, the Bancorp had available liquidity of \$687 million including borrowing capacity from the FHLB and Federal Reserve facilities.

- **Securities Portfolio** - Securities available for sale balances decreased by \$16.5 million to \$333.6 million as of December 31, 2024, compared to \$350.0 million as of September 30, 2024. The decrease in securities available for sale was due to a combination of portfolio runoff and an increase of accumulated other comprehensive loss ("AOCL"). AOCL was \$58.1 million as of December 31, 2024, compared to \$48.2 million on September 30, 2024, a decline of \$9.8 million, or 20.4%. The yield on the securities portfolio decreased to 2.34% for the three months ended December 31, 2024, down from 2.37% for the three months ended September 30, 2024. Management did not execute any securities sale transactions during the quarter but will continue to monitor the securities portfolio for additional restructuring opportunities.
 - **Lending** - The Bank's aggregate loan portfolio totaled \$1.5 billion on both December 31, 2024, and September 30, 2024. During the three months ended December 31, 2024, the Bank originated \$59.2 million in new commercial loans, compared to \$70.4 million during the three months ended September 30, 2024, and \$47.5 million during the three months ended December 31, 2023. The loan portfolio represents 79.3% of earning assets and is comprised of 63.0% commercial-related credits. At December 31, 2024, the Bancorp's portfolio loan balances in commercial real estate owner occupied properties totaled \$246.6 million or 16.3% of total loan balances and commercial real estate non-owner-occupied properties totaled \$305.1 million or 20.2% of total loan balances. Of the \$305.1 million in commercial real estate non-owner-occupied properties balances, loans collateralized by office buildings represented \$38.5 million or 2.5% of total loan balances.
 - **Gain on Sale of Loans** - Gains from the sale of loans totaled \$1.1 million for both the twelve months ended December 31, 2024, and 2023. During the twelve months ended December 31, 2024, the Bank originated \$36.8 million in new fixed rate mortgage loans for sale, compared to \$38.0 million during the twelve months ended December 31, 2023. During the twelve months ended December 31, 2024, the Bank originated \$27.4 million in new 1-4 family loans retained in its portfolio, compared to \$41.6 million during the twelve months ended December 31, 2023. Total 1-4 family originations for the quarter ended December 31, 2024, totaled \$25.4 million, an increase of \$5.3 million compared to \$20.1 million for the quarter ended September 30, 2024. The retained loans are primarily construction loans and adjustable-rate loans with a fixed-rate period of 7 years or less. The Bank continues to sell longer-duration fixed rate mortgages into the secondary market.
 - **Gain on Tax Credit Investment** - During the three months ended December 31, 2024, the Bank successfully concluded a long term, non-controlling interest in a partnership established to facilitate tax credit investments. Upon the termination of the partnership, the Bank recognized a one-time gain of \$1.2 million recognized through noninterest income. The proceeds from the dissolution of this tax credit investment will contribute to the Bank's financial position, thereby supporting ongoing strategic initiatives and operational priorities.
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- **Asset Quality** - At December 31, 2024, non-performing loans totaled \$13.7 million, compared to \$13.8 million at September 30, 2024, a decrease of \$68 thousand or 0.5%. The Bank's ratio of non-performing loans to total loans was 0.91% at December 31, 2024, compared to 0.92% at September 30, 2024. The Bank's ratio of non-performing assets to total assets was 0.74% at December 31, 2024, compared to 0.73% at September 30, 2024. Management maintains a vigilant oversight of nonperforming loans through proactive relationship management.

The allowance for credit losses (ACL) on loans totaled \$16.9 million at December 31, 2024, or 1.12% of total loans receivable, compared to \$18.5 million at September 30, 2024, or 1.23% of total loans receivable, a decrease of \$1.6 million or 8.7% and is considered adequate by management. The Bank's unused commitment reserve, included in other liabilities, totaled \$2.7 million at December 31, 2024, compared to \$3.9 million at September 30, 2024, a decrease of \$1.2 million or 30%.

