Northwest Bancshares, Inc. Form 10-Q November 07, 2014 <u>Table of Contents</u>

# **UNITED STATES**

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

# **FORM 10-Q**

# x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2014

or

# o 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

27-0950358

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(State or other jurisdiction of incorporation or organization)

#### (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 x No o

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 x No o

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 x

Accelerated Filer o

Non-Accelerated Filer o

Smaller reporting company o

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

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) 94,941,430 shares outstanding as of October 30, 2014

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#### **ITEM 1. FINANCIAL STATEMENTS**

#### NORTHWEST BANCSHARES, INC.

# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

#### (in thousands, except share data)

	S	(Unaudited) September 30, 2014	December 31, 2013
Assets			
Cash and due from banks	\$	83,994	98,122
Interest-earning deposits in other financial institutions		209,161	293,149
Federal funds sold and other short-term investments		634	634
Marketable securities available-for-sale (amortized cost of \$928,644 and \$1,022,078)		930,913	1,016,767
Marketable securities held-to-maturity (fair value of \$113,322 and \$124,061)		110,214	121,366
Total cash and investments		1,334,916	1,530,038
Personal Banking:			
Residential mortgage loans held for sale			221
Residential mortgage loans		2,511,272	2,482,783
Home equity loans		1,071,540	1,083,939
Other consumer loans		238,653	228,348
Total Personal Banking		3,821,465	3,795,291
Business Banking:			
Commercial real estate loans		1,732,234	1,608,399
Commercial loans		403,402	402,601
Total Business Banking		2,135,636	2,011,000
Total loans		5,957,101	5,806,291
Allowance for loan losses		(71,650)	(71,348)
Total loans, net		5,885,451	5,734,943
Federal Home Loan Bank stock, at cost		43,985	43,715
Accrued interest receivable		19,505	19,152
Real estate owned, net		15,007	18,203
Premises and equipment, net		144,759	146,139
Bank owned life insurance		143,306	140,172
Goodwill		176,169	174,644
Other intangible assets		3,364	2,319
Other assets		60,464	70,715
Total assets	\$	7,826,926	7,880,040
Liabilities and Shareholders equity			
Liabilities:			
Noninterest-bearing checking deposits	\$	884,804	789,135
Interest-bearing checking deposits		895,280	852,809
Money market deposit accounts		1,180,540	1,167,954
Savings deposits		1,214,284	1,191,584
Time deposits		1,532,815	1,667,397
Total deposits		5,707,723	5,668,879

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Borrowed funds	878,448	881,645
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	16,267	26,669
Accrued interest payable	880	888
Other liabilities	43,793	43,499
Total liabilities	6,750,205	6,724,674
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, 94,994,819 and 94,243,713		
shares issued, respectively	950	943
Paid-in capital	627,748	619,678
Retained earnings	476,484	569,728
Unallocated common stock of employee stock ownership plan	(21,798)	(23,083)
Accumulated other comprehensive loss	(6,663)	(11,900)
Total shareholders equity	1,076,721	1,155,366
Total liabilities and shareholders equity	\$ 7,826,926	7,880,040

See accompanying notes to unaudited consolidated financial statements

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#### NORTHWEST BANCSHARES, INC.

# CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

#### (in thousands, except per share data)

2014201320142013Lams receivable\$70,82071,422210,868216,113Mortgage-backed scurities2,0043,1137,9639,862Tasche investment scurities1,0041,0303,0982,969Tasche investment scurities1,5611,9124,8146,069Tasche investment scurities1,6611,9124,8146,069Tasche investment scurities1,872536,73844Total interest eximities76,07677,730227,416225,887Deposits6,3057,15019,21622,368Borrowed funds7,8828,12623,38923,989Total interest expense14,18715,27642,60546,357Net interest income61,88962,454184,811189,500Noninterest income61,88962,454165,575171,945Noninterest income1,7782,10965,757171,945Noninterest income2,9762,3809,0786,844Loss on real estare owned, net(240)(111)(937)(2,526Loss on real estare owned, net(1,6931,1783,13433,51Mortgage banking income1,8361,0494,6993,090Other financial noninterest2892037531,395Other sepense:225,6425,7331,7931,530Comperating income1,81816,1095,49704,5493,999 <th></th> <th></th> <th>Quarter ended September 30,</th> <th></th> <th></th> <th>Nine months September</th> <th></th>			Quarter ended September 30,			Nine months September	
Loans receivable\$70.82071.422210.868216.113Mortgage-backed securities2,5043,1137.9639.862Trax-fice investment securities1,0041,0303,0982,969Trax-fice investment securities1,5611,9124,8146,069Interest-earning deposits1872,53673844Total interest encome76,07677,730227,416235,857Interest expense:22,66823,38923,989Total interest expense14,18715,27642,60546,357Net interest income61,88962,454184,811189,500Provisio for loan losses3,4664,99219,23617,555Noninterest income after provision for loan losses58,42357,462165,575171,1945Vet interest income:292,3809,0786,847Inst and other financial services income2,9762,3809,0786,847Inst and other financial services income2,9762,3809,0786,544Loss on real estate owned, net(240)(111)(937)(2,526Income fird manuscial envices2392037531,395Other operating income1,8331,1783,1343,351Instand other parenting income1,8341,4994,6993,090Total noninterest income1,8541,1335,6914,292Provision for loan losses5,6425,63317			<b>F</b> ,	2013	2014	~ · <b>F</b> · · · · · · ·	· ·
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	Interest income:						
Taxahle investment securities  1,004  1,030  3,098  2,969    Tax-free investment securities  1,561  1,912  4,814  6,069    Interest expense:  76,076  77,730  227,416  235,857    Deposits  6,305  7,150  19,216  22,368    Borrowed finds  7,882  8,126  23,889  23,989    Total interest expense  14,187  15,276  42,005  46,357    Net interest income  61,889  62,454  184,811  189,500    Provision for loan losses  3,466  4,992  19,236  17,555    Net interest income after provision for loan losses  5,8423  57,462  165,575  171,945    Noninterest income:  2976  2,380  9,078  6,847    Insurance commission income  1,778  2,010  4,549  229    Service charges and fees  9,665  9,282  27,115  27,010    Taxt and other financial services income  2,976  2,380  9,078  6,847    Insurance commission income  1,778  2,010  4,519  3,309	Loans receivable	5 70	0,820	71,422	210,	868	216,113
Tax-free investment securities  1,561  1,912  4,814  6.069    Interest-examing deposits  187  233  673  884    Deposits  76,076  77,730  227,416  235,857    Interest expense:  23,889  23,989  23,989  23,989  23,989  23,989  23,989  23,989  23,989  23,989  23,989  24,055  46,357  104  1187  15,276  42,005  46,357  171,945  189,500  46,357  171,945  175,555  171,945  171,945  175,555  171,945  171,945  171,945  171,945  229  229  229  229  229  109  4,549  229  229  229  271,115  27,010  105,575  171,945  171,945  2019  6,579  6,504  10,937  (2,526  109  4,549  229  229  229  26*reice charges and fees  9,665  9,282  27,115  27,010  7,100  103,134  3,314  3,314  3,314  3,314  3,314  3,314  3,319  0,499  3,090  1,395  0,199 <td>Mortgage-backed securities</td> <td>2</td> <td>2,504</td> <td>3,113</td> <td>7,</td> <td>963</td> <td>9,862</td>	Mortgage-backed securities	2	2,504	3,113	7,	963	9,862
