

NORTHWEST BANCORPORATION INC  
Form DEF 14A  
April 13, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**  
**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Northwest Bancorporation, Inc.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-1(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NORTHWEST BANCORPORATION, INC.**

**421 West Riverside Avenue**

**Spokane, Washington 99201**

April 13, 2012

Dear Shareholder:

It is my pleasure to invite you to attend Northwest Bancorporation, Inc.'s Annual Meeting of Shareholders. The Annual Meeting will be held on Monday, May 14, 2012, at 5:30 p.m. (local time), at the Airway Heights Branch of Inland Northwest Bank located at 11917 West Sunset Highway, Airway Heights, Washington.

The attached Notice of Annual Meeting of Shareholders and proxy statement describe the proposals to be voted on at the meeting. The Board of Directors believes the proposals are in the best interest of Northwest Bancorporation Inc.'s shareholders and, accordingly, recommends that you vote FOR each of the proposals. During the meeting, we will also report on our operations for the recently completed fiscal year and respond to questions of general interest to shareholders.

Regardless of the number of shares you own, your vote is important! Whether or not you plan to attend the meeting in person, please take the time to vote now by either; (1) signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope; or (2) voting via the internet or by telephone pursuant to the instructions provided in the proxy card that you receive. It is important that each registered owner as listed on the proxy card actually sign the proxy card. This will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend.

Thank you for your cooperation and for your continued support.

Sincerely,

/s/ Randall L. Fewel

Randall L. Fewel

*President & Chief Executive Officer*

Enclosures

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**NORTHWEST BANCORPORATION, INC.**

**421 West Riverside Avenue**

**Spokane, Washington 99201**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD MAY 14, 2012**

Notice is hereby given that the 2012 Annual Meeting of Shareholders of Northwest Bancorporation, Inc. (the Company) will be held on Monday, May 14, 2012, at 5:30 p.m. (local time) at the Airway Heights Branch of Inland Northwest Bank located at 11917 West Sunset Highway, Airway Heights, Washington, for the following purposes:

- (1) To elect three members of the Board of Directors for terms of three years;
- (2) To consider and approve an advisory (non-binding) resolution approving the Company's executive compensation;
- (3) To ratify the appointment of Moss Adams LLP as the independent registered public accounting firm for the year ending December 31, 2012, and any interim periods; and
- (4) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

These matters and instructions on how to vote are more fully described in the attached proxy statement and proxy card accompanying this Notice. Only common stock shareholders of record at the close of business on March 30, 2012, the record date, will be entitled to vote at the Annual Meeting or any adjournments or postponements thereof. The Board of Directors unanimously recommends that you vote for each of these proposals.

**Important notice regarding the availability of proxy materials for the Annual Meeting of Shareholders to be held on May 14, 2012. The 2012 Proxy Statement, 2012 Proxy Card, Annual Report to Shareholders for the year ended December 31, 2011, and this Notice of Annual Meeting are also available at [www.inb.com/proxy](http://www.inb.com/proxy).**

By Order of the Board of Directors,

/s/ Anthony D. Bonanzino

Anthony D. Bonanzino

*Chairman*

Spokane, Washington

April 13, 2012

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**NORTHWEST BANCORPORATION, INC.**

**421 West Riverside Avenue**

**Spokane, Washington 99201**

**PROXY STATEMENT**

**Annual Meeting of Shareholders**

**to be held May 14, 2012**

**Date, Time, Place and Purpose of the Company's Annual Meeting**

The 2012 Annual Meeting of Shareholders of the Northwest Bancorporation, Inc. (the Company or we, us, or our), or any adjournments or postponements thereof (the Annual Meeting), will be held on Monday, May 14, 2012, at 5:30 p.m. (local time), at the Airway Heights Branch of Inland Northwest Bank located at 11917 West Sunset Highway, Airway Heights, Washington. At the Annual Meeting, shareholders will be asked to approve the following proposals to: (1) elect each of the nominees for the Board of Directors; (2) consider and approve an advisory (non-binding) resolution approving the Company's executive compensation; and (3) ratify the appointment of Moss Adams LLP (Moss Adams) as the independent registered public accounting firm for the Company for the year ending December 31, 2012, and any interim periods. This proxy statement is first being sent to holders of the Company's common stock on or about April 13, 2012, and is accompanied by a proxy card that is being solicited by the Company's Board of Directors for use at the Annual Meeting.