For the quarter ended December 31, 2024, the Bank recorded a net negative provision for credit loss expense totaling \$579 thousand based on a decline in individually assessed loans balances, historical loss rate updates, migration of loan and unfunded commitment segment balances, and other factors within the Bank's ACL modeling. The fourth quarter's provision expense consisted of a \$597 thousand provision for credit losses on loans, and a \$1.2 million reversal of provision for credit losses on unused commitments. The decrease in the Bank's unused commitment reserve was primarily due to reduced unused commitment balances and other factors. For the quarter ended December 31, 2024, net charge-offs, totaled \$2.2 million. Most of these charge-offs involved a small number of commercial or multifamily-related loans which were previously monitored and had specific allocations toward individual impairment or contributed to higher expected loss rates within the Bank's prior ACL balance. For the quarter ended September 30, 2024, the Bank recorded no provision expense and recoveries, net of charge-offs, totaled \$186 thousand. The ACL as a percentage of non-performing loans, or coverage ratio, was 123.1% at December 31, 2024 compared to 134.1% at September 30, 2024.

- **Operating Expenses** - Non-interest expense as a percentage of average assets was 2.75% for the quarter ended December 31, 2024, as compared to 2.80% for the quarter ended September 30, 2024. Decreases in non-interest expenses quarter over quarter were primarily attributable to reduced compensation and benefit expenses, and lower occupancy and equipment expenses. The Bank remains focused on identifying additional operating efficiencies and third-party expense reductions. Compensation and benefits expense is up 0.3% for the twelve months ended December 31, 2024, compared to December 31, 2023.
- **Capital Adequacy** - As of December 31, 2024, the Bank's tier 1 capital to adjusted average assets ratio was 8.46%, an improvement of 0.08% compared to 8.38% at September 30, 2024. The Bank's capital continues to exceed all applicable regulatory capital requirements as set forth in 12 C.F.R. § 324. The Bancorp's tangible book value per share was \$29.48 at December 31, 2024, down from \$31.28 as of September 30, 2024 (a non-GAAP measure). Tangible common equity to total assets was 6.17% at December 31, 2024, down from 6.51% as of September 30, 2024 (a non-GAAP measure). Excluding accumulated other comprehensive losses, tangible book value per share increased to \$42.94 as of December 31, 2024, from \$42.47 as of September 30, 2024 (a non-GAAP measure). See Table 1 at the end of this press release for a reconciliation of the tangible book value per share, tangible book value per share adjusted for other accumulated comprehensive losses, tangible common equity as a percentage of total assets, and tangible common equity as a percentage of total assets adjusted for accumulated other comprehensive losses to the related GAAP ratios.

Disclosures Regarding Non-GAAP Financial Measures

Reported amounts are presented in accordance with GAAP. In this press release, the Bancorp also provides certain financial measures identified as non-GAAP. The Bancorp's management believes that the non-GAAP information, which consists of tangible common equity, tangible common equity adjusted for accumulated other comprehensive losses, tangible book value per share, tangible book value per share adjusted for accumulated other comprehensive losses, tangible common equity/total assets, tax-adjusted net interest margin, and efficiency ratio, which can vary from period to period, provides a better comparison of period to period operating performance. The adjusted net interest income and tax-adjusted net interest margin measures recognize the income tax savings when comparing taxable and tax-exempt assets. Interest income and yields on tax-exempt securities and loans are presented using the current federal income tax rate of 21%. Management believes that it is standard practice in the banking industry to present net interest income and net interest margin on a fully tax-equivalent basis and that it may enhance comparability for peer comparison purposes. Additionally, the Bancorp believes this information is utilized by regulators and market analysts to evaluate a company's financial condition and, therefore, such information is useful to investors. These disclosures should not be viewed as a substitute for financial results in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance.

measures which may be presented by other companies. Refer to Table 1 – Reconciliation of Non-GAAP Financial Measures at the end of this document for a reconciliation of the non-GAAP measures identified herein and their most comparable GAAP measures.

About Finward Bancorp

Finward Bancorp is a locally managed and independent financial holding company headquartered in Munster, Indiana, whose activities are primarily limited to holding the stock of Peoples Bank. Peoples Bank provides a wide range of personal, business, electronic and wealth management financial services from its 26 locations in Lake and Porter Counties in Northwest Indiana and Chicagoland. Finward Bancorp's common stock is quoted on The NASDAQ Stock Market, LLC under the symbol FNWD. The website ibankpeoples.com provides information on Peoples Bank's products and services, and Finward Bancorp's investor relations.

