

# Fourth quarter ended December 31, 2019

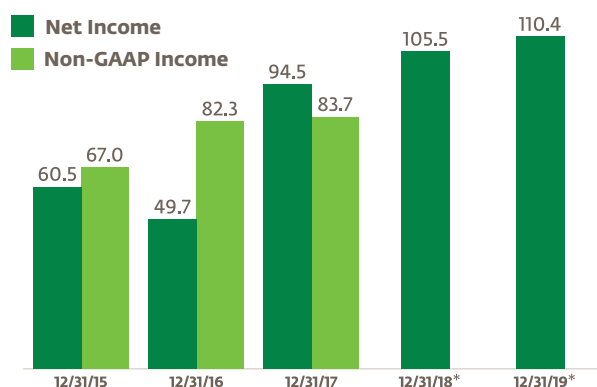
## Selected Financial Data

(\$000's, except per share amounts)	12/31/19	12/31/18	% Change
Total Assets	\$ 10,493,908	\$ 9,607,773	9.2%
Total Loans (net)	8,750,733	7,996,225	9.4%
Total Deposits	8,592,007	7,894,179	8.8%
Shareholders' Equity	1,353,285	1,257,638	7.6%
Book Value Per Share	12.66	12.17	4.0%
Common Stock Closing Price	16.63	16.94	(1.8)%

Quarter ended	12/31/19	12/31/18	% Change
Net Interest Income	\$ 88,945	\$ 86,831	2.4%
Provision for Loan Losses	8,223	3,792	116.9%
Noninterest Income	28,213	23,248	21.4%
Noninterest Expense	76,571	72,273	5.9%
Income Before Taxes	32,364	34,014	(4.9)%
Income Tax Expense	6,773	7,547	(10.3)%
Net Income	25,591	26,467	(3.3)%
Diluted Earnings Per Share	0.24	0.26	(7.7)%
Return on Average Equity	7.52%	8.44%	-92 bp
Return on Average Assets	0.97%	1.09%	-12 bp

Year ended	12/31/19	12/31/18	% Change
Net Interest Income	\$ 360,466	\$ 338,641	6.4%
Provision for Loan Losses	22,659	20,332	11.4%
Noninterest Income	99,407	91,702	8.4%
Noninterest Expense	296,103	276,098	7.2%
Income Before Taxes	141,111	133,913	5.4%
Income Tax Expense	30,679	28,422	7.9%
Net Income	110,432	105,491	4.7%
Diluted Earnings Per Share	1.04	1.02	2.0%
Return on Average Equity	8.36%	8.61%	-25 bp
Return on Average Assets	1.07%	1.11%	-4 bp

## Net Income (in millions of dollars)



\*GAAP Net Income and Non-GAAP Net Income are the same

## Corporate Profile

Northwest Bancshares, Inc. (the "Company") is a 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 172 full-service community banking locations, nine free standing drive-through facilities, and 218 automated teller machines (ATMs) in Pennsylvania, Ohio and western New York. The Bank also operates Northwest Insurance Services, which offers employee benefit and property and casualty insurance.

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, insurance and financial planning services with a personal touch to individuals, businesses and charitable institutions.

## Earnings Reported and Dividend Increase Declared

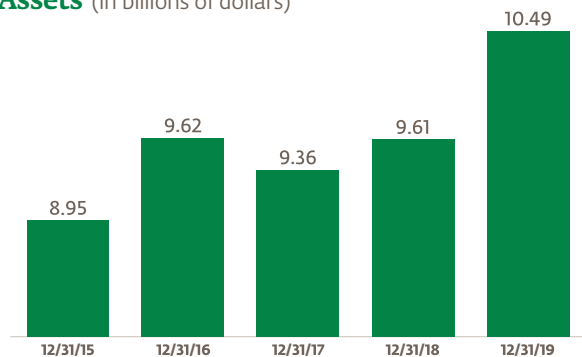
The Company reported net income for the quarter ended December 31, 2019 of \$25.6 million, or \$0.24 per diluted share. This represents a decrease of \$876,000, or 3.3%, compared to the same quarter last year when net income was \$26.5 million, or \$0.26 per diluted share. The annualized returns on average shareholders' equity and average assets for the quarter ended December 31, 2019 were 7.52% and 0.97% compared to 8.44% and 1.09% for the same quarter last year.

The Company also announced that its Board of Directors declared a quarterly cash dividend of \$0.19 per share payable on February 14, 2020 to shareholders of record as of February 6, 2020. This is the 101st consecutive quarter in which the Company has paid a cash dividend and represents a 5.6% increase over the prior year. Based on the market value of the Company's stock as of December 31, 2019, this represents an annualized dividend yield of approximately 4.57%.

