

Second quarter ended June 30, 2021

Selected Financial Data

(\$'000's, except per share amounts)

	6/30/21	12/31/20	% Change
Total Assets	\$ 14,298,056	\$ 13,806,268	3.6%
Total Loans (Net)	10,192,650	10,446,422	(2.4%)
Total Deposits	12,090,708	11,599,233	4.2%
Shareholders' Equity	1,575,361	1,538,703	2.4%
Book Value Per Share	12.32	12.11	1.7%
Common Stock Closing Price	13.64	12.74	7.1%

Quarter ended	6/30/21	6/30/20	% Change
Net Interest Income	\$ 95,729	\$ 98,078	(2.4%)
Provision for Credit Losses	–	51,750	(100.0%)
Noninterest Income	54,708	35,496	54.1%
Noninterest Expense	86,332	89,163	(3.2%)
Income/(Loss) Before Taxes	64,105	(7,339)	(973.5%)
Income Tax Expense/(Benefit)	15,138	(1,139)	(1429.1%)
Net Income/(Loss)	48,967	(6,200)	(889.8%)
Diluted Earnings/(Loss) Per Share	0.38	(0.05)	(860.0%)
Return on Average Equity	12.58%	(1.63%)	1421 bp
Return on Average Assets	1.37%	(0.18%)	155 bp

Year ended	6/30/21	6/30/20	% Change
Net Interest Income	\$ 196,187	\$ 185,306	5.9%
Provision for Credit Losses	(5,620)	79,387	(107.1%)
Noninterest Income	86,661	63,472	36.5%
Noninterest Expense	172,523	167,774	2.8%
Income Before Taxes	115,945	1,617	7070.4%
Income Tax Expense/(Benefit)	26,741	(122)	(22018.9%)
Net Income	89,204	1,739	5029.6%
Diluted Earnings Per Share	0.70	0.02	3400.0%
Return on Average Equity	11.61%	0.24%	1137 bp
Return on Average Assets	1.27%	0.03%	124 bp

Corporate Profile

Northwest Bancshares, Inc. (the "Company") is a bank holding company regulated by the Board of Governors of the Federal Reserve System. The Company operates Northwest Bank (the "Bank"), a full-service financial institution headquartered in Warren, Pennsylvania. Through this subsidiary, the Company operates 162 full-service community banking locations, eight free standing drive-through facilities, and 226 automated teller machines (ATMs) in Pennsylvania, Ohio, Indiana and western New York.

The Company has operated as a community-oriented financial institution since 1896 and has demonstrated a pattern of sustained expansion resulting from strong internal growth combined with a series of mergers, acquisitions, and new office openings.

The Company's business emphasis is to:

- Solicit personal and business deposits as a primary source of funding.
- Provide high quality personal and business banking loans in its markets.
- Offer trust, investment management, treasury management, and financial planning services with a personal touch to individuals, businesses, and charitable institutions.

Earnings Reported and Dividend Declared

The Company reported net income for the quarter ended June 30, 2021 of \$49.0 million, or \$0.38 per diluted share. This represents an increase of \$55.2 million compared to the same quarter last year when the Company experienced a net loss of \$6.2 million, or (\$0.05) per diluted share, due primarily to COVID-19 related credit loss provisioning. The annualized returns on average shareholders' equity and average assets for the quarter ended June 30, 2021 were 12.58% and 1.37% compared to (1.63%) and (0.18%) for the same quarter last year. The Company's current period earnings were enhanced by a \$25.3 million pre-tax gain from the previously disclosed sale of its insurance business to USI Insurance Services on April 30, 2021.

The Company also announced that its Board of Directors declared a quarterly cash dividend of \$0.20 per share payable on August 16, 2021 to shareholders of record as of August 5, 2021. This is the 107th consecutive quarter in which the Company has paid a cash dividend. Based on the market value of the Company's common stock as of June 30, 2021, this represents an annualized dividend yield of approximately 5.9%.

In making this announcement, Ronald J. Seiffert, Chairman, President and CEO, noted, "We continue to experience the negative effects of the current low interest rate environment on our net interest income along with excess liquidity, both at the bank level and from a customer perspective, causing low, and falling, net interest margins. Our net interest margin decreased 27 basis points from the first quarter of 2021 to 2.91% due mostly to lower loan yields which accounted for approximately 15 basis points of this decline. In addition, purchase accounting and PPP accretion was \$3.5 million lower this quarter than the first quarter 2021, contributing another 11 basis points to this decline. Furthermore, slower loan demand which, along with PPP forgiveness, is muting loan growth. Fortunately, this excess liquidity, assisted through government stimulus, has kept loan delinquency and actual loan losses in check, enabling us to recoup the excess COVID-19 reserves of 2020 and right size our allowance for credit losses."

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Earnings Reported and Dividend Declared (continued)

Mr. Seiffert continued, "We also continue to invest in our people, infrastructure and technology as we believe this short-term expense is essential to remain competitive as we ultimately look to scale in size in order to recognize long-term efficiencies. Our customers demand ease, speed, convenience and security and we want to ensure that our existing and new customers experience the innovation and technology they expect and deserve."