Forward Looking Statements

This press release may contain forward-looking statements regarding the financial performance, business prospects, growth and operating strategies of the Bancorp. For these statements, the Bancorp claims the protections of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Statements in this communication should be considered in conjunction with the other information available about the Bancorp, including the information in the filings the Bancorp makes with the SEC. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. Forward-looking statements are typically identified by using words such as "anticipate," "estimate," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include: the Bank's ability to demonstrate compliance with the terms of the previously disclosed consent order and memorandum of understanding entered into between the Bank and the Federal Deposit Insurance Corporation ("FDIC") and Indiana Department of Financial Institutions ("DFI"), or to demonstrate compliance to the satisfaction of the FDIC and/or DFI within prescribed time frames; the Bank's agreement under the memorandum of understanding to refrain from paying cash dividends without prior regulatory approval; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates, market liquidity, and capital markets, as well as the magnitude of such changes, which may reduce net interest margins; the aggregate effects of inflation experienced in recent years; further deterioration in the market value of securities held in the Bancorp's investment securities portfolio, whether as a result of macroeconomic factors or otherwise; customer acceptance of the Bancorp's products and services; customer borrowing, repayment, investment, and deposit practices; customer disintermediation; the introduction, withdrawal, success, and timing of business initiatives; competitive conditions; the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions, and divestitures; economic conditions; and the impact, extent, and timing of technological changes, capital management activities, regulatory actions by the Federal Deposit Insurance Corporation and Indiana Department of Financial Institutions, and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the Bancorp's reports (such as the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K) filed with the SEC and available at the SEC's Internet website (www.sec.gov). All subsequent written and oral forward-looking statements concerning matters attributable to the Bancorp or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. Except as required by law, The Bancorp does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statement is made.

In addition to the above factors, we also caution that the actual amounts and timing of any future common stock dividends or share repurchases will be subject to various factors, including our capital position, financial performance, capital impacts of strategic initiatives, market conditions, and regulatory and accounting considerations, as well as any other factors that our Board of Directors deems relevant in making such a determination. Therefore, there can be no assurance that we will repurchase shares or pay any dividends to holders of our common stock, or as to the amount of any such repurchases or dividends.

Finward Bancorp
Quarterly Financial Report

Performance Ratios	Quarter ended,					Twelve months ended,	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Return on equity	5.39%	1.60%	0.39%	24.97%	4.92%	8.06%	6.28%
Return on assets	0.41%	0.12%	0.03%	1.77%	0.29%	0.58%	0.40%
Yield on loans	5.27%	5.22%	5.11%	5.02%	5.09%	5.15%	4.92%
Yield on security investments	2.34%	2.37%	2.43%	2.37%	2.57%	2.38%	2.43%
Total yield on earning assets	4.74%	4.70%	4.64%	4.52%	4.64%	4.67%	4.45%
Cost of interest-bearing deposits	2.41%	2.47%	2.37%	2.36%	2.22%	2.40%	1.74%
Cost of repurchase agreements	3.65%	4.04%	3.86%	3.88%	3.78%	3.85%	3.64%
Cost of borrowed funds	4.31%	4.56%	4.95%	4.62%	4.41%	4.62%	4.55%
Total cost of interest-bearing liabilities	2.53%	2.63%	2.55%	2.53%	2.38%	2.56%	1.96%
Tax adjusted net interest margin (Non-GAAP)	2.79%	2.66%	2.67%	2.57%	2.80%	2.68%	2.98%
Noninterest income / average assets	0.72%	0.55%	0.50%	2.57%	0.53%	1.09%	0.52%
Noninterest expense / average assets	2.75%	2.80%	2.79%	2.86%	2.60%	2.80%	2.65%
Net noninterest margin / average assets	-2.03%	-2.24%	-2.29%	-0.29%	-2.08%	-1.71%	-2.14%
Efficiency ratio	87.20%	97.32%	98.56%	59.41%	87.49%	81.78%	84.58%
Effective tax rate	21.30%	-51.88%	-6.72%	9.48%	-30.85%	9.85%	-4.16%
Non-performing assets to total assets	0.74%	0.73%	0.61%	0.64%	0.61%	0.74%	0.61%
Non-performing loans to total loans	0.91%	0.92%	0.75%	0.78%	0.76%	0.91%	0.76%
Allowance for credit losses to non-performing loans	123.10%	134.12%	161.17%	159.12%	163.90%	123.10%	163.90%
Allowance for credit losses to loans receivable	1.12%	1.23%	1.22%	1.25%	1.24%	1.12%	1.24%
Foreclosed real estate to total assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Basic earnings per share	\$0.49	\$0.14	\$0.03	\$2.18	\$0.36	\$2.85	\$1.96
Diluted earnings per share	\$0.49	\$0.14	\$0.03	\$2.17	\$0.35	\$2.84	\$1.96
Stockholders' equity / total assets	7.35%	7.69%	7.16%	7.32%	6.99%	7.35%	6.99%
Book value per share	\$35.10	\$36.99	\$34.45	\$35.17	\$34.28	\$35.10	\$34.28
Closing stock price	\$28.11	\$31.98	\$24.52	\$24.60	\$25.24	\$28.11	\$25.24
Price to earnings per share ratio	14.25	56.21	182.60	2.82	17.77	9.87	12.87
Dividends declared per common share	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.48	\$1.05
Bank Level Capital							
Common equity tier 1 capital to risk-weighted assets	11.32%	11.10%	10.94%	10.89%	10.43%	11.32%	10.43%
Tier 1 capital to risk-weighted assets	11.32%	11.10%	10.94%	10.89%	10.43%	11.32%	10.43%
Total capital to risk-weighted assets	12.26%	12.14%	11.95%	11.92%	11.36%	12.26%	11.36%
Tier 1 capital to adjusted average assets	8.46%	8.38%	8.32%	8.24%	7.78%	8.46%	7.78%

