

# Fourth quarter ended December 31, 2017

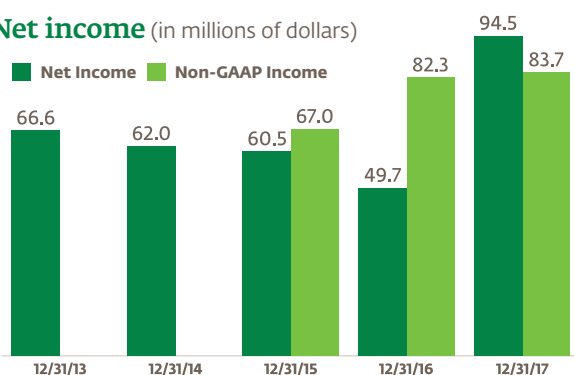
## Selected financial data

(\$000's, except per share amounts)	12/31/17	12/31/16	% Change
Total Assets	\$9,363,934	\$9,623,640	(2.7)%
Total Loans (net)	7,736,614	7,496,408	3.2%
Total Deposits	7,826,989	7,882,321	(0.7)%
Shareholders' Equity	1,207,724	1,170,663	3.2%
Book Value Per Share	11.76	11.51	2.2%
Common Stock Closing Price	16.73	18.03	(7.2)%

Quarter ended	12/31/17	12/31/16	% Change
Net Interest Income	\$84,240	\$82,942	1.6%
Provision for Loan Losses	6,525	2,145	204.2%
Noninterest Income	22,905	24,819	(7.7)%
Noninterest Expense	71,896	68,761	4.6%
Income Before Taxes	28,724	36,855	(22.1)%
Income Tax Expense	6,576	12,361	(46.8)%
Net Income	22,148	24,494	(9.6)%
Diluted Earnings Per Share	0.22	0.24	(8.3)%
Return on Average Equity	7.31%	8.37%	-
Return on Average Assets	0.94%	1.01%	-

Year ended	12/31/17	12/31/16	% Change
Net Interest Income	\$330,785	\$307,335	7.6%
Provision for Loan Losses	19,751	13,542	45.9%
Noninterest Income	110,480	85,360	29.4%
Noninterest Expense	285,603	307,838	(7.2)%
Income Before Taxes	135,911	71,315	90.6%
Income Tax Expense	41,444	21,648	91.4%
Net Income	94,467	49,667	90.2%
Diluted Earnings Per Share	0.92	0.49	87.8%
Return on Average Equity	7.95%	4.28%	-
Return on Average Assets	0.99%	0.55%	-
Non-GAAP Net Income	83,735	82,264	1.8%
Non-GAAP Diluted EPS	0.83	0.82	1.2%
Non-GAAP ROE	7.04%	7.09%	-
Non-GAAP ROA	0.88%	0.90%	-

## Net income (in millions of dollars)



## Corporate Profile

Northwest Bancshares, Inc. (the "Company") is a savings and loan 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, ten free standing drive-through facilities and 285 automated teller machines (ATMs) in Pennsylvania, northeastern Ohio, and western New York. The Bank also operates Northwest Insurance Services, which offers employee benefits 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, insurance and financial planning services with a personal touch to individuals, businesses and charitable institutions.

## Earnings Released and Quarterly Dividend Increased

The Company reported net income for the quarter ended December 31, 2017 of \$22.1 million, or \$0.22 per diluted share. This represents a decrease of \$2.4 million, or 9.6%, compared to the same quarter last year when net income was \$24.5 million, or \$0.24 per diluted share.

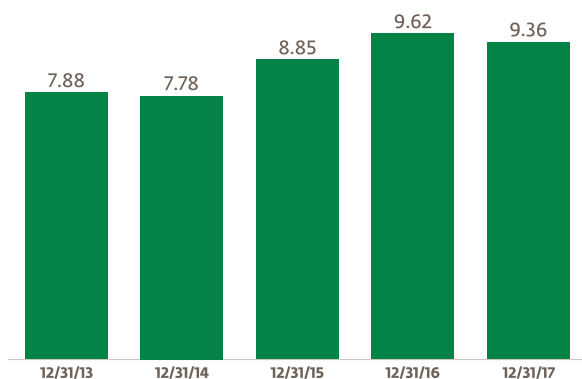
The Company also announced that its Board of Directors declared a quarterly cash dividend of \$0.17 per share payable on February 15, 2018, to shareholders of record as of February 1, 2018. This represents a 6.25% increase over the prior quarter and is the 93rd consecutive quarter in which the Company has paid a cash dividend. Based on the market value of the Company's common stock as of December 31, 2017, this dividend represents an annualized yield of approximately 4.1%.

In making the announcement, William J. Wagner, Chairman and CEO, noted, "2017 was a year of significant restructuring for our company. With a goal of reducing operating expenses, improving efficiency and narrowing our business focus, we divested our Maryland offices, closed our consumer finance subsidiary, sold our retirement services business, consolidated our wealth management platforms and achieved full integration of our recent acquisitions in Ohio and New York. While these initiatives negatively impacted earnings in 2017, we expect that they will provide a meaningful reduction in our expense ratios in the year ahead. We are pleased to realize continued improvement in net interest margin during 2017 resulting primarily from commercial loan growth of 5% accompanied by 11% growth in noninterest-bearing checking accounts. With that, our current margin of 3.93% represents a historic high for our institution. Looking forward, our company will be primarily focused on improving loan growth and operating efficiency in an effort to continue to improve our company's return on assets."

