

# Second quarter ended June 30, 2023

## Selected Financial Data

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

	6/30/23	12/31/22	% Change
Total Assets	\$ 14,291,491	\$ 14,113,324	1.3%
Total Loans (Net)	11,146,808	10,802,416	3.2%
Total Deposits	11,662,395	11,464,548	1.7%
Shareholders' Equity	1,511,501	1,491,486	1.3%
Book Value Per Share	11.89	11.74	1.3%
Common Stock Closing Price	10.60	13.98	(24.2%)

Quarter ended	6/30/23	6/30/22	% Change
Net Interest Income	\$ 108,549	\$ 100,265	8.3%
Provision for Credit Losses - Loans	6,010	2,629	128.6%
Provision for Credit Losses - Unfunded Commitments	2,920	3,396	(14.0%)
Noninterest Income	29,797	30,448	(2.1%)
Noninterest Expense	85,858	81,411	5.5%
Income Before Taxes	43,558	43,277	0.6%
Income Tax Expense	10,514	9,851	6.7%
Net Income	33,044	33,426	(1.1%)
Diluted Earnings Per Share	0.26%	0.26%	0.0%
Return on Average Equity	8.72%	8.90%	- 18 bp
Return on Average Assets	0.93%	0.94%	- 1 bp

Six months ended	6/30/23	6/30/22	% Change
Net Interest Income	\$ 221,013	\$ 190,888	15.8%
Provision for Credit Losses - Loans	10,880	1,148	847.7%
Provision for Credit Losses - Unfunded Commitments	3,046	4,992	(39.0%)
Noninterest Income	53,766	56,188	(4.3%)
Noninterest Expense	173,308	161,759	7.1%
Income Before Taxes	87,545	79,177	10.6%
Income Tax Expense	20,822	17,464	19.2%
Net Income	66,723	61,713	8.1%
Diluted Earnings Per Share	0.52	0.49	6.1%
Return on Average Equity	8.91%	8.01%	90 bp
Return on Average Assets	0.95%	0.87%	8 bp

## Corporate Profile

Northwest Bancshares, Inc. (the "Company") is a bank holding company headquartered in Columbus, Ohio. The Company operates Northwest Bank (the "Bank"), a full-service financial institution headquartered in Warren, Pennsylvania. Through this subsidiary, the Company operates 134 full-service community banking locations, eight free standing drive-through facilities, and 193 automated teller machines (ATMs) in Pennsylvania, New York, Ohio and Indiana.

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.

## Company Highlights:

- Louis J. Torchio recognized in Columbus Business First's 2023 Power 100 list
- Amber L. Williams joins Northwest Bancshares, Inc. Board of Directors
- Greg J. Betchkal appointed Chief Risk Officer
- Jay M. DesMarteau appointed Chief Commercial Banking Officer
- Dan Delgadillo joined Northwest as Managing Director of new Sponsor Finance Group
- Northwest expanded into Cincinnati Market, welcoming Jay Rush as Regional Vice President, Commercial Lending
- Northwest opens new regional hub and business office in Fishers, Indiana

Please visit the [Media Center](#) at Northwest.com to view these announcements.

## Earnings Reported and Dividend Declared

The Company reported net income for the quarter ended June 30, 2023 of \$33.0 million, or \$0.26 per diluted share. This represents a decrease of \$382,000, or 1.1%, compared to the same quarter last year, when net income was \$33.4 million, or \$0.26 per diluted share. The annualized returns on average shareholders' equity and average assets for the quarter ended June 30, 2023 were 8.72% and 0.93% compared to 8.90% and 0.94% for the same quarter last year.

The Company also announced that its Board of Directors declared a quarterly cash dividend of \$0.20 per share payable on August 14, 2023 to shareholders of record as of August 3, 2023. This is the 115th 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, 2023, this represents an annualized dividend yield of approximately 7.5%.

## Earnings Reported and Dividend Declared (continued)

Louis J. Torchio, President and CEO, added, “We are very pleased with the positioning and strength of our balance sheet during the past twelve months as we have been able to grow loans by almost \$840.0 million, or approximately 8.0%, over that time period by reallocating cash and investments to higher yielding earning assets. Specifically, as a result of the new commercial lending verticals we have recently implemented, commercial loans have grown \$416.9 million, or 42.2%, over the past year. As part of this balance sheet shift towards commercial banking, we sold the mortgage servicing rights on approximately \$1.3 billion of one- to four family mortgage loans for an \$8.3 million gain, which enabled us to sell approximately \$110.0 million of investment securities for an equivalent loss, resulting in no impact to tangible capital. We were then able to reallocate these funds from investments yielding approximately 2.0% into commercial loan originations yielding over 7.0%. In addition, our overall deposit balances remained stable during the most recent quarter, although we continue to see customers shift into higher yielding deposit products. Tangible common equity remains strong at over 8.0% and asset quality continues to perform well.”

Mr. Torchio continued, “With the continued inversion in the yield curve and the change in our customer deposit mix, as well as higher borrowing costs and balances, the increase in our overall cost of funds continued to outpace our yield improvement, which resulted in net interest margin compression on a linked quarter basis to 3.28% from 3.47%. We expect some additional net interest margin compression could continue for the remainder of the year.”