Interest-earning deposits    187    253    673    844      Total interest income    76,076    77,730    227,416    235,857      Interest expense:      221,416    235,857      Deposits    6,305    7,150    19,216    22,368      Borrowed funds    7,882    8,126    23,389    23,989      Total interest expense    14,187    15,276    42,005    46,357      Net interest income    61,889    62,454    184,811    189,500      Provision for loan losses    3,466    4,992    19,236    17,555      Noninterest income    3,466    4,992    19,236    17,555      Service charges and fees    9,665    9,282    27,115    27,010      Insurance commission income    2,976    2,380    9,078    6,847      Insurance commission income    1,778    2,019    6,579    6,504      Loso neral estate owned, net    (240)    (111)    (937)    (2,256      Other operating income    1,836	Taxable investment securities	1	1,004	1,030	3,	098	2,969
Total interest income    76,076    77,730    227,416    235,857      Interest expense:    Deposits    6,305    7,150    19,216    22,368      Borrowed funds    7,882    8,126    23,389    23,989      Total interest expense    14,187    15,276    42,605    46,357      Net interest income    61,889    62,454    184,811    189,500      Provision for loan losses    3,466    4,992    19,236    17,555      Net interest income after provision for loan losses    58,423    57,462    165,575    171,945      Noninterest income:    Gain on sale of investments    852    109    4,549    229      Service charges and fees    9,665    9,282    27,115    27,010      Insurance commission income    1,778    2,019    6,579    6,504      Loss on real estate owned, net    (240)    (111)    (937)    (2,526      Income from bank owned life insurance    1,836    1,049    4,699    3,090      Other operating income    1,836    1,049	Tax-free investment securities	1	1,561	1,912	4,	814	6,069
Interest expense:    Interest expense:      Deposits    6,305    7,150    19,216    22,368      Borrowed funds    7,882    8,126    23,389    23,989      Total interest expense    14,187    15,276    42,605    46,357      Net interest income    61,889    62,454    184,811    189,500    19,236    17,555      Net interest income after provision for loan losses    58,423    57,462    165,575    171,945      Noninterest income:	Interest-earning deposits					673	844
Deposits  6,305  7,150  19,216  22,368    Borrowed funds  7,882  8,126  23,389  23,389    Total interest expense  14,187  15,276  42,605  46,357    Net interest income  61,889  62,454  184,811  189,500    Provision for loan losses  3,466  4,992  19,236  17,555    Noninterest income after provision for loan losses  58,423  57,462  165,575  171,945    Noninterest income:	Total interest income	76	6,076	77,730	227,	416	235,857
Borrowed funds    7,882    8,126    23,389    23,989      Total interest expense    14,187    15,276    42,605    46,357      Net interest income    61,889    62,454    184,811    189,500      Provision for loan losses    3,466    4,992    19,236    17,555      Net interest income after provision for loan losses    58,423    57,462    165,575    171,945      Noninterest income:    Gain on sale of investments    852    109    4,549    229      Service charges and fees    9,665    9,282    27,115    27,010      Trust and other financial services income    2,976    2,380    9,078    6,847      Insurance commission income    1,778    2,019    6,579    6,504      Loss on real estate owned, net    (240)    (111)    (937)    (2,526      Income from bank owned life insurance    1,083    1,178    3,134    3,351      Other operating income    1,836    1,049    4,699    3,090      Total noninterest expense:    Compensation and employee benefits <td>Interest expense:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Interest expense:						