Non-GAAP Performance Ratios	Quarter ended,					Twelve months ended,	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net interest margin - tax equivalent	2.79%	2.66%	2.67%	2.57%	2.80%	2.68%	2.98%
Tangible book value per diluted share	\$29.48	\$31.28	\$28.67	\$29.30	\$28.31	\$29.48	\$28.31
Tangible book value per diluted share adjusted for AOCL	\$42.94	\$42.47	\$42.33	\$42.36	\$40.31	\$42.94	\$40.31
Tangible common equity to total assets	6.17%	6.51%	5.95%	6.09%	5.77%	6.17%	5.77%
Tangible common equity to total assets adjusted for AOCL	8.99%	8.83%	8.79%	8.81%	8.22%	8.99%	8.22%

(1) Tax adjusted net interest margin represents a non-GAAP financial measure. See the non-GAAP reconciliation table section captioned "Non-GAAP Financial Measures" for further disclosure regarding non-GAAP financial measures

Quarter Ended
(Dollars in thousands)
(unaudited)

Average Balances, Interest, and Rates

	December 31, 2024			September 30, 2024		
	Average Balance	Interest	Rate (%)	Average Balance	Interest	Rate (%)
ASSETS						
Interest bearing deposits in other financial institutions.....	\$ 50,271	\$ 650	5.17	\$ 54,084	\$ 665	4.92
Federal funds sold.....	891	9	4.04	682	9	5.28
Securities available-for-sale.....	343,411	2,011	2.34	342,451	2,031	2.37
Loans receivable.....	1,504,233	19,802	5.27	1,506,967	19,660	5.22
Federal Home Loan Bank stock.....	6,547	123	7.51	6,547	107	6.54
Total interest earning assets.....	1,905,353	\$ 22,595	4.74	1,910,731	\$ 22,472	4.70
Cash and non-interest bearing deposits in other financial institutions.....	27,360			22,478		
Allowance for credit losses.....	(18,110)			(18,482)		
Other noninterest bearing assets.....	154,707			155,997		
Total assets.....	<u>\$ 2,069,310</u>			<u>\$ 2,070,724</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing deposits.....	\$ 1,465,198	\$ 8,811	2.41	\$ 1,451,414	\$ 8,946	2.47
Repurchase agreements.....	43,372	396	3.65	43,074	435	4.04
Borrowed funds.....	72,536	781	4.31	95,224	1,085	4.56
Total interest bearing liabilities.....	1,581,106	\$ 9,988	2.53	1,589,712	\$ 10,466	2.63
Non-interest bearing deposits.....	289,467			287,507		
Other noninterest bearing liabilities.....	42,944			41,696		
Total liabilities.....	1,913,517			1,918,915		
Total stockholders' equity.....	155,793			151,809		
Total liabilities and stockholders' equity.....	<u>\$ 2,069,310</u>			<u>\$ 2,070,724</u>		
Net interest income		\$ 12,607			\$ 12,006	
Return on average assets	0.41%			0.12%		
Return on average equity	5.39%			1.60%		
Net interest margin (average earning assets)	2.65%			2.51%		
Net interest margin (average earning assets) - tax equivalent	2.79%			2.66%		
Net interest spread	2.21%			2.07%		
Ratio of interest-earning assets to interest-bearing liabilities	1.21x			1.20x		

