

# First quarter ended March 31, 2021

## Selected Financial Data

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

	3/31/21	12/31/20	% Change
Total Assets	\$ 14,270,356	\$ 13,806,268	3.4%
Total Loans (net)	10,244,043	10,446,422	(1.9%)
Total Deposits	12,113,094	11,599,233	4.4%
Shareholders' Equity	1,540,994	1,538,703	0.1%
Book Value Per Share	12.11	12.11	0.0%
Common Stock Closing Price	14.45	12.74	13.4%

Quarter ended	3/31/21	3/31/20	% Change
Net Interest Income	\$ 100,458	\$ 87,228	15.2%
Provision for Credit Losses	(5,620)	27,637	(120.3%)
Noninterest Income	31,953	27,976	14.2%
Noninterest Expense	86,191	78,611	9.6%
Income Before Taxes	51,840	8,956	478.8%
Income Tax Expense	11,603	1,017	1040.9%
Net Income	40,237	7,939	406.8%
Diluted Earnings Per Share	0.32	0.07	357.1%
Return on Average Equity	10.61%	2.37%	824 bp
Return on Average Assets	1.17%	0.30%	87 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 230 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.

**"Highest Customer Satisfaction with Retail Banking in Pennsylvania."**

**Our 7<sup>th</sup> J.D. Power Award in 11 years.**



## Earnings Reported and Dividend Increase Declared

The Company reported net income for the quarter ended March 31, 2021 of \$40.2 million, or \$0.32 per diluted share. This represents an increase of \$32.3 million compared to the same quarter last year when net income was \$7.9 million, or \$0.07 per diluted share. The annualized returns on average shareholders' equity and average assets for the quarter ended March 31, 2021 were 10.61% and 1.17% compared to 2.37% and 0.30% for the same quarter last year.

The Company also announced that its Board of Directors increased the quarterly cash dividend by 5.3% to \$0.20 per share payable on May 17, 2021 to shareholders of record as of May 6, 2021. This is the 106th consecutive quarter in which the Company has paid a cash dividend. Based on the market value of the Company's common stock as of March 31, 2021, this represents an annualized dividend yield of approximately 5.5%.

In making this announcement, Ronald J. Seiffert, Chairman, President and CEO, noted, "We are extremely pleased with the current quarter results beginning once again with strong fee income led by our mortgage banking operations. We are also delighted to report that our credit loss provision decreased significantly from prior year and prior quarter as we continue to see economic forecasts improve. From a credit quality perspective, delinquencies continue to be well maintained while payment deferrals on loans declined to just \$53.8 million, or 0.5% of the loan portfolio, at March 31, 2021 as compared to \$129.9 million at December 31, 2020. Despite the increase in nonperforming loans, or loans for which the accrual of interest has ceased, by \$120.7 million during the quarter, classified loans declined from the December quarter by \$21.6 million, or 4.4%, indicating that these potential problem loans had already previously been identified and an adequate reserve has already been allocated."

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## Earnings Reported and Dividend Increase Declared (continued)

Mr. Seiffert continued, "During the first quarter, we also announced the divestiture of our insurance business to a very qualified and compassionate buyer in USI Insurance Services. As we assessed this business line for the past several years, it became clear that we were not going to be able to scale this business line in a meaningful way and that our resources and capital are better spent on our core banking businesses."

The sale of our insurance business closed on April 30, 2021. Consistent with the terms of the agreement, an aggregate purchase price of \$31.8 million, less approximately \$2.8 million in closing adjustments, was received in cash.

Net interest income increased by \$13.2 million, or 15.2%, to \$100.5 million for the quarter ended March 31, 2021, from \$87.2 million for the quarter ended March 31, 2020, largely due to a \$7.3 million, or 7.7%, increase in interest income on loans receivable. This increase in interest income on loans was mainly due to an increase of \$1.633 billion, or 18.6%, in the average balance of loans, primarily as a result of the acquisition of MutualBank during the second quarter of 2020. Also contributing to this increase in net interest income was a decrease of \$5.9 million, or 51.6%, 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 0.33% for the quarter ended March 31, 2021 from 0.72% for the quarter ended March 31, 2020. Despite the overall increase in net interest income, net interest margin decreased to 3.18% for the quarter ended March 31, 2021 from 3.66% for the same quarter last year as interest earning asset yields decreased to 3.42% for the quarter ended March 31, 2021 from 4.21% for the quarter ended March 31, 2020. Contributing to the overall decline in average asset yield was the increase in average cash balances of \$766.4 million, earning just 0.09%, due to deposit growth associated with Payroll Protection Program ("PPP") loan funds and consumer stimulus checks, as well as the overall decrease in market interest rates beginning with the decrease in the targeted federal funds rate of 1.25% by the Federal Reserve in March of 2020.

The provision for credit losses decreased by \$33.3 million due to a current period credit of \$5.6 million for the quarter ended March 31, 2021, compared to a provision expense of \$27.6 million for the quarter ended March 31, 2020 because of a release in the allowance for credit losses due to continued improvements in economic forecasts. Total classified loans increased by \$253.6 million to \$467.7 million, or 4.51% of total loans, at March 31, 2021 from \$214.1 million, or 2.42% of total loans, as of March 31, 2020. This increase was primarily due to the downgrade of commercial loans in certain industries impacted by COVID-19.

Noninterest income increased by \$4.0 million, or 14.2%, to \$32.0 million for the quarter ended March 31, 2021, from \$28.0 million for the quarter ended March 31, 2020. This increase was primarily due to the increase in mortgage banking income of \$4.8 million to \$6.0 million for the quarter ended March 31, 2021 from \$1.2 million for the quarter ended March 31, 2020. This increase was due to continued efforts to expand our secondary market sales capabilities over the last year, as well as an interest rate environment conducive to refinance activity and attractive secondary market pricing. In addition, trust and other financial services income increased \$1.5 million, or 29.7%, as a result of additional fee income from the MutualBank acquisition. Slightly offsetting these increases was a decrease in service charges and fees of \$2.7 million, or 18.0%, due to the impact of the Durbin amendment on our interchange fees which came into effect in the second half of 2020.

Noninterest expense increased by \$7.6 million, or 9.6%, to \$86.2 million for the quarter ended March 31, 2021, from \$78.6 million for the quarter ended March 31, 2020. This increase resulted primarily from an increase of \$4.5 million, or 10.5%, in compensation and employee benefits due primarily to the addition of MutualBank employees during the second quarter of 2020. Also contributing to this increase was an increase of \$2.3 million, or 20.8%, in processing expenses as we continue to invest in technology and infrastructure and as activity-driven utilization fees for online and mobile banking has increased. Professional services expense increased \$1.8 million, or 62.9%, due to the utilization of third-party experts to recruit talent and assist with our digital strategy rollout. Premises and occupancy costs increased \$1.3 million, or 18.0%, over the prior year due primarily to additional snow removal costs. Lastly, Federal Deposit Insurance Corporation ("FDIC") insurance premiums increased \$1.3 million due to assessment credits received in the previous year.

The provision for income taxes increased by \$10.6 million to \$11.6 million for the quarter ended March 31, 2021, from \$1.0 million for the quarter ended March 31, 2020 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](http://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](http://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](http://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.

### Registrar, Transfer and Dividend Disbursing Agent

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Chairman, President and CEO: Ronald J. Seiffert  
Senior EVP & CFO: William W. Harvey, Jr.  
VP, Shareholder Relations: Jacqueline N. Snell

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