

Northwest Bancshares, Inc.
Form 10-Q
May 11, 2015
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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 March 31, 2015

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)

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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

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) 94,461,849 shares outstanding as of April 30, 2015

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NORTHWEST BANCSHARES, INC.

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Table of Contents**ITEM 1. FINANCIAL STATEMENTS****NORTHWEST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION****(in thousands, except share data)**

	(Unaudited) March 31, 2015	December 31, 2014
Assets		
Cash and due from banks	\$ 83,970	87,401
Interest-earning deposits in other financial institutions	212,496	152,671
Federal funds sold and other short-term investments	635	634
Marketable securities available-for-sale (amortized cost of \$906,028 and \$906,702)	916,423	912,371
Marketable securities held-to-maturity (fair value of \$92,989 and \$106,292)	90,825	103,695
Total cash and investments	1,304,349	1,256,772
Personal Banking:		
Residential mortgage loans	2,543,870	2,521,456
Home equity loans	1,055,739	1,066,131
Other consumer loans	239,956	242,744
Total Personal Banking	3,839,565	3,830,331
Business Banking:		
Commercial real estate loans	1,856,574	1,801,184
Commercial loans	368,725	358,376
Total Business Banking	2,225,299	2,159,560
Total loans	6,064,864	5,989,891
Allowance for loan losses	(67,298)	(67,518)
Total loans, net	5,997,566	5,922,373
Federal Home Loan Bank stock, at cost	36,292	33,293
Accrued interest receivable	19,753	18,623
Real estate owned, net	15,346	16,759
Premises and equipment, net	142,481	143,909
Bank owned life insurance	145,275	144,362
Goodwill	175,498	175,323
Other intangible assets	3,027	3,033
Other assets	50,772	60,586
Total assets	\$ 7,890,359	7,775,033
Liabilities and Shareholders' equity		
Liabilities:		
Noninterest-bearing checking deposits	\$ 944,937	891,248
Interest-bearing checking deposits	898,945	874,623
Money market deposit accounts	1,151,971	1,179,070
Savings deposits	1,257,446	1,209,287
Time deposits	1,428,768	1,478,314
Total deposits	5,682,067	5,632,542

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Borrowed funds	943,842	888,109
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	34,998	30,507
Accrued interest payable	1,336	936
Other liabilities	57,506	57,198
Total liabilities	6,822,843	6,712,386
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, 94,553,350 and 94,721,453 shares issued, respectively	946	947
Paid-in capital	624,584	626,134
Retained earnings	484,774	481,577
Unallocated common stock of employee stock ownership plan	(21,565)	(21,641)
Accumulated other comprehensive loss	(21,223)	(24,370)
Total shareholders' equity	1,067,516	1,062,647
Total liabilities and shareholders' equity	\$ 7,890,359	7,775,033

See accompanying notes to unaudited consolidated financial statements

Table of Contents**NORTHWEST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME (Unaudited)****(in thousands, except per share data)**

	Quarter ended March 31,	
	2015	2014
Interest income:		
Loans receivable	\$ 70,711	69,322
Mortgage-backed securities	2,234	2,793
Taxable investment securities	1,045	1,080
Tax-free investment securities	1,348	1,655
Interest-earning deposits	139	200
Total interest income	75,477	75,050
Interest expense:		
Deposits	5,766	6,490
Borrowed funds	8,133	7,714
Total interest expense	13,899	14,204
Net interest income	61,578	60,846
Provision for loan losses	900	7,485
Net interest income after provision for loan losses	60,678	53,361
Noninterest income:		
Gain on sale of investments	95	3,348
Service charges and fees	8,659	8,408
Trust and other financial services income	2,776	3,047
Insurance commission income	2,428	2,564
Loss on real estate owned, net	(1,046)	(135)
Income from bank owned life insurance	913	1,001
Mortgage banking income	240	249
Other operating income	1,963	1,175
Total noninterest income	16,028	19,657
Noninterest expense:		
Compensation and employee benefits	27,895	27,972
Premises and occupancy costs	6,267	6,557
Office operations	3,680	3,757
Processing expenses	7,205	6,589
Marketing expenses	1,976	1,637
Federal deposit insurance premiums	1,347	1,297
Professional services	1,792	2,062
Amortization of other intangible assets	268	331
Real estate owned expense	692	639
Acquisition expense	347	
Other expenses	2,242	2,322
Total noninterest expense	53,711	53,163
Income before income taxes	22,995	19,855
Federal and state income taxes	6,825	5,244