Year-to-Date
(Dollars in thousands)
(unaudited)

Average Balances, Interest, and Rates

	December 31, 2024			September 30, 2024		
	Average Balance	Interest	Rate (%)	Average Balance	Interest	Rate (%)
ASSETS						
Interest bearing deposits in other financial institutions.....	\$ 51,202	\$ 2,967	5.79	\$ 61,107	\$ 2,317	5.06
Federal funds sold.....	912	38	4.17	919	29	4.21
Securities available-for-sale.....	347,048	8,250	2.38	348,269	6,239	2.39
Loans receivable.....	1,504,206	77,515	5.15	1,504,197	57,713	5.12
Federal Home Loan Bank stock.....	6,547	408	6.23	6,547	285	5.80
Total interest earning assets.....	1,909,915	\$ 89,178	4.67	1,921,039	\$ 66,583	4.62
Cash and non-interest bearing deposits in other financial institutions.....	28,730			19,598		
Allowance for credit losses.....	(18,529)			(18,670)		
Other noninterest bearing assets.....	155,251			155,433		
Total assets.....	<u>\$ 2,075,367</u>			<u>\$ 2,077,400</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing deposits.....	\$ 1,462,039	\$ 35,161	2.40	\$ 1,464,682	\$ 26,350	2.40
Repurchase agreements.....	41,506	1,600	3.85	40,879	1,204	3.93
Borrowed funds.....	85,927	3,970	4.62	90,423	3,189	4.70
Total interest bearing liabilities.....	1,589,472	\$ 40,731	2.56	1,595,984	\$ 30,743	2.57
Non-interest bearing deposits.....	293,508			291,161		
Other noninterest bearing liabilities.....	41,893			41,540		
Total liabilities.....	1,924,873			1,928,685		
Total stockholders' equity.....	150,494			148,715		
Total liabilities and stockholders' equity.....	<u>\$ 2,075,367</u>			<u>\$ 2,077,400</u>		
Net interest income		\$ 48,447			\$ 35,840	
Return on average assets	0.58%			0.64%		
Return on average equity	8.06%			4.50%		
Net interest margin (average earning assets)	2.54%			2.49%		
Net interest margin (average earning assets) - tax equivalent	2.68%			2.63%		
Net interest spread	2.11%			2.05%		
Ratio of interest-earning assets to interest-bearing liabilities	1.20x			1.20x		

Finward Bancorp
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Balance Sheet Data

(Dollars in thousands)