Total interest expense  14,187  15,276  42,605  46,357    Net interest income  61,889  62,454  184,811  189,500    Provision for loan losses  3,466  4,992  19,236  17,555    Not interest income after provision for loan losses  58,423  57,462  165,575  171,945    Noninterest income:	Deposits			7,150	19,	216	22,368
Net interest income    61,889    62,454    184,811    189,500      Provision for Ioan losses    3,466    4,992    19,236    17,555      Net interest income after provision for Ioan losses    58,423    57,462    165,575    171,945      Noninterest income:	Borrowed funds	7	7,882	-) -	23,	389	23,989
Provision for loan losses  3,466  4,992  19,236  17,555    Net interest income after provision for loan losses  58,423  57,462  165,575  171,945    Noninterest income:     229    Service charges and fees  9,665  9,282  27,115  27,010    Trust and other financial services income  2,976  2,380  9,078  6,847    Isurance commission income  1,778  2,019  6,579  6,504    Loss on real estate owned, net  (240)  (111)  (937)  (2,526    Income from bank owned life insurance  1,836  1,049  4,699  3,090    Other operating income  1,836  1,049  4,699  3,090    Total noninterest expense:        Compensation and employee benefits  28,047  27,629  84,562  83,715    Premises and occupancy costs  5,642  5,633  17,939  17,530    Office operations  3,419  3,497  11,044  10,631    Processing expenses  2,211  1,032  6,779  5,025 <td>Total interest expense</td> <td>14</td> <td>4,187</td> <td>15,276</td> <td>42,</td> <td>605</td> <td>46,357</td>	Total interest expense	14	4,187	15,276	42,	605	46,357
Net interest income after provision for loan losses  58,423  57,462  165,575  171,945    Noninterest income:	Net interest income	61	1,889	62,454	184,	811	189,500
Noninterest income:    852    109    4,549    229      Service charges and fees    9,665    9,282    27,115    27,010      Trust and other financial services income    2,976    2,380    9,078    6,847      Insurance commission income    1,778    2,019    6,579    6,504      Loss on real estate owned, net    (240)    (111)    (937)    (2,526)      Income from bank owned life insurance    1,083    1,178    3,134    3,351      Mortgage banking income    2.39    203    753    1,395      Other operating income    1,836    1,049    4,699    3,090      Total noninterest income    18,189    16,109    54,970    45,900      Noninterest expense:    2    2    5,633    17,939    17,530      Compensation and employee benefits    28,047    27,629    84,562    83,715      Processing expenses    6,723    6,036    19,951    19,279      Marketing expenses    2,211    1,032    6,779    5,025	Provision for loan losses	3	3,466	4,992	19,	236	17,555
Gain on sale of investments $852$ $109$ $4,549$ $229$ Service charges and fees $9,665$ $9,282$ $27,115$ $27,010$ Trust and other financial services income $2,976$ $2,380$ $9,078$ $6,847$ Insurance commission income $1,778$ $2,019$ $6,579$ $6,504$ Loss on real estate owned, net $(240)$ $(111)$ $(937)$ $(2,526)$ Income from bank owned life insurance $1,083$ $1,178$ $3,134$ $3,351$ Mortgage banking income $239$ $203$ $753$ $1,395$ Other operating income $1,836$ $1,049$ $4,699$ $3,090$ Total noninterest income $18,189$ $16,109$ $54,970$ $45,900$ Noninterest expense: $C$ $C$ $C$ $83,715$ Premises and occupancy costs $5,642$ $5,633$ $17,939$ $17,530$ Office operations $3,419$ $3,497$ $11,044$ $10,631$ Processing expenses $6,723$ $6,036$ $19,951$ $19,279$ Professional services $1,854$ $1,331$ $5,691$ $4,223$ Amortization of other intangible assets $330$ $291$ $992$ $988$ Real estate owned expense $53,354$ $50,277$ $160,323$ $154,554$ Income before income taxes $23,258$ $23,294$ $60,222$ $63,291$	Net interest income after provision for loan losses	58	3,423	57,462	165,	575	171,945