Unless otherwise specified, all ownership interests or voting power referenced herein, either in percentage terms or number of shares, in respect of the Company's outstanding shares, have been calculated in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), as disclosed in the beneficial ownership table shown in *Security Ownership of Certain Beneficial Owners and Management* elsewhere in this proxy statement.

**Questions and Answers about the Proxy Materials and Annual Meeting**

*Why am I receiving these materials?*

These proxy materials relate to the Company's 2012 Annual Meeting to be held on May 14, 2012. The Company seeks to obtain certain required shareholder approvals at the Annual Meeting. As a shareholder of record, you are invited to attend and are entitled to and requested to vote on the proposals set forth in this proxy statement. The reasons for, and further information in relation to, each of these proposals are described in more detail in the questions and answers and other materials that follow.

*What does the Board of Directors recommend with regard to these proposals?*

The Board of Directors of the Company believes the proposals described herein are in the best interests of the Company and its shareholders and, accordingly, unanimously recommends that the shareholders vote FOR each of the proposals identified in this proxy statement.

*Who is entitled to vote?*



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Only holders of record of the Company's common stock at the close of business on March 30, 2012 (the Record Date), are entitled to notice of, and to vote at, the Annual Meeting.

*How many votes am I entitled to cast?*

Each shareholder is entitled to one vote per share of common stock on each matter to be voted on at the Annual Meeting (in the case of the election of directors, one vote for each director position up for election).

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### *How many shares are eligible to vote?*

As of the Record Date, there were 3,084,548 shares of common stock issued and outstanding, held by 574 shareholders of record, including shares held for 174 beneficial shareholders by 25 non-affiliated depositories. Shareholders of the Company are not entitled to exercise cumulative voting rights in the election of directors.

### *How many shares must be present to hold the Annual Meeting?*

Under Washington law, any shareholder action at a meeting requires that a quorum exist with respect to that action. The holders of a majority of the shares outstanding on the Record Date, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes will be counted as shares that are present at the Annual Meeting for purposes of determining a quorum.

### *What if a quorum is not present at the Annual Meeting?*

If a quorum is not present at the scheduled time for a vote at the Annual Meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the meeting. The Board of Directors must fix a new Record Date to determine the shareholders entitled to vote at the adjourned meeting if the meeting is adjourned more than 120 days after the date fixed for the original meeting and would also be required to provide shareholders with notice of the rescheduled meeting date.

### *Why is approval of an advisory (non-binding) resolution on the Company's executive compensation being presented for approval by the shareholders?*

As a result of the Company's participation in the Capital Purchase Program of the Troubled Asset Relief Program ( TARP ) established under the Emergency Economic Stabilization Act of 2008 ( EESA ) (the Capital Purchase Program ), the Company, in accordance with EESA, as amended by the American Recovery and Reinvestment Act of 2009 ( ARRA ), is required to comply with a number of executive compensation standards, one of which is permitting an annual non-binding shareholder vote to approve executive compensation, during the period of time that the U.S. Department of the Treasury ( Treasury ) holds an equity position in the Company. As of the Record Date, the Treasury held 10,500 shares of our Series A preferred stock and 525 shares of our Series B preferred stock, and accordingly, the Company must permit an annual non-binding shareholder vote to approve the compensation of executives.

A non-binding vote by shareholders on executive compensation is also required pursuant to the Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ). The approval vote required by TARP participants is deemed to fulfill this requirement of the Dodd-Frank Act.

### *How do I vote at the Annual Meeting?*

Proxies are solicited to provide all shareholders of record on the Record Date an opportunity to vote on matters scheduled for the Annual Meeting and described in these materials. You are a shareholder of record if your shares of Company common stock are held in your name. If you are a beneficial owner of Company common stock held by a broker, bank or other nominee (i.e., in street name ), please see the instructions in the following question.

Shares of Company common stock can only be voted if the shareholder is present in person at the Annual Meeting, or by proxy. To ensure your representation at the Annual Meeting, we recommend you vote by proxy even if you plan to attend the Annual Meeting. You can always change your vote at the Annual Meeting if you are a shareholder of record.