	(Unaudited) December 31, 2024	(Unaudited) September 30, 2024	(Unaudited) June 30, 2024	(Unaudited) March 31, 2024	(Unaudited) December 31, 2023
ASSETS					
Cash and non-interest bearing deposits in other financial institutions	\$ 17,883	\$ 23,071	\$ 19,061	\$ 16,418	\$ 17,942
Interest bearing deposits in other financial institutions	52,047	48,025	63,439	54,755	67,647
Federal funds sold	654	553	707	607	419
Total cash and cash equivalents	70,584	71,649	83,207	71,780	86,008
Securities available-for-sale	333,554	350,027	339,585	346,233	371,374
Loans held-for-sale	1,253	2,567	1,185	667	340
Loans receivable, net of deferred fees and costs	1,508,376	1,508,242	1,506,398	1,508,251	1,512,595
Less: allowance for credit losses	(16,911)	(18,516)	(18,330)	(18,805)	(18,768)
Net loans receivable	1,492,065	1,489,726	1,488,068	1,489,446	1,493,827
Federal Home Loan Bank stock	6,547	6,547	6,547	6,547	6,547
Accrued interest receivable	7,721	7,442	7,695	7,583	8,045
Premises and equipment	47,259	47,912	48,696	47,795	38,436
Foreclosed real estate	-	-	-	71	71
Cash value of bank owned life insurance	33,514	33,312	33,107	32,895	32,702
Goodwill	22,395	22,395	22,395	22,395	22,395
Other intangible assets	1,860	2,203	2,555	2,911	3,272
Other assets	43,947	40,882	44,027	43,459	45,262
Total assets	\$ 2,060,639	\$ 2,074,662	\$ 2,077,067	\$ 2,071,782	\$ 2,108,279
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits:					
Non-interest bearing	\$ 263,324	\$ 285,157	\$ 286,784	\$ 296,959	\$ 295,594
Interest bearing	1,497,242	1,463,653	1,469,970	1,450,519	1,517,827
Total	1,760,566	1,748,810	1,756,754	1,747,478	1,813,421
Repurchase agreements	40,116	43,038	42,973	41,137	38,124
Borrowed funds	65,000	85,000	85,000	90,000	80,000
Accrued expenses and other liabilities	43,603	38,259	43,709	41,586	29,389
Total liabilities	1,909,285	1,915,107	1,928,436	1,920,201	1,960,934
Commitments and contingencies					
Stockholders' Equity:					
Preferred stock, no par or stated value; 10,000,000 shares authorized, none outstanding	-	-	-	-	-
Common stock, no par or stated value; 10,000,000 shares authorized; shares issued and outstanding: December 31, 2024 - 4,313,698 December 31, 2023 - 4,298,773	-	-	-	-	-
Additional paid-in capital	70,034	69,916	69,778	69,727	69,555
Accumulated other comprehensive loss	(58,084)	(48,241)	(58,939)	(56,313)	(51,613)
Retained earnings	139,464	137,880	137,792	138,167	129,403
Total stockholders' equity	151,414	159,555	148,631	151,581	147,345
Total liabilities and stockholders' equity	\$ 2,060,639	\$ 2,074,662	\$ 2,077,067	\$ 2,071,782	\$ 2,108,279

Finward Bancorp
Quarterly Financial Report

Consolidated Statements of Income

(Dollars in thousands)