Service charges and fees    9,665    9,282    27,115    27,010      Trust and other financial services income    2,976    2,380    9,078    6,847      Insurance commission income    1,778    2,019    6,579    6,504      Loss on real estate owned, net    (240)    (111)    (937)    (2,526)      Income from bank owned life insurance    1,083    1,178    3,134    3,351      Mortgage banking income    239    203    753    1,395      Other operating income    1,836    1,049    4,699    3,090      Total noninterest income    18,189    16,109    54,970    45,900      Noninterest expense:    2    2    5,633    17,939    17,530      Office operations    3,419    3,497    11,044    10,631      Processing expenses    6,723    6,036    19,951    19,279      Marketing expenses    2,211    1,032    6,779    5,025      Federal deposit insurance premiums    1,242    1,377    3,877    4,239	Noninterest income:						
Trust and other financial services income2,9762,3809,0786,847Insurance commission income1,7782,0196,5796,504Loss on real estate owned, net $(240)$ $(111)$ $(937)$ $(2,526)$ Income from bank owned life insurance1,0831,1783,1343,351Mortgage banking income2392037531,395Other operating income1,8361,0494,6993,090Total noninterest income18,18916,10954,97045,900Noninterest expense:28,04727,62984,56283,715Compensation and employee benefits28,04727,62984,56283,715Premises and occupancy costs5,6425,63317,93917,530Office operations3,4193,49711,04410,631Processing expenses6,7236,03619,95119,279Marketing expenses2,2111,0326,7795,025Federal deposit insurance premiums1,2421,3773,8774,239Professional services33029199298Real estate owned expense6,366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Gain on sale of investments		852	109	4,	549	229
Trust and other financial services income2,9762,3809,0786,847Insurance commission income1,7782,0196,5796,504Loss on real estate owned, net $(240)$ $(111)$ $(937)$ $(2,526)$ Income from bank owned life insurance1,0831,1783,1343,351Mortgage banking income2392037531,395Other operating income1,8361,0494,6993,090Total noninterest income18,18916,10954,97045,900Noninterest expense:28,04727,62984,56283,715Compensation and employee benefits28,04727,62984,56283,715Premises and occupancy costs5,6425,63317,93917,530Office operations3,4193,49711,04410,631Processing expenses6,7236,03619,95119,279Marketing expenses2,2111,0326,7795,025Federal deposit insurance premiums1,2421,3773,8774,239Professional services33029199298Real estate owned expense6366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Service charges and fees	ç	9,665	9,282	27,	115	27,010
Insurance commission income  1,778  2,019  6,579  6,504    Loss on real estate owned, net  (240)  (111)  (937)  (2,526)    Income from bank owned life insurance  1,083  1,178  3,134  3,351    Mortgage banking income  239  203  753  1,395    Other operating income  1,836  1,049  4,699  3,090    Total noninterest income  18,189  16,109  54,970  45,900    Noninterest expense:    Compensation and employee benefits  28,047  27,629  84,562  83,715    Premises and occupancy costs  5,642  5,633  17,939  17,530    Office operations  3,419  3,497  11,044  10,631    Processing expenses  6,723  6,036  19,951  19,279    Marketing expenses  2,211  1,032  6,779  5,025    Federal deposit insurance premiums  1,242  1,377  3,877  4,239    Amortization of other intangible assets  330  291  992  988  988  636  681  <	Trust and other financial services income	2	2,976	2,380	9,	078	6,847
Income from bank owned life insurance    1,083    1,178    3,134    3,351      Mortgage banking income    239    203    753    1,395      Other operating income    1,836    1,049    4,699    3,090      Total noninterest income    18,189    16,109    54,970    45,900      Noninterest expense:    2    2    84,562    83,715      Compensation and employce benefits    28,047    27,629    84,562    83,715      Premises and occupancy costs    5,642    5,633    17,939    17,530      Office operations    3,419    3,497    11,044    10,631      Processing expenses    6,723    6,036    19,951    19,279      Marketing expenses    2,211    1,032    6,779    5,025      Professional services    1,854    1,331    5,691    4,223      Amortization of other intangible assets    330    291    992    988      Real estate owned expense    636    681    1,734    1,880      Other expenses    <	Insurance commission income	1	1,778	2,019	6,	579	6,504
