

Northwest Bancshares, Inc.  
Form 10-Q  
May 10, 2011

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

FORM 10-Q

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2011
- or
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-34582

Northwest Bancshares, Inc.  
(Exact name of registrant as specified in  
its charter)

Maryland  
(State or other jurisdiction of incorporation or organization)

27-0950358  
(I.R.S. Employer Identification No.)

100 Liberty Street, Warren,  
Pennsylvania  
(Address of principal executive offices)

16365  
(Zip Code)

(814) 726-2140  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if  
changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller reporting company

Indicate by check mark whether the registrant is a Shell Company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock (\$0.01 par value) 106,093,695 shares outstanding as of April 30, 2011

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## ITEM 1. FINANCIAL STATEMENTS

NORTHWEST BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(in thousands, except share data)

	(Unaudited)	
	March 31, 2011	December 31, 2010
<b>Assets</b>		
Cash and due from banks	\$ 78,446	40,708
Interest-earning deposits in other financial institutions	690,581	677,771
Federal funds sold and other short-term investments	633	632
Marketable securities available-for-sale (amortized cost of \$974,030 and \$945,791)	982,336	950,683
Marketable securities held-to-maturity (fair value of \$313,727 and \$354,126)	314,407	357,922
<b>Total cash and investments</b>	<b>2,066,403</b>	<b>2,027,716</b>
Loans held for sale	3,581	11,376
Residential mortgage loans	2,362,580	2,386,928
Home equity loans	1,073,818	1,092,606
Other consumer loans	249,127	259,123
Commercial real estate loans	1,368,622	1,350,319
Commercial loans	428,840	433,653
<b>Total loans</b>	<b>5,486,568</b>	<b>5,534,005</b>
Allowance for loan losses	(76,450 )	(76,412 )
<b>Total loans, net</b>	<b>5,410,118</b>	<b>5,457,593</b>
Federal Home Loan Bank stock, at cost	57,076	60,080
Accrued interest receivable	26,817	26,216
Real estate owned, net	19,682	20,780
Premises and equipment, net	126,855	128,101
Bank owned life insurance	133,403	132,237
Goodwill	171,882	171,882
Other intangible assets	3,451	3,942
Other assets	106,517	119,608
<b>Total assets</b>	<b>\$ 8,122,204</b>	<b>8,148,155</b>
 <b>Liabilities and Shareholders' equity</b>		
<b>Liabilities:</b>		
Noninterest-bearing demand deposits	\$ 610,692	575,281
Interest-bearing demand deposits	792,457	782,257
Savings deposits	2,018,139	1,948,882
Time deposits	2,399,249	2,457,916
<b>Total deposits</b>	<b>5,820,537</b>	<b>5,764,336</b>
Borrowed funds	831,575	891,293
Junior subordinated deferrable interest debentures held by trusts that issued guaranteed capital debt securities	103,094	103,094
Advances by borrowers for taxes and insurance	26,191	22,868

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Accrued interest payable	1,170	1,716
Other liabilities	52,521	57,398
Total liabilities	6,835,088	6,840,705
Shareholders' equity:		
Preferred stock, \$0.01 par value: 50,000,000 authorized, no shares issued	-	-
Common stock, \$0.01 par value: 500,000,000 shares authorized, 107,733,432 and 110,295,117 shares issued, respectively	1,078	1,103
Paid-in capital	793,951	824,164
Retained earnings	529,630	523,089
Unallocated common stock of Employee Stock Ownership Plan	(27,025 )	(27,409 )
Accumulated other comprehensive loss	(10,518 )	(13,497 )
Total shareholders' equity	1,287,116	1,307,450
Total liabilities and shareholders' equity	\$ 8,122,204	8,148,155

See accompanying notes to consolidated financial statements - unaudited

NORTHWEST BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
(in thousands, except per share amounts)

	Three months ended March 31,	
	2011	2010
<b>Interest income:</b>		
Loans receivable	\$80,457	80,746
Mortgage-backed securities	6,756	6,145
Taxable investment securities	398	998
Tax-free investment securities	3,074	2,684
Interest-earning deposits	407	565
<b>Total interest income</b>	<b>91,092</b>	<b>91,138</b>
<b>Interest expense:</b>		
Deposits	16,063	21,404
Borrowed funds	7,989	9,700
<b>Total interest expense</b>	<b>24,052</b>	<b>31,104</b>
<b>Net interest income</b>	<b>67,040</b>	<b>60,034</b>
<b>Provision for loan losses</b>	<b>7,244</b>	<b>8,801</b>
<b>Net interest income after provision for loan losses</b>	<b>59,796</b>	<b>51,233</b>
<b>Noninterest income:</b>		
Impairment losses on securities	-	(437 )
Noncredit related losses on securities not expected to be sold (recognized in other comprehensive income)	-	340
<b>Net impairment losses</b>	<b>-</b>	<b>(97 )</b>
Gain on sale of investments, net	4	2,083
Service charges and fees	8,928	8,902
Trust and other financial services income	1,910	1,833
Insurance commission income	1,380	1,142
Loss on real estate owned, net	(27 )	(24 )
Income from bank owned life insurance	1,166	1,166
Mortgage banking income / (loss)	197	(8 )
Other operating income	768	860
<b>Total noninterest income</b>	<b>14,326</b>	<b>15,857</b>
<b>Noninterest expense:</b>		
Compensation and employee benefits	25,499	25,856
Premises and occupancy costs	6,191	6,002
Office operations	3,100	3,237
Processing expenses	5,767	5,696
Marketing expenses	1,959	1,443
Federal deposit insurance premiums	2,427	2,148
Professional services	1,256	728
Amortization of intangible assets	491	782
Real estate owned expense	431	899

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Other expenses	2,257	1,813
Total noninterest expense	49,378	48,604
Income before income taxes	24,744	18,486
Federal and state income taxes	7,491	5,333
Net income	\$17,253	13,153
Basic earnings per share	\$0.16	0.12
Diluted earnings per share	\$0.16	0.12

See accompanying notes to unaudited consolidated financial statements

NORTHWEST BANCSHARES, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)  
(dollars in thousands)

Three months ended March 31, 2010	Accumulated						
	Common Stock		Paid-in Capital	Retained Earnings	Other	Unallocated common stock	Total Shareholders' Equity
	Shares	Amount			Comprehensive Income/ (loss)	of ESOP	
Beginning balance at December 31, 2009	110,641,858	\$ 1,106	828,195	508,842	(9,977 )	(11,651 )	1,316,515
Comprehensive income:							
Net income	-	-	-	13,153	-	-	13,153
Change in fair value of interest rate swaps, net of tax of \$539	-	-	-	-	(842 )	-	(842 )
Change in unrealized loss on securities, net of tax of \$(732)	-	-	-	-	1,146	-	1,146
Reclassification of previously recognized OTTI on investment securities recorded in OCI to net income, net of tax of \$39	-	-	-				