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Net income	\$	16,170	14,611
Basic earnings per share	\$	0.18	0.16
Diluted earnings per share	\$	0.18	0.16

See accompanying notes to unaudited consolidated financial statements

Table of Contents**NORTHWEST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)****(in thousands)**

		Quarter ended March 31,	
	2015	2014	
Net Income	\$	16,170	14,611
Other comprehensive income net of tax:			
Net unrealized holding gains/ (losses) on marketable securities:			
Unrealized holding gains net of tax of \$(1,885) and \$(3,579), respectively		2,952	5,596
Reclassification adjustment for gains included in net income, net of tax of \$43 and \$1,218 respectively		(68)	(1,904)
Net unrealized holding gains on marketable securities		2,884	3,692
Change in fair value of interest rate swaps, net of tax of \$(24) and \$(135), respectively		44	251
Defined benefit plan:			
Reclassification adjustment for prior period service costs included in net income, net of tax of \$(140) and \$75, respectively		219	(138)
Other comprehensive income		3,147	3,805
Total comprehensive income	\$	19,317	18,416

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, except share data)

Quarter ended March 31, 2014

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/ (loss)	Unallocated common stock of ESOP	Total Shareholders Equity
Beginning balance at December 31, 2013	94,243,713	\$ 943	619,678	569,547	(11,900)	(23,083)	1,155,185
Comprehensive income:							
Net income				14,611			14,611
Other comprehensive income, net of tax of \$(2,421)					3,805		3,805
Total comprehensive income				14,611	3,805		18,416
Exercise of stock options	220,717	2	2,292				2,294
Stock compensation expense			788			451	1,239
Dividends paid (\$0.23 per share)				(21,225)			(21,225)
Ending balance at March 31, 2014	94,464,430	\$ 945	622,758	562,933	(8,095)	(22,632)	1,155,909

Quarter ended March 31, 2015

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/ (loss)	Unallocated common stock of ESOP	Total Shareholders Equity
Beginning balance at December 31, 2014	94,721,453	\$ 947	626,134	481,577	(24,370)	(21,641)	1,062,647
Comprehensive income:							
Net income				16,170			16,170
Other comprehensive income, net of tax of \$(2,006)					3,147		3,147

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Total comprehensive income				16,170	3,147		19,317	
Exercise of stock options	149,897	2	1,433				1,435	
Stock-based compensation expense			804			76	880	
Share repurchases	(318,000)	(3)	(3,787)				(3,790)	
Dividends paid (\$0.14 per share)				(12,973)			(12,973)	
Ending balance at March 31, 2015	94,553,350	\$	946	624,584	484,774	(21,223)	(21,565)	1,067,516

See accompanying notes to unaudited consolidated financial statements

Table of Contents**NORTHWEST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)****(in thousands)**

	2015	Quarter ended March 31, 2014
OPERATING ACTIVITIES:		
Net Income	\$ 16,170	14,611
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	900	7,485
Net (gain)/ loss on sale of assets	274	(3,602)
Net depreciation, amortization and accretion	1,549	2,845
Decrease in other assets	5,685	10,032
Increase/ (decrease) in other liabilities	1,136	(6,534)
Net amortization on marketable securities	87	105
Noncash write-down of real estate owned	1,181	648
Origination of loans held for sale	(221)	(660)
Proceeds from sale of loans held for sale	224	907
Noncash compensation expense related to stock benefit plans	880	1,239
Net cash provided by operating activities	27,865	27,076
INVESTING ACTIVITIES:		
Purchase of marketable securities available-for-sale	(29,985)	(22,805)
Proceeds from maturities and principal reductions of marketable securities available-for-sale	30,329	33,414
Proceeds from maturities and principal reductions of marketable securities held-to-maturity	12,914	3,643
Proceeds from sale of marketable securities available-for-sale	293	5,735
Loan originations	(496,009)	(447,423)
Proceeds from loan maturities and principal reductions	419,198	398,726
(Purchase)/ redemption of Federal Home Loan Bank stock	(2,999)	1
Proceeds from sale of real estate owned	2,729	2,866
Sale of real estate owned for investment, net	152	152
Purchase of premises and equipment	(2,075)	(3,607)
Acquisitions, net of cash received	(438)	(2,792)
Net cash used in investing activities	(65,891)	(32,090)

