

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Attachment](#)

18 Can any resulting loss be recognized? ▶ [See Attachment](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attachment](#)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ William W. Harvey, Jr. Date ▶ 4/15/2019

Print your name ▶ William W. Harvey, Jr. Title ▶ SEVP, Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name James D. Slivanya	Preparer's signature <i>James D. Slivanya</i>	Date 4/15/2019	Check <input type="checkbox"/> if self-employed	PTIN P00638817
	Firm's name ▶ Crowe LLP			Firm's EIN ▶ 35-0921680	
	Firm's address ▶ 488 Madison Avenue - Floor 3, New York, NY 10022			Phone no. (212) 572-5500	

Northwest Bancshares, Inc.
27-0950358
Attachment to Form 8937

Report of Organizational Actions Affecting Basis of Securities

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects on the tax basis of Northwest Bancshares, Inc. ("Northwest") stock received in exchange for Donegal Financial Services Corporation ("DFSC") stock as a result of the merger of DFSC with and into Northwest on March 8, 2019 (the "Merger"). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Northwest does not provide tax advice to its shareholders. The tax treatment described below may not apply to all shareholders of DFSC. You are urged to consult your own tax advisor regarding the particular consequences of the merger to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws.

Form 8937 Part I, Box 9

The securities subject to reporting include all shares of Northwest Bancshares, Inc. ("Northwest") common stock issued in exchange for the outstanding common stock of Donegal Financial Services Corporation ("DFSC") as a result of the merger of Donegal with and into Northwest on March 8, 2019 (the "Merger").

Form 8937 Part II, Box 14

The reportable organizational action, effective March 8, 2019, is the merger of DFSC with and into Northwest, with Northwest continuing as the surviving corporation.

As a result of the Merger, each share of DFSC common stock issued and outstanding was converted into 137.84 shares of Northwest common stock plus \$2,379.09 in cash.

No fractional shares of Northwest common stock were issued in connection with the Merger. To the extent that the exchange would have resulted in the issuance of a fractional share of Northwest common stock to a DFSC shareholder, a cash payment equal to the market value equivalent of the fractional share was paid in lieu of issuing a fractional share of Northwest common stock.

Form 8937 Part II, Box 15

The merger of DFSC with and into Northwest qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, each DFSC shareholder will generally recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange: or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares of Northwest common stock received in the exchange (measured at the time of the exchange) exceeds the DFSC shareholder's tax basis in the DFSC shares surrendered in the exchange.

For purposes of calculating the taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of Northwest common stock (see discussion of cash received in lieu of fractional shares below).

Gain or loss must be calculated separately for each identifiable block of DFSC common shares surrendered in the exchange having a common tax basis. A loss realized on one block of DFSC common shares may not be used to offset a gain realized on another block of DFSC common shares.

Each DFSC shareholder is required to determine the tax basis of the shares of Northwest common stock received in the exchange by performing the following calculations separately for each identifiable block of DFSC common shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the DFSC common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares described below)
- Subtract the tax basis in any fractional shares of Northwest common stock that were deemed to have been received in the exchange and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of the shares of Northwest common stock received in the exchange for that identifiable block of DFSC common shares transferred. The tax basis of each individual share of Northwest common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of Northwest common shares that comprise this identifiable block.

DFSC shareholders who receive cash in lieu of a fractional share of Northwest common stock are, for purposes of determining the taxability of that cash, deemed to have received a fractional share in the exchange and then as having sold the fractional share for cash. These DFSC shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the DFSC common shares deemed to have been exchanged for the fractional shares and the amount of cash received.

Form 8937 Part II, Box 16

Refer to the description of the basis calculation in Part II, Box 15 above. The March 8, 2019 closing price of a single share of Northwest common stock (NWBI) on NASDAQ was \$17.58 which was used as fair market value.

Form 8937 Part II, Box 17

The merger of DFSC with and into Northwest qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Code. Other relevant Internal Revenue Code sections include 356, 358, and 1001.

Form 8937 Part II, Box 18

No loss can be recognized upon the exchange of DFSC common stock for Northwest common stock. If a taxable loss is calculated on the deemed sale of a fractional share of Northwest common stock deemed to have been received in the exchange, this loss can be recognized.

Form 8937 Part II, Box 19

The Merger was completed on March 8, 2019. Consequently, the reportable tax year of the DFSC shareholders for reporting the tax effect of the share exchange and cash receipt is the tax year that includes the March 8, 2019 date. This is the 2019 calendar year for those shareholders who report taxable income on the basis of a calendar year.