In making this announcement, Ronald J. Seiffert, Chairman, President and CEO noted, "While the fourth quarter was negatively impacted by a loan loss provision for a recently classified C&I loan, costs associated with litigation settlements as well as a continued decline in net interest margin as expected, overall we were very pleased with our annual 2019 results. Annual net income of \$110.4 million, or \$1.04 per diluted share, exceeded the prior year net income of \$105.5 million, or \$1.02 per diluted share, by \$4.9 million, or almost 5.0%. For the year, loans grew \$757.2 million, or 9.4%, with approximately half of this growth coming from the Union Community Bank acquisition and the other half coming from internal growth. In addition, we were able to fund this growth almost entirely with internal deposit growth. Noninterest income experienced exceptional growth for the year of \$7.7 million, or 8.4%, across almost all categories. Our mortgage banking operation is beginning to contribute in a meaningful way, brokerage investment revenue increased by over 7% and recent changes in the fourth quarter in our fees and fee income philosophy will benefit us going into 2020. Finally, we look forward to welcoming the MutualBank employees and customers in April along with their \$2.1 billion balance sheet and expected earnings accretion."

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## Assets (in billions of dollars)



### Key stock statistics

	12/31/19	12/31/18
Shares Outstanding (net)	106,859,088	103,354,030
Tangible Book Value Per Share	\$9.21	\$9.00
Market Capitalization (in billions)	\$1.78	\$1.75

## 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

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

## Corporate Headquarters

100 Liberty Street  
P.O. Box 128, Warren, PA 16365  
Phone: (814) 726-2140  
[northwest.com](http://northwest.com)

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

## Earnings Reported and Dividend Increase Declared (continued)

Net interest income increased by \$2.1 million, or 2.4%, to \$88.9 million for the quarter ended December 31, 2019, from \$86.8 million for the quarter ended December 31, 2018, primarily due to a \$5.4 million, or 5.8%, increase in interest income on loans receivable. This increase was primarily due to an increase of \$734.0 million, or 9.2%, in the average balance of loans. Partially offsetting this improvement was an increase in interest expense on deposits of \$3.9 million, or 43.5%, due to elevated market interest rates when compared to the prior year, resulting in an increase in the cost of our interest-bearing liabilities to 0.80% for the quarter ended December 31, 2019 from 0.67% for the quarter ended December 31, 2018. The net impact of these changes caused the Company's net interest margin to decrease to 3.73% for the quarter ended December 31, 2019, from 3.94% for the same quarter last year.

The provision for loan losses increased by \$4.4 million, or 116.9%, to \$8.2 million for the quarter ended December 31, 2019, from \$3.8 million for the quarter ended December 31, 2018. The provision increased in the current quarter due to the downgrade of an \$11.5 million commercial loan resulting in a loan loss reserve on this relationship of approximately \$7.4 million.

Noninterest income increased by \$5.0 million, or 21.4%, to \$28.2 million for the quarter ended December 31, 2019, from \$23.2 million for the quarter ended December 31, 2018. This increase was due to a \$1.3 million, or 10.1%, increase in service charges and fees as a result of additional fees collected on deposit accounts due to a recent change in fee structure, a \$1.3 million increase in mortgage banking income as a result of expanding our secondary market sales capabilities and a \$1.0 million, or 34.6%, increase in other operating income from increases in interest rate swap fee income. In addition, we recognized a gain of \$908,000 in the current quarter on the sale of approximately \$52.2 million of one-to-four family mortgage loans from our portfolio. Consistent with our strategy in the third quarter of 2019, we chose to sell these loans as they were identified as most likely to refinance due to declining market interest rates and we redeployed the proceeds into shorter duration consumer and commercial loans at an equivalent yield.

Noninterest expense increased by \$4.3 million, or 5.9%, to \$76.6 million for the quarter ended December 31, 2019, from \$72.3 million for the quarter ended December 31, 2018. This increase resulted from a \$2.8 million, or 7.0%, increase in compensation and employee benefits due to both internal growth in compensation and staff as well as the addition of Union Community Bank ("UCB") employees. Also contributing to this increase was an increase in other expenses of \$1.2 million, or 31.5%, primarily related to an increase in litigation accruals and an increase in acquisition expense of \$679,000 due to initial expenses incurred as a result of the recently announced acquisition of MutualFirst Financial, Inc. Partially offsetting this increase was a decrease in marketing expenses of \$1.3 million due primarily to our debit card reward program being discontinued and a decrease in federal deposit premiums of \$637,000 due to an assessment credit received during the quarter as a result of the deposit insurance fund becoming fully funded.

Net income for the year ended December 31, 2019 was \$110.4 million, or \$1.04 per diluted share. This represents an increase of \$4.9 million, or 4.7%, compared to the year ended December 31, 2018, when net income was \$105.5 million, or \$1.02 per diluted share. The annualized returns on average shareholders' equity and average assets for the year ended December 31, 2019 were 8.36% and 1.07% compared to 8.61% and 1.11% for the prior year. This increase in net income was the result of an increase in net interest income after provision of \$19.5 million, or 6.1%, and an increase in noninterest income of \$7.7 million, or 8.4%. These increases were partially offset by an increase in noninterest expense of \$20.0 million, or 7.2%. Contributing to the additional expense is the added cost of UCB operations, including additional compensation costs, additional processing costs associated with our new commercial and residential mortgage platforms as well as increased online banking usage fees, the acquisition costs associated with the UCB conversion in March 2019 and the initial costs incurred for the pending MutualFirst Financial, Inc. acquisition scheduled to close in the second quarter of 2020.