Table of Contents**NORTHWEST BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (continued)****(in thousands)**

	Quarter ended March 31,	
	2015	2014
FINANCING ACTIVITIES:		
Increase in deposits, net	\$ 49,525	105,984
Proceeds from long-term borrowings	85,000	
Repayments of long-term borrowings	(10,013)	(15)
Net decrease in short-term borrowings	(19,254)	(16,009)
Increase in advances by borrowers for taxes and insurance	4,491	4,405
Cash dividends paid	(12,973)	(21,224)
Purchase of common stock for retirement	(3,790)	
Proceeds from stock options exercised	1,435	2,294
Net provided by in financing activities	94,421	75,435
Net increase in cash and cash equivalents	\$ 56,395	70,421
Cash and cash equivalents at beginning of period	\$ 240,706	391,905
Net increase in cash and cash equivalents	56,395	70,421
Cash and cash equivalents at end of period	\$ 297,101	462,326
Cash and cash equivalents:		
Cash and due from banks	\$ 83,970	81,927
Interest-earning deposits in other financial institutions	212,496	379,765
Federal funds sold and other short-term investments	635	634
Total cash and cash equivalents	\$ 297,101	462,326
Cash paid during the period for:		
Interest on deposits and borrowings (including interest credited to deposit accounts of \$5,256 and \$5,819, respectively)	\$ 13,499	14,232
Income taxes	\$ 1,027	5,016
Business acquisitions:		
Fair value of assets acquired	\$ 438	2,798
Cash paid	(438)	(2,792)
Liabilities assumed	\$	6
Non-cash activities:		
Loans foreclosures and repossessions	\$ 2,623	1,839
Sale of real estate owned financed by the Company	\$ 114	88

See accompanying notes to unaudited consolidated financial statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Unaudited

(1) Basis of Presentation and Informational Disclosures

Northwest Bancshares, Inc. (the Company) or (NWBI), a Maryland corporation headquartered in Warren, Pennsylvania, is a savings and loan holding company regulated by the Board of Governors of the Federal Reserve System. The Company was incorporated to be the successor to Northwest Bancorp, Inc. upon the completion of the mutual-to-stock conversion of Northwest Bancorp, MHC in December 2009. The primary activity of the Company is the ownership of all of the issued and outstanding common stock of Northwest Bank, a Pennsylvania-chartered savings bank (Northwest). Northwest is regulated by the FDIC and the Pennsylvania Department of Banking. At March 31, 2015, Northwest operated 161 community-banking offices throughout Pennsylvania, western New York, eastern Ohio and Maryland.

The accompanying unaudited consolidated financial statements include the accounts of the Company and its subsidiary, Northwest, and Northwest's subsidiaries Northwest Settlement Agency, LLC, Northwest Consumer Discount Company, Northwest Financial Services, Inc., Northwest Advisors, Inc., Northwest Capital Group, Inc., Allegheny Services, Inc., Great Northwest Corporation, Boetger & Associates, Inc. and The Bert Company. The unaudited consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information or footnotes required for complete annual financial statements. In the opinion of management, all adjustments necessary for the fair presentation of the Company's financial position and results of operations have been included. The consolidated statements have been prepared using the accounting policies described in the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 updated, as required, for any new pronouncements or changes.

Certain items previously reported have been reclassified to conform with the current year's reporting format.

The results of operations for the quarter ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015, or any other period.

Stock-Based Compensation

Stock-based compensation expense of \$880,000 and \$1.2 million for the quarters ended March 31, 2015 and 2014, respectively, was recognized in compensation expense relating to our stock benefit plans. At March 31, 2015 there was compensation expense of \$4.4 million to be recognized for awarded but unvested stock options and \$13.5 million for unvested common shares.

Income Taxes- Uncertain Tax Positions

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Accounting standards prescribe a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. A tax benefit from an uncertain position may be recognized only if it is more likely than not that the position is sustainable, based on its technical merits. The tax benefit of a qualifying position is the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. At March 31, 2015 we had no liability for unrecognized tax benefits.