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Instructions for voting are found on the enclosed proxy card. Shares of Company common stock represented by properly executed proxies will be voted by the individuals named in the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instructions as to how to vote at the Annual Meeting, the persons named in the proxy card will vote the shares: (1) FOR the election of the three directors nominated by the Board of Directors; (2) FOR the advisory resolution approving the Company's executive compensation; (3) FOR the ratification of the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the year ending December 31, 2012, and any interim periods; and (4) in accordance with the best judgment of the proxy agents on any other matters properly brought before the Annual Meeting. We do not currently expect any other matters will be properly presented for action at the Annual Meeting.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children. In this case, you will receive three separate proxy cards to vote.

*What if my shares are held in street name?*

If you are the beneficial owner of shares held by a broker, bank or other nominee in street name, your broker, bank or other nominee, as the record holder of the shares, is required to vote the shares in accordance with your instructions. Pursuant to applicable regulations, if you do not give instructions to your broker, for example, your broker will not be permitted to vote your shares with respect to Proposals 1 or 2 herein. In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted on certain matters, your broker was allowed to vote those shares on your behalf as they felt appropriate. Recent regulatory changes take away the ability of your broker to vote your uninstructed shares on a discretionary basis on certain matters. Therefore, if you hold your shares in street name and you do not instruct your broker how to vote with respect to Proposals 1 or 2 herein, no votes will be cast on your behalf for those matters.

If your shares are held in street name, you will need proof of ownership to be admitted to the Annual Meeting. A recent brokerage statement or a letter from the record holder of your shares is an example of proof of ownership. If you want to vote your shares of common stock held in street name in person at the Annual Meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

*What vote is required to approve Proposal 1: Election of three directors of the Company for terms ending in the year 2015?*

If a quorum exists at the Annual Meeting, the three nominees for election to the Board of Directors who receive the greatest number of affirmative votes cast for directors will be elected as directors. Properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instructions as to how to vote on Proposal 1 at the Annual Meeting, the persons identified as proxy agents in the accompanying proxy card will vote the shares FOR election of the three directors nominated, as described in Proposal 1. Abstentions and broker non-votes do not constitute votes cast and, therefore, will have no effect on the election of directors.

*What vote is required to approve Proposal 2: Approval of an advisory resolution approving the Company's executive compensation?*

If a quorum exists at the Annual Meeting, the approval of the advisory (non-binding) resolution approving the Company's executive compensation requires the affirmative vote of the holders of a majority of the votes cast, either in person or by proxy. Properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instructions as to how to vote on Proposal 2 at the Annual Meeting, the persons identified as proxy agents in the accompanying proxy card will vote the shares FOR Proposal 2. Abstentions and broker non-votes do not constitute votes cast and, therefore, will have no effect on the proposal.

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*What vote is required to approve Proposal 3: Ratification of the appointment of Moss Adams as the independent registered public accounting firm for the Company for the year ending December 31, 2012, and any interim periods?*

If a quorum exists at the Annual Meeting, the approval of the ratification of the appointment of Moss Adams as the independent registered public accounting firm for the Company requires the affirmative vote of the holders of a majority of the votes cast, either in person or by proxy. Properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instructions as to how to vote on Proposal 3 at the Annual Meeting, the persons identified as proxy agents in the accompanying proxy card will vote the shares FOR Proposal 3. Abstentions and broker non-votes do not constitute votes cast and, therefore, will have no effect on the proposal.

*Are there any voting agreements between the Company and any of its shareholders?*

No, there are no voting agreements between the Company and any of its shareholders.

*How may I revoke my proxy?*

You may revoke your proxy at any time by taking any of the following actions before your proxy is voted at the Annual Meeting:

Deliver to the Secretary of the Company a written notice bearing a date later than the date of the proxy card, stating that you revoke the proxy;

Sign and deliver to the Secretary of the Company a proxy card relating to the same shares and bearing a later date; or

Attend the meeting and vote in person, although attendance at the meeting will not, by itself, revoke a proxy. You must notify the Secretary that you intend to vote in person.

Also, please note that if you have voted through your broker, bank or other nominee and you wish to change your vote, you must follow the instructions received from such entity to change your vote.