Mortgage banking income    239    203    753    1,395      Other operating income    1,836    1,049    4,699    3,090      Total noninterest income    18,189    16,109    54,970    45,900      Noninterest expense:    28,047    27,629    84,562    83,715      Premises and occupancy costs    5,642    5,633    17,939    17,530      Office operations    3,419    3,497    11,044    10,631      Processing expenses    6,723    6,036    19,951    19,279      Marketing expenses    2,211    1,032    6,779    5,025      Federal deposit insurance premiums    1,242    1,377    3,877    4,239      Professional services    1,854    1,331    5,691    4,223      Amortization of other intangible assets    330    291    992    988      Real estate owned expense    636    681    1,734    1,880      Other expenses    3,250    2,770    7,754    7,044      Total noninterest expense    53,	Loss on real estate owned, net		(240)	(111)	(	937)	(2,526)
Other operating income    1,836    1,049    4,699    3,090      Total noninterest income    18,189    16,109    54,970    45,900      Noninterest expense:    28,047    27,629    84,562    83,715      Premises and occupancy costs    5,642    5,633    17,939    17,530      Office operations    3,419    3,497    11,044    10,631      Processing expenses    6,723    6,036    19,951    19,279      Marketing expenses    2,211    1,032    6,779    5,025      Federal deposit insurance premiums    1,242    1,377    3,877    4,239      Professional services    1,854    1,331    5,691    4,223      Amortization of other intangible assets    330    291    992    988      Real estate owned expense    6,366    681    1,734    1,880      Other expenses    3,250    2,770    7,754    7,044      Total noninterest expense    23,258    23,294    60,222    63,291	Income from bank owned life insurance	1	1,083	1,178	3,	134	3,351
Total noninterest income18,18916,10954,97045,900Noninterest expense:Compensation and employee benefits28,04727,62984,56283,715Premises and occupancy costs5,6425,63317,93917,530Office operations3,4193,49711,04410,631Processing expenses6,7236,03619,95119,279Marketing expenses2,2111,0326,7795,025Federal deposit insurance premiums1,2421,3773,8774,239Professional services1,8541,3315,6914,223Amortization of other intangible assets330291992988Real estate owned expense6,366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Mortgage banking income		239	203		753	1,395
Noninterest expense:    Compensation and employee benefits  28,047  27,629  84,562  83,715    Premises and occupancy costs  5,642  5,633  17,939  17,530    Office operations  3,419  3,497  11,044  10,631    Processing expenses  6,723  6,036  19,951  19,279    Marketing expenses  2,211  1,032  6,779  5,025    Federal deposit insurance premiums  1,242  1,377  3,877  4,239    Professional services  1,854  1,331  5,691  4,223    Amortization of other intangible assets  330  291  992  988    Real estate owned expense  636  681  1,734  1,880    Other expenses  3,250  2,770  7,754  7,044    Total noninterest expense  53,354  50,277  160,323  154,554    Income before income taxes  23,258  23,294  60,222  63,291	Other operating income	1	1,836	1,049	4,	699	3,090
Compensation and employee benefits28,04727,62984,56283,715Premises and occupancy costs5,6425,63317,93917,530Office operations3,4193,49711,04410,631Processing expenses6,7236,03619,95119,279Marketing expenses2,2111,0326,7795,025Federal deposit insurance premiums1,2421,3773,8774,239Professional services1,8541,3315,6914,223Amortization of other intangible assets330291992988Real estate owned expense6366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Total noninterest income	18	3,189	16,109	54,	970	45,900