We recognize interest accrued related to: (1) unrecognized tax benefits in federal and state income taxes and (2) refund claims in other operating income. We recognize penalties (if any) in federal and state income taxes. There is no amount accrued for the payment of interest or penalties at March 31, 2015. We

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are subject to audit by the Internal Revenue Service and any state in which we conduct business for the tax periods ended December 31, 2013, 2012 and 2011.

Recent Accounting Pronouncements

In May 2014 the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This guidance supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of this guidance requires an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and provides five steps to be analyzed to accomplish the core principle. This guidance is effective retrospectively for annual reporting periods beginning after December 15, 2016, including interim periods within those years and early adoption is not permitted. We are currently evaluating the impact this standard will have on our results of operations and financial position.

In June 2014 the FASB issued ASU 2014-11, *Transfers and Servicing: Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*. This guidance requires repurchase-to-maturity transactions to be recorded and accounted for as secured borrowings and also requires separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for the repurchase agreement. Additionally, an entity is required to disclose information on transfers accounted for as sales in transactions that are economically similar to repurchase agreements, and provide increased transparency about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. The guidance related to repurchase-to-maturity and repurchase financing transactions, and disclosures for certain transactions accounted for as a sale is effective for annual reporting periods beginning after December 15, 2014, including interim periods within those years. The disclosures for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings are required to be presented for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. We do not expect that this standard will have a material impact on our results of operations or financial position.

In June 2014 the FASB issued ASU 2014-12, *Compensation Stock Compensation*. This guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Specifically, if the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. Further, the total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. This guidance is effective for annual periods beginning after December 15, 2015, including interim periods within those years and early adoption is permitted. We do not expect that this standard will have a material impact on our results of operations or financial position.

(2) **Business Segments**

We operate in two reportable business segments: Community Banking and Consumer Finance. The Community Banking segment provides services traditionally offered by full-service community banks, including business and personal deposit accounts and business and personal loans, as well as insurance, brokerage and investment management and trust services. The Consumer Finance segment, which is comprised of Northwest Consumer Discount Company, a subsidiary of Northwest, operates 51 offices in Pennsylvania and offers personal installment loans for a variety of consumer and real estate products. This activity is funded primarily through an intercompany borrowing relationship with Allegheny Services, Inc., a

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subsidiary of Northwest. Net income is the primary measure used by management to measure segment performance. The following tables provide financial information for these reportable segments. The All Other column represents the parent company and elimination entries necessary to reconcile to the consolidated amounts presented in the financial statements.

At or for the quarter ended:

March 31, 2015 (\$ in 000 s)	Community Banking	Consumer Finance	All other (1)	Consolidated
External interest income	\$ 70,928	4,330	219	75,477
Intersegment interest income	575		(575)	
Interest expense	12,888	575	436	13,899
Provision for loan losses	250	650		900
Noninterest income	15,729	270	29	16,028
Noninterest expense	50,440	2,953	318	53,711
Income tax expense (benefit)	7,035	175	(385)	6,825
Net income	16,619	247	(696)	16,170
Total assets	\$ 7,769,901	102,913	17,545	7,890,359

March 31, 2014 (\$ in 000 s)	Community Banking	Consumer Finance	All other (1)	Consolidated
External interest income	\$ 70,068	4,659	323	75,050
Intersegment interest income	606		(606)	
Interest expense	13,169	606	429	14,204
Provision for loan losses	6,850	635		7,485
Noninterest income	17,033	288	2,336	19,657
Noninterest expense	49,862	2,921	380	53,163
Income tax expense (benefit)	4,513	326	405	5,244
Net income	13,313	459	839	14,611
Total assets	\$ 7,849,806	103,677	19,830	7,973,313

(1) Eliminations consist of intercompany loans, interest income and interest expense.