	Quarter Ended,					Twelve months ended,	
	(Unaudited) December 31, 2024	(Unaudited) September 30, 2024	(Unaudited) June 30, 2024	(Unaudited) March 31, 2024	(Unaudited) December 31, 2023	(Unaudited) December 31, 2024	(Unaudited) December 31, 2023
Interest income:							
Loans	\$ 19,802	\$ 19,660	\$ 19,174	\$ 18,879	\$ 19,281	\$ 77,515	\$ 74,762
Securities & short-term investments	2,793	2,812	2,953	3,105	2,975	11,663	11,021
Total interest income	<u>22,595</u>	<u>22,472</u>	<u>22,127</u>	<u>21,984</u>	<u>22,256</u>	<u>89,178</u>	<u>85,783</u>
Interest expense:							
Deposits	8,812	8,946	8,610	8,794	8,180	35,162	25,438
Borrowings	1,176	1,520	1,463	1,410	1,361	5,569	5,790
Total interest expense	<u>9,988</u>	<u>10,466</u>	<u>10,073</u>	<u>10,204</u>	<u>9,541</u>	<u>40,731</u>	<u>31,228</u>
Net interest income	12,607	12,006	12,054	11,780	12,715	48,447	54,555
Provision/(benefit) for credit losses	(579)	-	76	-	779	(503)	2,025
Net interest income after provision for credit losses	<u>13,186</u>	<u>12,006</u>	<u>11,978</u>	<u>11,780</u>	<u>11,936</u>	<u>48,950</u>	<u>52,530</u>
Noninterest income:							
Fees and service charges	1,439	1,463	1,257	1,153	1,507	5,312	6,024
Wealth management operations	728	731	763	633	672	2,855	2,484
Gain on tax credit investment	1,236	-	-	-	-	1,236	-
Gain on sale of loans held-for-sale, net	328	338	320	152	352	1,138	1,081
Increase in cash value of bank owned life insurance	202	205	212	193	193	812	766
Gain (Loss) on real estate	(212)	-	15	11,858	-	11,661	-
Loss on sale of securities, net	-	-	-	(531)	-	(531)	(48)
Other	11	130	6	17	11	164	439
Total noninterest income	<u>3,732</u>	<u>2,867</u>	<u>2,573</u>	<u>13,475</u>	<u>2,735</u>	<u>22,647</u>	<u>10,746</u>
Noninterest expense:							
Compensation and benefits	6,628	6,963	7,037	7,109	6,290	27,737	27,655
Occupancy and equipment	2,045	2,181	2,116	1,908	1,484	8,250	6,382
Data processing	1,202	1,165	1,135	1,170	1,269	4,672	4,734
Federal deposit insurance premiums	457	435	397	501	492	1,790	2,003
Marketing	220	209	212	158	191	799	840
Professional and Outside Services	1,341	1,251	1,257	1,557	1,420	5,406	4,279
Technology	509	602	507	625	374	2,243	1,654
Other	1,845	1,668	1,756	1,976	1,997	7,245	7,684
Total noninterest expense	<u>14,247</u>	<u>14,474</u>	<u>14,417</u>	<u>15,004</u>	<u>13,517</u>	<u>58,142</u>	<u>55,231</u>
Income before income taxes	2,671	399	134	10,251	1,154	13,455	8,045
Income tax expenses (benefit)	569	(207)	(9)	972	(356)	1,325	(335)
Net income	<u>\$ 2,102</u>	<u>\$ 606</u>	<u>\$ 143</u>	<u>\$ 9,279</u>	<u>\$ 1,510</u>	<u>\$ 12,130</u>	<u>\$ 8,380</u>
Earnings per common share:							
Basic	\$ 0.49	\$ 0.14	\$ 0.03	\$ 2.18	\$ 0.36	\$ 2.85	\$ 1.96
Diluted	\$ 0.49	\$ 0.14	\$ 0.03	\$ 2.17	\$ 0.35	\$ 2.84	\$ 1.96

Finward Bancorp
Quarterly Financial Report

Asset Quality <i>(Dollars in thousands)</i>	(Unaudited) December 31, 2024	(Unaudited) September 30, 2024	(Unaudited) June 30, 2024	(Unaudited) March 31, 2024	(Unaudited) December 31, 2023
Nonaccruing loans	\$ 13,738	\$ 13,806	\$ 11,079	\$ 11,603	\$ 9,608
Accruing loans delinquent more than 90 days	-	-	294	215	1,843
Securities in non-accrual	1,419	1,440	1,371	1,442	1,357
Foreclosed real estate	-	-	-	71	71
Total nonperforming assets	\$ 15,157	\$ 15,246	\$ 12,744	\$ 13,331	\$ 12,879
Allowance for credit losses (ACL):					
ACL specific allowances for collateral dependent loans	\$ 284	\$ 1,821	\$ 1,327	\$ 1,455	\$ 906
ACL general allowances for loan portfolio	16,627	16,695	17,003	17,351	17,862
Total ACL	\$ 16,911	\$ 18,516	\$ 18,330	\$ 18,806	\$ 18,768

Bank Level Capital
(Dollars in thousands)

December 31, 2024	Actual		Minimum Required For Capital Adequacy Purposes		Minimum Required To Be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common equity tier 1 capital to risk-weighted assets	\$179,625	11.32%	\$71,415	4.50%	\$103,154	6.50%
Tier 1 capital to risk-weighted assets	\$179,625	11.32%	\$95,219	6.00%	\$126,959	8.00%
Total capital to risk-weighted assets	\$194,500	12.26%	\$126,959	8.00%	\$158,699	10.00%
Tier 1 capital to adjusted average assets	\$179,625	8.46%	\$84,854	4.00%	\$106,068	5.00%