*May I vote electronically via Internet or telephone?*

A large number of banks and brokerage firms provide shareholders whose shares are registered in the name of such firms the opportunity to vote via the Internet or by telephone. The voting form sent to a beneficial owner will provide instructions if such options are available. In addition, the proxy card that you receive may contain instructions with regard to how to vote via Internet or telephone.

*Who will pay the expenses of proxy solicitation?*

The expense of preparing, printing and mailing this proxy statement and the proxies solicited hereby will be borne by the Company. Proxies will be solicited on behalf of the Company by mail and may also be solicited by directors, officers and other employees of the Company or the Company's bank subsidiary, Inland Northwest Bank (the Bank), without additional remuneration, in person or by telephone or facsimile transmission. The Company will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of common stock as of the Record Date and will reimburse such persons for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares and submitting your proxy by completing and returning the enclosed proxy card will help to avoid additional expense.

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*Are there Dissenters Rights with respect to the proposals?*

No, there are no dissenters rights applicable to any matters to be considered at the Annual Meeting.

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 14, 2012**

The Notice of Annual Meeting, the Proxy Statement and the Proxy Card, as well as the Company's Annual Report to Shareholders on Form 10-K for the year ended December 31, 2011, which the Company filed with the Securities and Exchange Commission (the SEC) on February 29, 2012, are also available on the Internet at the following website: [www.inb.com/proxy](http://www.inb.com/proxy).

**You may request additional copies of the proxy materials, as well as the Annual Report to Shareholders on Form 10-K for the year ended December 31, 2011 without charge by telephone at (509) 456-8888 or by mailing a request to: Northwest Bancorporation, Inc., Attn: Lisa A. Sanborn, Corporate Secretary, 421 W. Riverside Avenue, Spokane, WA 99201.** Shareholders must request this information no later than five business days prior to the meeting, or May 7, 2012, to assure receipt before the Annual Meeting. You may request paper copies of the proxy materials for all future meetings or only for the Annual Meeting.

Shareholders of record as of the Record Date are encouraged and cordially invited to attend the 2012 Annual Meeting of Shareholders. Please call Lisa A. Sanborn at (509) 456-8888 for directions to attend the Annual Meeting in person.

### **Cautionary Disclosure Regarding Forward-Looking Statements**

Statements contained herein concerning future performance, developments or events, growth and market forecasts, and any other statements that are not historical facts are forward-looking statements that are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, and as such, are subject to a number of risks and uncertainties that might cause actual results to differ materially from expectations or our stated objectives. Actual results may differ materially from the results discussed in these forward-looking statements because of numerous possible risks and uncertainties. These include but are not limited to: the possibility of adverse economic developments that may, among other things, increase default and delinquency risks in the Company's loan portfolios; shifts in interest rates that may result in lower interest rate margins; shifts in the demand for the Company's loan and other products; changes in accounting policies; changes in the monetary and fiscal policies of the federal government; and changes in laws, regulations and the competitive environment. These risks and other factors are described in greater detail in the Company's filings with the Securities and Exchange Commission, including, without limitation, the Item 1A. Risk Factors section of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as updated periodically in the Company's filings with the Securities and Exchange Commission. Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**PROPOSAL 1. ELECTION OF THREE DIRECTORS OF THE COMPANY FOR  
TERMS ENDING IN THE YEAR 2015**

The Board of Directors currently consists of ten members, each of whom also serves as a director of the Bank. Directors are divided into three classes and are elected for terms of three years and until their successors are elected and qualified.

The Board of Directors has nominated current Directors Randall L. Fewel, Bryan S. Norby and Anthony D. Bonanzino, each to serve a term of three years ending at the annual meeting of shareholders in the year 2015, or until their respective successors have been duly elected and qualified.

Each nominee for election as a director at the Annual Meeting has consented to serve if elected. The Company has no reason to believe that any of the nominees will be unable to serve. Should any nominee become unable to serve as a director for any reason, the Board of Directors shall designate a substitute nominee. Unless instructions to the contrary are specified on the proxy card, proxies received by the Company will be voted in favor of the persons who have been nominated by the Board of Directors. There are no arrangements or understandings between any nominee and any other nominee under which the director or nominee has been selected to serve as a director. No nominee, officer, affiliate of the Company or beneficial owner of more than five percent (5%) of the common stock, or any associate of any nominee, officer, affiliate of the Company or beneficial owner of more than five percent (5%) of the common stock, is a party adverse to the Company in any legal proceeding or has a material interest in any matter adverse to the Company.