Table of Contents(3) **Investment securities and impairment of investment securities**

The following table shows the portfolio of investment securities available-for-sale at March 31, 2015 (in thousands):

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Debt issued by the U.S. government and agencies:				
Due in one year or less	\$ 23			23
Debt issued by government sponsored enterprises:				
Due in one year - five years	339,140	706	(693)	339,153
Due in five years - ten years	25,128		(29)	25,099
Equity securities	2,314	651	(41)	2,924
Municipal securities:				
Due in one year or less	1,159	10		1,169
Due in one year - five years	7,755	159		7,914
Due in five years - ten years	5,564	104		5,668
Due after ten years	50,236	2,292		52,528
Corporate debt issues:				
Due after ten years	18,080	2,646	(444)	20,282
Residential mortgage-backed securities:				
Fixed rate pass-through	69,549	3,423	(130)	72,842
Variable rate pass-through	62,918	3,180	(8)	66,090
Fixed rate non-agency CMOs	2,978	335		3,313
Fixed rate agency CMOs	214,343	709	(3,070)	211,982
Variable rate agency CMOs	106,841	622	(27)	107,436
Total residential mortgage-backed securities	456,629	8,269	(3,235)	461,663
Total marketable securities available-for-sale	\$ 906,028	14,837	(4,442)	916,423

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The following table shows the portfolio of investment securities available-for-sale at December 31, 2014 (in thousands):

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Debt issued by the U.S. government and agencies:				
Due in one year or less	\$ 25			25
Debt issued by government sponsored enterprises:				
Due in one year - five years	310,172	287	(2,672)	307,787
Due in five years - ten years	25,746		(28)	25,718
Equity securities	2,591	682	(116)	3,157
Municipal securities:				
Due in one year or less	810	15		825
Due in one year - five years	7,878	132		8,010
Due in five years - ten years	6,965	115		7,080
Due after ten years	51,839	2,391		54,230
Corporate debt issues:				
Due after ten years	18,267	2,579	(419)	20,427
Residential mortgage-backed securities:				
Fixed rate pass-through	72,852	3,149	(124)	75,877
Variable rate pass-through	66,140	3,466	(8)	69,598
Fixed rate non-agency CMOs	3,162	246		3,408
Fixed rate agency CMOs	226,413	685	(5,331)	221,767
Variable rate agency CMOs	113,842	657	(37)	114,462
Total residential mortgage-backed securities	482,409	8,203	(5,500)	485,112
Total marketable securities available-for-sale	\$ 906,702	14,404	(8,735)	912,371

The following table shows the portfolio of investment securities held-to-maturity at March 31, 2015 (in thousands):

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Municipal securities:				
Due in five years - ten years	\$ 7,425	74		7,499
Due after ten years	49,131	998		50,129
Residential mortgage-backed securities:				
Fixed rate pass-through	7,897	510		8,407
Variable rate pass-through	4,091	86		4,177
Fixed rate agency CMOs	21,239	481		21,720
Variable rate agency CMOs	1,042	15		1,057
Total residential mortgage-backed securities	34,269	1,092		35,361
Total marketable securities held-to-maturity	\$ 90,825	2,164		92,989

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The following table shows the portfolio of investment securities held-to-maturity at December 31, 2014 (in thousands):

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Municipal securities:				
Due in five years - ten years	\$ 10,207	141		10,348
Due after ten years	56,545	1,314		57,859
Residential mortgage-backed securities:				
Fixed rate pass-through	8,236	477		8,713
Variable rate pass-through	4,273	122		4,395
Fixed rate agency CMOs	23,382	531		23,913
Variable rate agency CMOs	1,052	12		1,064
Total residential mortgage-backed securities	36,943	1,142		38,085
Total marketable securities held-to-maturity	\$ 103,695	2,597		106,292

The following table shows the fair value of and gross unrealized losses on investment securities, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position at March 31, 2015 (in thousands):

	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. government and agencies	\$ 75,986	(84)	125,116	(638)	201,102	(722)
Municipal securities	782				782	
Corporate issues			1,979	(444)	1,979	(444)
Equity securities	577	(41)			577	(41)
Residential mortgage-backed securities - agency	19,664	(104)	164,546	(3,131)	184,210	(3,235)
Total temporarily impaired securities	\$ 97,009	(229)	291,641	(4,213)	388,650	(4,442)

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The following table shows the fair value of and gross unrealized losses on investment securities, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position at December 31, 2014 (in thousands):

	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. government and agencies	\$ 28,878	(67)	244,828	(2,633)	273,706	(2,700)
Corporate debt issues			2,003	(419)	2,003	(419)
Equity securities	506	(116)			506	(116)
Residential mortgage-backed securities - agency	20,832	(79)	195,505	(5,421)	216,337	(5,500)
Total temporarily impaired securities	\$ 50,216	(262)	442,336	(8,473)	492,552	(8,735)

We review our investment portfolio on a quarterly basis for indications of impairment. This review includes analyzing the length of time and the extent to which amortized costs have exceeded fair values, the financial condition and near-term prospects of the issuer, including any specific events which may influence the operations of the issuer, and the intent to hold the investments for a period of time sufficient to allow for a recovery in value. Certain investments are evaluated using our best estimate of future cash flows. If the estimate of cash flows indicates that an adverse change has occurred, other-than-temporary impairment is recognized for the amount of the unrealized loss that was deemed credit related.