Premises and occupancy costs5,6425,63317,93917,530Office operations3,4193,49711,04410,631Processing expenses6,7236,03619,95119,279Marketing expenses2,2111,0326,7795,025Federal deposit insurance premiums1,2421,3773,8774,239Professional services1,8541,3315,6914,223Amortization of other intangible assets330291992988Real estate owned expense6366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Noninterest expense:						
Office operations3,4193,49711,04410,631Processing expenses6,7236,03619,95119,279Marketing expenses2,2111,0326,7795,025Federal deposit insurance premiums1,2421,3773,8774,239Professional services1,8541,3315,6914,223Amortization of other intangible assets330291992988Real estate owned expense6366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Compensation and employee benefits	28	3,047	27,629	84,	562	83,715
Processing expenses6,7236,03619,95119,279Marketing expenses2,2111,0326,7795,025Federal deposit insurance premiums1,2421,3773,8774,239Professional services1,8541,3315,6914,223Amortization of other intangible assets330291992988Real estate owned expense6366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Premises and occupancy costs	4	5,642	5,633	17,	939	17,530
Marketing expenses  2,211  1,032  6,779  5,025    Federal deposit insurance premiums  1,242  1,377  3,877  4,239    Professional services  1,854  1,331  5,691  4,223    Amortization of other intangible assets  330  291  992  988    Real estate owned expense  636  681  1,734  1,880    Other expenses  3,250  2,770  7,754  7,044    Total noninterest expense  53,354  50,277  160,323  154,554    Income before income taxes  23,258  23,294  60,222  63,291	Office operations	3	3,419	3,497	11,	044	10,631
Federal deposit insurance premiums1,2421,3773,8774,239Professional services1,8541,3315,6914,223Amortization of other intangible assets330291992988Real estate owned expense6366811,7341,880Other expenses3,2502,7707,7547,044Total noninterest expense53,35450,277160,323154,554Income before income taxes23,25823,29460,22263,291	Processing expenses	e	5,723	6,036	19,	951	19,279
Professional services  1,854  1,331  5,691  4,223    Amortization of other intangible assets  330  291  992  988    Real estate owned expense  636  681  1,734  1,880    Other expenses  3,250  2,770  7,754  7,044    Total noninterest expense  53,354  50,277  160,323  154,554    Income before income taxes  23,258  23,294  60,222  63,291	Marketing expenses	2	2,211	1,032	6,	779	5,025
Amortization of other intangible assets  330  291  992  988    Real estate owned expense  636  681  1,734  1,880    Other expenses  3,250  2,770  7,754  7,044    Total noninterest expense  53,354  50,277  160,323  154,554    Income before income taxes  23,258  23,294  60,222  63,291	Federal deposit insurance premiums	1	1,242	1,377	3,	877	4,239
Real estate owned expense  636  681  1,734  1,880    Other expenses  3,250  2,770  7,754  7,044    Total noninterest expense  53,354  50,277  160,323  154,554    Income before income taxes  23,258  23,294  60,222  63,291	Professional services	1	1,854	1,331	5,	691	4,223
Other expenses    3,250    2,770    7,754    7,044      Total noninterest expense    53,354    50,277    160,323    154,554      Income before income taxes    23,258    23,294    60,222    63,291	Amortization of other intangible assets		330			992	988
Other expenses    3,250    2,770    7,754    7,044      Total noninterest expense    53,354    50,277    160,323    154,554      Income before income taxes    23,258    23,294    60,222    63,291	Real estate owned expense		636	681	1,	734	1,880
Total noninterest expense    53,354    50,277    160,323    154,554      Income before income taxes    23,258    23,294    60,222    63,291	Other expenses	3	3,250	2,770	7,	754	7,044
	Total noninterest expense	53	3,354	50,277	160,	323	154,554
Federal and state income taxes    5,926    5,727    15,605    17,104	Income before income taxes	23	3,258	23,294	60,	222	63,291
	Federal and state income taxes	4	5,926	5,727	15,	605	17,104