**The Board of Directors recommends that shareholders vote FOR the election of each of the nominees.**

**Table of Contents****BOARD OF DIRECTORS OF NORTHWEST BANCORPORATION, INC.**

Listed below are biographies for each of the nominees and continuing directors. The biographies contain information regarding the person's services as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the particular experience, qualifications, attributes or skills that caused the Board to determine that the person should serve as a director for the Company.

**Nominees**

<b>Name and Age</b>	<b>Director Since<sup>(1)</sup></b>	<b>Position Held</b>	<b>Principal Occupation, Business Experience, and Qualifications</b>
Anthony D. Bonanzino (59)	2008	Director, Chairman of the Board	Mr. Bonanzino was appointed Chairman of the Board in January 2011 and served as Vice Chairman of the Board from January 2010 to January 2011. He also currently serves as: Principal Member of Century Archives Northwest, LLC; Vice President, Board of Directors of Northeast Community Center; President, Board of Trustees of Spokane Country Club; member of the Board of Trustees of Deaconess Hospital; and, member of the Board of Trustees for Gonzaga University. Mr. Bonanzino previously served as Chief Executive Officer of Hollister-Stier Laboratories, LLC, a pharmaceutical manufacturing company headquartered in Spokane. Mr. Bonanzino's experience as a business executive and service as a community leader make him well qualified to serve as a director.
Randall L. Fewel (63)	2000	Director	Mr. Fewel has served as the President and Chief Executive Officer of the Company and the Bank since July 2001 and is designated as the Company's Principal Executive Officer. Mr. Fewel has been employed by the Bank since 1994, which includes service as the Bank's Chief Operating Officer and Senior Loan Officer. Mr. Fewel's 31 years experience in the banking industry, including as President and CEO of the Bank and in other senior positions, has provided him with strong leadership and managerial skills, as well as a deep understanding of the banking industry, which make him well qualified to serve as a director and as President and Chief Executive Officer.
Bryan S. Norby (55)	1989	Director	Mr. Norby has served as Financial Analyst for Yanke Machine Shop, President for RY Timber Company, President for Nashua Homes of Idaho, and Treasurer for YMC, Inc. for the past five years and is an inactive certified public accountant. He served as a director on the board of Silver State Bancorp, a publicly traded bank holding company, from July 1996 to July 2008. Mr. Norby serves as Chairman of the Audit Committee and as the Audit Committee's financial expert. Mr. Norby's accounting background and experience as a business executive make him well qualified to serve as a director.

<sup>(1)</sup> Represents the year in which the nominee was first elected to the Board or previously to the Board of Directors of Inland Northwest Bank, a wholly owned subsidiary.

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<b>Name and Age</b>	<b>Director Since<sup>(1)</sup></b>	<b>Term Expires</b>	<b>Principal Occupation, Business Experience, and Qualifications</b>
Dwight B. Aden, Jr. (69)	1996	2014	For the five years prior to his retirement in 1997, Mr. Aden was a senior member and an owner of Jones & Mitchell Insurance Co., an insurance brokerage firm. Mr. Aden serves as Chairman of the Compensation Committee of the Company and the Bank. Mr. Aden's experience as a business executive and service as a community leader make him well qualified to serve as a director.
Katie Brodie (65)	2006	2013	Ms. Brodie currently serves as Special Assistant to the Governor of Idaho. During the past five years, she worked as property manager for Idaho Forest Industries, served as County Commissioner of Kootenai County, Idaho, and was the Executive Director for Concerned Businesses of North Idaho. Ms. Brodie's experience as a business executive and service as a community leader make her well qualified to serve as a director.
Harlan D. Douglass (74)	1989	2014	Mr. Douglass is President of Harlan D. Douglass, Inc., a private building and real estate investment company. Mr. Douglass's real estate background, experience as a business executive, and service as a community leader make him well qualified to serve as a director.
Freeman B. Duncan (65)	1996	2014	Mr. Duncan is a retired attorney who specialized in real estate matters. Mr. Duncan has served as Vice Chairman of the Board since January 2011 and is also Chairman of the Governance Committee. Mr. Duncan's experience as a real estate attorney and service as a community leader make him well qualified to serve as a director.
Clark H. Gemmill (69)	1989	2013	For the five years prior to his retirement in April 2011, Mr. Gemmill had been a Vice President with UBS Financial Services, Inc., a financial investment firm. He serves as Chairman of the Bank's Investment Committee. Mr. Gemmill's investment management expertise makes him well qualified to serve as a director.
William E. Shelby (73)	1989	2013	For the five years prior to his retirement in December 2003, Mr. Shelby had been the Vice President of Store Development for U.R.M. Stores, Inc. He served as Chairman of the Board from May 1995 to January 2011. Mr. Shelby's experience as a business executive and service as a community leader make him well qualified to serve as a director.
Jennifer P. West (47)	2006	2013	During the past fifteen years, Ms. West has worked as General Manager of the Spokane office of Hill & Knowlton, an international company specializing in public relations and public affairs. She also serves as a Senior Vice President of the Northwest division of Hill & Knowlton. Ms. West's expertise in public relations and marketing, experience as a business executive and service as a community leader make her well qualified to serve as a director.