Credit related other-than-temporary impairment on all debt securities is recognized in earnings while noncredit related other-than-temporary impairment on available-for-sale debt securities, not expected to be sold, is recognized in other comprehensive income.

The table below shows a cumulative roll forward of credit losses recognized in earnings for debt securities held and not intended to be sold for the quarter ended (in thousands):

	2015	2014
Beginning balance at January 1, (1)	\$ 8,894	10,342
Credit losses on debt securities for which other-than-temporary impairment was not previously recognized		
Reduction for losses realized during the quarter	(29)	(8)
Additional credit losses on debt securities for which other-than-temporary impairment was previously recognized		
Ending balance at March 31,	\$ 8,865	10,334

(1) The beginning balance represents credit losses included in other-than-temporary impairment charges recognized on debt securities in prior periods.

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The following table shows a summary of our loans receivable at March 31, 2015 and December 31, 2014 (in thousands):

	March 31, 2015	December 31, 2014
Personal Banking:		
Residential mortgage loans	\$ 2,544,116	2,526,240
Home equity loans	1,055,739	1,066,131
Other consumer loans	239,956	242,744
Total Personal Banking	3,839,811	3,835,115
Business Banking:		
Commercial real estate	1,970,160	1,874,944
Commercial loans	381,501	419,525
Total Business Banking	2,351,661	2,294,469
Total loans receivable, gross	6,191,472	6,129,584
Deferred loan costs	7,741	6,095
Allowance for loan losses	(67,298)	(67,518)
Undisbursed loan proceeds:		
Residential mortgage loans	(7,987)	(10,879)
Commercial real estate	(113,586)	(73,760)
Commercial loans	(12,776)	(61,149)
Total loans receivable, net	\$ 5,997,566	5,922,373

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The following table provides information related to the allowance for loan losses by portfolio segment and by class of financing receivable for the quarter ended March 31, 2015 (in thousands):

	Balance March 31, 2015	Current period provision	Charge-offs	Recoveries	Balance December 31, 2014
Personal Banking:					
Residential mortgage loans	\$ 5,077	(282)	(335)	113	5,581
Home equity loans	4,043	(213)	(342)	48	4,550
Other consumer loans	5,835	1,270	(1,940)	387	6,118
Total Personal Banking	14,955	775	(2,617)	548	16,249
Business Banking:					
Commercial real estate loans	33,252	242	(1,113)	734	33,389
Commercial loans	15,113	270	(724)	2,052	13,515
Total Business Banking	48,365	512	(1,837)	2,786	46,904
Unallocated	3,978	(387)			4,365
Total	\$ 67,298	900	(4,454)	3,334	67,518

The following table provides information related to the allowance for loan losses by portfolio segment and by class of financing receivable for the quarter ended March 31, 2014 (in thousands):

	Balance March 31, 2014	Current period provision	Charge-offs	Recoveries	Balance December 31, 2013
Personal Banking:					
Residential mortgage loans	\$ 7,467	35	(459)	16	7,875
Home equity loans	6,958	37	(372)	48	7,245
Other consumer loans	5,280	1,184	(1,716)	325	5,487
Total Personal Banking	19,705	1,256	(2,547)	389	20,607
Business Banking:					
Commercial real estate loans	36,209	1,321	(932)	621	35,199
Commercial loans	16,169	5,419	(770)	640	10,880
Total Business Banking	52,378	6,740	(1,702)	1,261	46,079
Unallocated	4,151	(511)			4,662
Total	\$ 76,234	7,485	(4,249)	1,650	71,348

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The following table provides information related to the loan portfolio by portfolio segment and by class of financing receivable at March 31, 2015 (in thousands):