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Net income	\$ 17,332	17,567	44,617	46,187
Basic earnings per share	\$ 0.19	0.19	0.49	0.51
Diluted earnings per share	\$ 0.19	0.19	0.48	0.51

See accompanying notes to unaudited consolidated financial statements

#### NORTHWEST BANCSHARES, INC.

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

#### (in thousands)

	Quarter ended September 30,		Nine month Septembe	
	2014	2013	2014	2013
Net Income	\$ 17,332	17,567	44,617	46,187
Other comprehensive income net of tax:				
Net unrealized holding gains/ (losses) on				
marketable securities:				
Unrealized holding gains/ (losses) net of tax of				
\$1,002, \$(73), \$(4,574) and \$6,767, respectively	(1,570)	110	7,149	(10,619)
Reclassification adjustment for gains included in				
net income, net of tax of \$268, \$55, \$1,616 and				
\$142 respectively	(419)	(87)	(2,527)	(221)
Net unrealized holding gains/ (losses) on				
marketable securities	(1,989)	23	4,622	(10,840)
Change in fair value of interest rate swaps, net of				
tax of \$(367), \$(159), \$(555) and \$(1,400),				
respectively	680	294	1,029	2,600
Defined benefit plan:				
Reclassification adjustment for prior period service				
costs included in net income, net of tax of \$74,				
\$(123), \$223 and \$(369), respectively	(138)	229	(414)	687
Other comprehensive income/ (loss)	(1,447)	546	5,237	(7,553)
Total comprehensive income	\$ 15,885	18,113	49,854	38,634

See accompanying notes to unaudited consolidated financial statements

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#### NORTHWEST BANCSHARES, INC.

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

#### (dollars in thousands, expect share data)

# Quarter ended September 30, 2013

	Com	mon Si	tock	Paid-in	Retained	Accumulated Other Comprehensive	Unallocated common stock	Total Shareholders
	Shares	Α	mount	Capital	Earnings	Income/ (loss)	of ESOP	Equity
Beginning balance at June 30, 2013	93,877,847	\$	939	613,520	555,692	(19,587)	(23,743)	1,126,821
Comprehensive income:								
Net income					17,567			17,567
Other comprehensive income, net of tax of \$(300)						546		546
Total comprehensive income					17,567	546		18,113
Exercise of stock options	274,195		3	2,657				2,660
Stock compensation expense				1,003			438	1,441
Dividends paid (\$0.13 per share)					(11,946)			(11,946)
Ending balance at September 30, 2013	94,152,042	\$	942	617,180	561,313	(19,041)	(23,305)	1,137,089

# Quarter ended September 30, 2014

	Comme	on Stock		Paid-in	Retained	Accumulated Other Comprehensive	Unallocated common stock	Total Shareholders
	Shares	Am	ount	Capital	Earnings	Income/ (loss)	of ESOP	Equity
Beginning balance at June 30, 2014	94,949,695	\$	949	626,213	471,219	(5,216)	(22,200)	1,070,965
Comprehensive income:								
Net income					17,332			17,332
Other comprehensive loss, net of tax								
of \$977						(1,447)		(1,447)
Total comprehensive income/ (loss)					17,332	(1,447)		15,885
Exercise of stock options	45,124		1	476				477
Stock-based compensation expense,								
including tax benefit of \$159				1,059			402	1,461
-								
Dividends paid (\$0.13 per share)					(12,067)			(12,067)

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Ending balance at September 30, 2014	94,994,819	\$	950	627,748	476,484	(6,663)	(21,798)	1,076,721		
See accompanying notes to unaudited consolidated financial statements										
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#### NORTHWEST BANCSHARES, INC.

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

#### (dollars in thousands, expect share data)

## Nine months ended September 30, 2013

		on Stock		Paid-in	Retained	Accumulated Other Comprehensive	Unallocated common stock	Total Shareholders
	Shares	An	nount	Capital	Earnings	Income/ (loss)	of ESOP	Equity
Beginning balance at December 31,								
2012	93,652,960	\$	937	613,249	549,040	(11,488)	(24,525)	1,127,213
Comprehensive income:								
Net income					46,187			46,187
Other comprehensive loss net of tax of								

Other comprehensive loss, net of tax of \$5,140