Net interest income decreased by \$2.3 million, or 2.4%, to \$95.7 million for the quarter ended June 30, 2021, from \$98.1 million for the quarter ended June 30, 2020, largely due to a \$7.8 million, or 7.5%, decrease in interest income on loans receivable. This decrease in interest income on loans was mainly due to a decrease in the average loan yield to 3.73% for the quarter ended June 30, 2021 from 4.09% for the quarter ended June 30, 2020. Also contributing to the decrease in interest income on loans was a decrease of \$96.8 million, or 0.9%, in the average balance of loans. Partially offsetting this decrease was a decrease of \$4.6 million, or 48.9%, in interest expense on deposits due to a decline in market interest rates when compared to the prior year, resulting in a decrease in the cost of our interest-bearing liabilities to 0.29% for the quarter ended June 30, 2021 from 0.48% for the quarter ended June 30, 2020. The net effect of the changes in interest rates and average balances was a decrease in net interest margin to 2.91% for the quarter ended June 30, 2021 from 3.38% for the same quarter last year.

Our credit loss reserve process and modeling concluded that no provision for credit losses was necessary this quarter, which represents a decrease of \$51.8 million compared to the quarter ended June 30, 2020. This decrease was primarily due to continued improvements in economic forecasts compared to the uncertainty that existed last year in industries impacted by COVID-19.

Noninterest income increased by \$19.2 million, or 54.1%, to \$54.7 million for the quarter ended June 30, 2021, from \$35.5 million for the quarter ended June 30, 2020. This increase was primarily due to the sale of our insurance business offered through Northwest Insurance Services, which closed April 30, 2021, for a gain of \$25.3 million. In addition, trust and other financial services income increased \$2.6 million, or 54.2%, to \$7.4 million for the quarter ended June 30, 2021 from \$4.8 million for the quarter ended June 30, 2020, as a result of increases in both trust and brokerage advisory services. Partially offsetting this increase was a decrease in mortgage banking income of \$8.2 million, or 68.3%, to \$3.8 million for the quarter ended June 30, 2021 from \$12.0 million for the quarter ended June 30, 2020. This decrease reflects the impact of less favorable pricing in the secondary market. In addition, there was a decrease in insurance commission income of \$1.4 million to \$1.0 million for the quarter ended June 30, 2021 from \$2.4 million for the quarter ended June 30, 2020 due to the sale of the insurance business during the current quarter.

Noninterest expense decreased by \$2.8 million, or 3.2%, to \$86.3 million for the quarter ended June 30, 2021, from \$89.2 million for the quarter ended June 30, 2020. This decrease was primarily due to a decline of \$9.0 million, or 93.5%, in merger related expenses due to expenses incurred in the prior year as a result of the acquisition of MutualFirst Financial, Inc. Also contributing to this decrease was a reduction of \$6.4 million, or 81.9%, in other expenses primarily due to an elevated reserve for unfunded commitments during the second quarter of 2020 resulting from the estimated economic impact of COVID-19. Partially offsetting these decreases was an increase of \$8.8 million, or 22.1%, in compensation and employee benefits due primarily to increases in health insurance and other benefit costs, regular merit expense and the addition of MutualBank employees and other strategic personnel.

Also contributing to this increase was an increase of \$3.5 million, or 29.7%, in processing expenses as we continue to invest in technology and infrastructure and as activity-driven utilization fees for ATM, check card, and online and mobile banking has increased. Lastly, there was an increase of \$1.4 million, or 49.8%, in professional service expense for the quarter ended June 30, 2021 due primarily to the utilization of third-party experts to assist with our digital strategy rollout.

The provision for income taxes increased by \$16.3 million to an expense of \$15.1 million for the quarter ended June 30, 2021, from a tax benefit of \$1.1 million for the quarter ended June 30, 2020. This increase in income taxes was due to higher income before income taxes.

Stock Listing

Northwest Bancshares, Inc. common stock trades on the NASDAQ Global Select Market under the symbol "NWBI." The CUSIP number is 667340103.

Dividend Reinvestment and Direct Stock Purchase and Sale Plan

The plan provides direct shareholders and interested new investors with a convenient method to purchase shares of NWBI. You can access the plan materials and enroll online at astfinancial.com. You may also request a copy of the plan prospectus and enrollment application by calling the plan administrator, American Stock Transfer & Trust Company toll free at (877) 715-0499 or Northwest at (800) 859-1000 or (814) 728-7263.

Direct Deposit of Dividends (ACH)

Enroll by accessing your shareholder account online at astfinancial.com or to obtain an enrollment card by mail, contact American Stock Transfer & Trust Co. at (877) 715-0499 or Northwest at (800) 859-1000 or (814) 728-7263.

Online Shareholder Account Access

Direct shareholders can access their account online at astfinancial.com by clicking "Shareholders", "Manage My Account" and "Manage My Shareholder Account" to retrieve account details, update their shareholder profile, print a duplicate Form 1099 DIV, issue, sell or purchase shares online and much more.

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