<sup>(1)</sup> Represents the year in which the director was first elected to the Board or previously to the Board of Directors of Inland Northwest Bank, a wholly owned subsidiary.



**Table of Contents****INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS COMMITTEES****Director Qualifications, Experience and Diversity**

The Governance Committee reviews certain attributes such as experience, qualifications, and skills of nominee directors. Although the Company does not have a formal policy with regard to the diversity of the Board of Directors, the Company seeks to ensure that candidates reflect a variety of professional experience, education, skills, regional business connections, differences of viewpoint, and other individual qualities.

The nominees and directors continuing in office generally are or were long-time residents of the communities served by Northwest Bancorporation, Inc. and many of such individuals have operated, or currently operate, businesses located in these communities. As a result, these directors have significant knowledge of the businesses that operate in the Company's market area, an understanding of the general real estate market, values and trends in such communities and an understanding of the overall demographics of such communities. As the holding company for a community banking institution, the Company believes that the local knowledge and experience of its directors assists the Bank in assessing the credit and banking needs of its customers, developing products and services to better serve its customers and assessing the risks inherent in its lending operations, and provides the Company with greater business development opportunities.

**Attendance of Directors**

During 2011, the Company's Board of Directors held twelve meetings. Each director who served on the Board of Directors in 2011 attended at least 75% of the meetings of the Board and the Board committees on which they served, except: Mr. Douglass, who attended 60% of Compensation Committee meetings and Mr. Duncan, who attended 50% of Audit Committee meetings. Board members are encouraged to attend the Annual Meeting of Shareholders. At the Company's 2011 Annual Meeting of Shareholders, eight of the current directors were in attendance.

**Compensation of Directors**

During 2011, non-employee directors of the Company received an attendance fee in the amount of \$250 per board meeting and \$150 per committee meeting; the Board Chairman received an additional \$200 attendance fee per board meeting. Each non-employee director also received 667 shares of common stock of the Company, with the Board Chairman receiving an additional 333 shares and Board Committee Chairs whose committees met four or more times during the year receiving an additional 166 shares for their service as directors from May 2010 through December 2011. Employee directors receive no compensation for serving as a director. The following table sets forth a summary of fees paid to directors during 2011:

	Fees Earned and Paid				
	In Cash	Stock Awards <sup>(1)</sup>	Option Awards <sup>(2)</sup>	All Other Compensation	Total
Dwight B. Aden, Jr.	\$ 4,300	\$ 3,597	\$	\$	\$ 7,897
Anthony D. Bonanzino	9,250	3,755			13,005
Katie Brodie	5,050	2,880			7,930
Harlan D. Douglass	6,250	2,880			9,130
Freeman B. Duncan	4,375	3,174			7,549
Donald A. Ellingsen <sup>(3)</sup>	1,850	1,692			3,542
Clark H. Gemmill	4,100	3,597			7,697
Bryan S. Norby	5,300	3,597			8,897
Frederick M. Schunter <sup>(3)</sup>	4,250				