Table 1 - Reconciliation of the Non-GAAP Performance Measures

(Dollars in thousands) (unaudited)	Quarter Ended,					Twelve months ended,	
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Calculation of tangible common equity							
Total stockholder's equity	\$ 151,414	\$ 159,555	\$ 148,631	\$ 151,581	\$ 147,345	\$ 151,414	\$ 147,345
Goodwill	(22,395)	(22,395)	(22,395)	(22,395)	(22,395)	(22,395)	(22,395)
Other intangibles	(1,860)	(2,203)	(2,555)	(2,911)	(3,272)	(1,860)	(3,272)
Tangible common equity	\$ 127,159	\$ 134,957	\$ 123,681	\$ 126,275	\$ 121,678	\$ 127,159	\$ 121,678
Calculation of tangible common equity adjusted for accumulated other comprehensive loss							
Tangible common equity	\$ 127,159	\$ 134,957	\$ 123,681	\$ 126,275	\$ 121,678	\$ 127,159	\$ 121,678
Accumulated other comprehensive loss	58,084	48,241	58,939	56,313	51,613	58,084	51,613
Tangible common equity adjusted for accumulated other comprehensive loss	\$ 185,243	\$ 183,198	\$ 182,620	\$ 182,588	\$ 173,291	\$ 185,243	\$ 173,291
Calculation of tangible book value per share							
Tangible common equity	\$ 127,159	\$ 134,957	\$ 123,681	\$ 126,275	\$ 121,678	\$ 127,159	\$ 121,678
Shares outstanding	4,313,698	4,313,940	4,313,940	4,310,251	4,298,773	4,313,698	4,298,773
Tangible book value per diluted share	\$ 29.48	\$ 31.28	\$ 28.67	\$ 29.30	\$ 28.31	\$ 29.48	\$ 28.31
Calculation of tangible book value per diluted share adjusted for accumulated other comprehensive loss							
Tangible common equity adjusted for accumulated other comprehensive loss	\$ 185,243	\$ 183,198	\$ 182,620	\$ 182,588	\$ 173,291	\$ 185,243	\$ 173,291
Diluted average common shares outstanding	4,313,698	4,313,940	4,313,940	4,310,251	4,298,773	4,313,698	4,298,773
Tangible book value per diluted share adjusted for accumulated other comprehensive loss	\$ 42.94	\$ 42.47	\$ 42.33	\$ 42.36	\$ 40.31	\$ 42.94	\$ 40.31
Calculation of tangible common equity to total assets							
Tangible common equity	\$ 127,159	\$ 134,957	\$ 123,681	\$ 126,275	\$ 121,678	\$ 127,159	\$ 121,678
Total assets	2,060,699	2,074,662	2,077,067	2,071,782	2,108,279	2,060,699	2,108,279
Tangible common equity to total assets	6.17%	6.51%	5.95%	6.09%	5.77%	6.17%	5.77%
Calculation of tangible common equity to total assets adjusted for accumulated other comprehensive loss							
Tangible common equity adjusted for accumulated other comprehensive loss	\$ 185,243	\$ 183,198	\$ 182,620	\$ 182,588	\$ 173,291	\$ 185,243	\$ 173,291
Total assets	2,060,699	2,074,662	2,077,067	2,071,782	2,108,279	2,060,699	2,108,279
Tangible common equity to total assets adjusted for accumulated other comprehensive loss	8.99%	8.83%	8.79%	8.81%	8.22%	8.99%	8.22%
Calculation of tax adjusted net interest margin							
Net interest income	\$ 12,607	\$ 12,006	\$ 12,054	\$ 11,780	\$ 12,715	\$ 48,447	\$ 54,555
Tax adjusted interest on securities and loans	674	678	677	699	722	2,728	2,956
Adjusted net interest income	\$ 13,281	\$ 12,684	\$ 12,731	\$ 12,479	\$ 13,437	\$ 51,175	\$ 57,511
Total average earning assets	1,905,353	1,910,731	1,906,998	1,945,501	1,920,127	1,909,915	1,927,455
Tax adjusted net interest margin	2.79%	2.66%	2.67%	2.57%	2.80%	2.68%	2.98%
Efficiency ratio							
Total non-interest expense	\$ 14,247	\$ 14,474	\$ 14,417	\$ 15,004	\$ 13,517	\$ 58,142	\$ 55,232
Total revenue	16,339	14,873	14,627	25,255	15,450	71,094	65,301
Efficiency ratio	87.20%	97.32%	98.56%	59.41%	87.49%	81.78%	84.58%