Net interest income increased by \$1.3 million, or 1.6%, to \$84.2 million for the quarter ended December 31, 2017, from \$82.9 million for the quarter ended December 31, 2016. This increase is due primarily to a \$1.5 million, or 1.7%, increase in interest income on loans receivable and a \$850,000, or 39.2%, increase in interest income on mortgage-backed securities.

These increases were primarily due to increases of \$16.8 million and \$98.3 million in average balances of loans and mortgage-backed securities, respectively. Additionally, the average yield on loans and mortgage-backed securities increased by 5 and 29 basis points, respectively, over the prior year.

## Assets (in billions of dollars)



### Key stock statistics

	12/31/17	12/31/16
Shares Outstanding	102,687,811	101,699,406
Tangible Book Value Per Share	\$8.52	\$8.17
Market Capitalization (in billions)	\$1.72	\$1.83

## 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.

## 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  
6201 15th Avenue, Brooklyn, NY 11219  
(800) 937-5449 • [astfinancial.com](http://astfinancial.com)

## Corporate Headquarters

100 Liberty Street, P.O. Box 128, Warren, PA 16365  
Phone: (814) 726-2140 Fax: (814) 728-7716 • [northwest.com](http://northwest.com)

Chairman and CEO: William J. Wagner  
Senior Executive Vice President and CFO: William W. Harvey Jr.  
AVP, Shareholder Relations: Ian R. Scott

## Earnings Released and Dividend Declared (continued)

The provision for loan losses increased by \$4.4 million to \$6.5 million for the quarter ended December 31, 2017, from \$2.1 million for the quarter ended December 31, 2016. This increase is due primarily to higher provisions for consumer loans, which were related to the July 2017 closure of the Company's consumer finance subsidiary, as credit quality in other components of the loan portfolio improved. The percentage of total delinquent loans to total loans decreased to 1.51% at December 31, 2017 from 1.61% at December 31, 2016 and total nonaccrual loans decreased by \$15.0 million, or 19.0%, to \$64.5 million at December 31, 2017 from \$79.5 million at December 31, 2016.

Noninterest income decreased by \$1.9 million, or 7.7%, to \$22.9 million for the quarter ended December 31, 2017, from \$24.8 million for the quarter ended December 31, 2016. Contributing to this decrease was a \$2.1 million decrease in mortgage banking income relating to a substantial decrease in the amount of loans sold into the secondary market this year versus the prior year. Additionally, the Company realized a net loss of \$369,000 on the sale of investments during the quarter while realizing a net profit of \$213,000 a year ago. The loss incurred in the current year related to the sale of two pooled trust preferred securities to take advantage of recent changes in the federal tax rates. Partially offsetting these decreases was an increase in income from bank-owned life insurance of \$1.0 million as a result of death benefits received during the quarter.

Noninterest expense increased by \$3.1 million, or 4.6%, to \$71.9 million for the quarter ended December 31, 2017, from \$68.8 million for the quarter ended December 31, 2016. This increase resulted primarily from a \$2.2 million, or 6.1%, increase in compensation and employee benefits due primarily to increases in the cost of health insurance and other employee benefits. Also contributing to the increase was an increase of \$857,000 in professional services due primarily to ongoing efforts to comply with the CECL standard effective January 1, 2020.

Income tax expense decreased by \$5.8 million, or 46.8%, to \$6.6 million for the quarter ended December 31, 2017, from \$12.4 million for the quarter ended December 31, 2016. This decrease is due primarily to a decrease in income before taxes of \$8.1 million and the impact of the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017. When enacted, the tax law change will decrease the corporate tax rate from 35.0% to 21.0%. As a result, the value of the Company's net deferred tax liability decreased by \$3.1 million, which had the effect of decreasing current period tax expense.

Net income for the year ended December 31, 2017 was \$94.5 million, or \$0.92 per diluted share, which represents an increase of \$44.8 million, or 90.2%, compared to the year ended December 31, 2016, when net income was \$49.7 million, or \$0.49 per diluted share. This increase is due primarily to the sale of the Company's Maryland offices at a profit of \$17.2 million during 2017 and also to a \$37.0 million penalty incurred from the prepayment of FHLB borrowings during 2016.

Non-GAAP net income for the year ended December 31, 2017, which excludes the after-tax impact of the gain on the sale of the Maryland offices of \$10.3 million, after-tax restructuring expenses of \$2.7 million and the aforementioned \$3.1 million tax benefit, was \$83.7 million, or \$0.83 per diluted share. Non-GAAP net income for the year ended December 31, 2016, which excludes the after-tax impact of the FHLB prepayment penalty, restructuring and acquisition expenses and ESOP termination expenses totaling \$32.6 million, was \$82.3 million, or \$0.82 per diluted share.

## Corporate Developments

Effective, November 13, 2017, Ronald J. Seiffert was appointed President and Chief Operating Officer of Northwest Bank and Northwest Bancshares, Inc. Mr. Seiffert has 36 years of experience in the banking industry. For the previous six years he served as Chairman, President and Chief Executive Officer of The Delaware County Bank & Trust in Lewis Center, Ohio. Prior to that, Mr. Seiffert worked for two large Ohio banking organizations. In connection with the appointment, William J. Wagner will continue to serve as the Chairman of the Board and Chief Executive Officer of Northwest.