Net interest income increased by \$8.3 million, or 8.3%, to \$108.5 million for the quarter ended June 30, 2023, from \$100.3 million for the quarter ended June 30, 2022. This increase in net interest income is a result of both the increase in market interest rates and the change in our interest-earning asset mix throughout the past year. Cash and marketable securities were redeployed into higher yielding loans, which, along with higher market interest rates, caused the yield on interest-earning assets to increase to 4.34% for the quarter ended June 30, 2023 from 3.20% for the quarter ended June 30, 2022. Interest income on loans receivable increased \$37.2 million, or 38.9%, due to an increase of \$907.8 million, or 8.9%, in the average balance of loans in addition to an increase in the yield on loans to 4.83% for the quarter ended June 30, 2023 from 3.79% for the quarter ended June 30, 2022. Partially offsetting this increase in interest income was an increase in the cost of interest-bearing liabilities to 1.47% for the quarter ended June 30, 2023 from 0.24% for the quarter ended June 30, 2022. This increase was largely due to higher market interest rates causing an increase in both deposit and borrowing costs. The net effect of these changes in interest rates and average balances was an increase in the Company’s net interest margin to 3.28% for the quarter ended June 30, 2023 from 3.07% for the same quarter last year.

The provision for credit losses increased by \$2.9 million, or 48.2%, to \$8.9 million for the current quarter ended June 30, 2023 from \$6.0 million for the quarter ended June 30, 2022. This increase was primarily due to growth within our commercial loan portfolio year over year, as well as forecasted economic deterioration reflected in our allowance for credit loss models. The Company continued to experience improvement in asset quality as classified loans decreased by \$63.3 million, or 22.8%, to \$214.1 million, or 1.90% of total loans, at June 30, 2023 from \$277.4 million, or 2.66% of total loans, at June 30, 2022. Total delinquent loans increased to \$72.1 million, or 0.64% of loans receivable, at June 30, 2023 from \$51.1 million, or 0.49% of loans receivable, at June 30, 2022. The increase was primarily driven by two commercial loan administrative delinquencies totaling \$22.9 million at June 30, 2023, which have subsequently been brought current.

Noninterest income decreased by \$651,000, or 2.1%, to \$29.8 million for the quarter ended June 30, 2023, from \$30.4 million

for the quarter ended June 30, 2022. This decrease was primarily due to a decrease in mortgage banking income of \$1.1 million, or 52.3%, to \$1.0 million for the quarter ended June 30, 2023 from \$2.2 million for the quarter ended June 30, 2022. This decrease reflects the impact of less favorable pricing in the secondary market, due primarily to the volatile interest rate environment, as well as a decrease in mortgage volumes primarily due to higher market interest rates.

Noninterest expense increased by \$4.4 million, or 5.5%, to \$85.9 million for the quarter ended June 30, 2023 from \$81.4 million for the quarter ended June 30, 2022. This increase primarily resulted from a \$1.7 million, or 13.1%, increase in processing expenses to \$14.6 million for the quarter ended June 30, 2023, from \$12.9 million for the quarter ended June 30, 2022 due to the implementation of additional third party software programs. Also contributing to this variance was a restructuring expense of \$1.6 million for the quarter ended June 30, 2023 due to the severance charge for personnel changes during the current quarter. Lastly, FDIC insurance premiums increased \$934,000, or 82.7%, to \$2.1 million for the quarter ended June 30, 2023 from \$1.1 million for the quarter ended June 30, 2022 due to an increase in the deposit insurance assessment rate beginning in the first quarter of 2023.

The provision for income taxes increased by \$663,000, or 6.7%, to \$10.5 million for the quarter ended June 30, 2023 from \$9.9 million for the quarter ended June 30, 2022 due primarily to an increase in income before taxes in the current year.

### 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). Navigate to “Access to AST Portals”, “Login” under Individuals, navigate down to “Investor Services” and “Buy Shares”. You may also request a copy of the plan prospectus and enrollment application by calling the plan administrator, American Stock Transfer & Trust Company, LLC toll free at (877) 715-0499 or Northwest at (800) 859-1000.

### 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 Company, LLC at (877) 715-0499 or Northwest at (800) 859-1000.

### Online Shareholder Account Access

Direct shareholders can access their account online at [astfinancial.com](http://astfinancial.com) by navigating under “Access to AST Portals”, clicking “Login” under Individuals and then under “Shareholder Central”, click “Login” again 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

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219  
Phone: (877) 715-0499  
Email: [help@astfinancial.com](mailto:help@astfinancial.com)  
[www.astfinancial.com](http://www.astfinancial.com)

### Corporate Headquarters

3 Easton Oval, Suite 500  
Columbus, OH 43219  
Phone: (800) 859-1000  
Email: [shareholderrelations@northwest.com](mailto:shareholderrelations@northwest.com)  
[www.northwest.com](http://www.northwest.com)

President and CEO: Louis J. Torchio  
Senior EVP, COO and CFO: William W. Harvey, Jr.  
Senior VP, Shareholder Relations: Jacqueline N. Snell

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