	Recorded investment in loans receivable	Allowance for loan losses	Recorded investment in loans on nonaccrual (1)	Recorded investment in loans past due 90 days or more and still accruing	TDRs	Allowance related to TDRs	Additional commitments to customers with loans classified as TDRs
Personal Banking:							
Residential mortgage loans	\$ 2,543,870	5,077	19,233	7	6,658	1,072	
Home equity loans	1,055,739	4,043	8,443		2,340	310	
Other consumer loans	239,956	5,835	2,380	282			
Total Personal Banking	3,839,565	14,955	30,056	289	8,998	1,382	
Business Banking:							
Commercial real estate loans	1,856,574	33,252	31,650		41,343	4,114	923
Commercial loans	368,725	15,113	11,601	21	10,304	780	1,321
Total Business Banking	2,225,299	48,365	43,251	21	51,647	4,894	2,244
Total	\$ 6,064,864	63,320	73,307	310	60,645	6,276	2,244

(1) Includes \$19.8 million of nonaccrual TDRs.

The following table provides information related to the loan portfolio by portfolio segment and by class of financing receivable at December 31, 2014 (in thousands):

	Recorded investment in loans receivable	Allowance for loan losses	Recorded investment in loans on nonaccrual (1)	Recorded investment in loans past due 90 days or more and still accruing	TDRs	Allowance related to TDRs	Additional commitments to customers with loans classified as TDRs
Personal Banking:							
Residential mortgage loans	\$ 2,521,456	5,581	21,194	8	6,574	1,133	
Home equity loans	1,066,131	4,550	9,569		2,412	229	
Other consumer loans	242,744	6,118	2,820	206			
Total Personal Banking	3,830,331	16,249	33,583	214	8,986	1,362	
Business Banking:							
	1,801,184	33,389	38,647		41,917	4,938	449

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Commercial real estate loans								
Commercial loans	358,376	13,515	7,578	21	10,885	1,095	814	
Total Business Banking	2,159,560	46,904	46,225	21	52,802	6,033	1,263	
Total	\$ 5,989,891	63,153	79,808	235	61,788	7,395	1,263	

(1) Includes \$24.5 million of nonaccrual TDRS.

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The following table provides geographical and delinquency information related to the loan portfolio by portfolio segment and class of financing receivable at March 31, 2015 (in thousands):

	Pennsylvania	New York	Ohio	Maryland	Other	Total
Recorded investment in loans receivable:						
Personal Banking:						
Residential mortgage loans	\$ 2,176,741	160,609	18,705	132,630	55,185	2,543,870
Home equity loans	897,681	117,853	8,910	26,217	5,078	1,055,739
Other consumer loans	221,324	10,635	3,377	1,359	3,261	239,956
Total Personal Banking	3,295,746	289,097	30,992	160,206	63,524	3,839,565
Business Banking:						
Commercial real estate loans	995,436	662,453	24,751	117,092	56,842	1,856,574
Commercial loans	284,442	55,009	15,991	4,506	8,777	368,725
Total Business Banking	1,279,878	717,462	40,742	121,598	65,619	2,225,299
Total	\$ 4,575,624	1,006,559	71,734	281,804	129,143	6,064,864
Percentage of total loans receivable	75.5%	16.6%	1.2%	4.6%	2.1%	100.0%

	Pennsylvania	New York	Ohio	Maryland	Other	Total
Loans 90 or more days delinquent:						
Personal Banking:						
Residential mortgage loans	\$ 10,771	1,229	602	1,221	1,245	15,068
Home equity loans	3,510	1,012		1,083	41	5,646
Other consumer loans	1,954	65	8	18		2,045
Total Personal Banking	16,235	2,306	610	2,322	1,286	22,759
Business Banking:						
Commercial real estate loans	6,551	1,242		27	413	8,233
Commercial loans	1,921					1,921
Total Business Banking	8,472	1,242		27	413	10,154
Total	\$ 24,707	3,548	610	2,349	1,699	32,913
Percentage of total loans 90 or more days delinquent	75.1%	10.8%	1.9%	7.1%	5.2%	100.0%

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The following table provides geographical and delinquency information related to the loan portfolio by portfolio segment and class of financing receivable at December 31, 2014 (in thousands):

	Pennsylvania	New York	Ohio	Maryland	Other	Total
Recorded investment in loans receivable:						
Personal Banking:						
Residential mortgage loans	\$ 2,151,361	161,445	18,486			