

NORTHWEST BANCORPORATION INC
Form 10-Q
August 14, 2012
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

(Mark One)

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2012.**
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .**

Commission File Number: 000-24151

NORTHWEST BANCORPORATION, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: NORTHWEST BANCORPORATION INC - Form 10-Q

Washington
(State or other jurisdiction of

91-1574174
(I.R.S. Employer

incorporation or organization)

Identification No.)

421 West Riverside, Spokane, WA 99201-0403

(Address of principal executive offices) (Zip Code)

(509) 456-8888

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The Registrant has a single class of common stock, of which there were 3,084,548 shares issued and outstanding as of July 31, 2012.

Table of Contents

NORTHWEST BANCORPORATION, INC.

FORM 10-Q

For the three-month and six-month periods ended June 30, 2012

TABLE OF CONTENTS

<u>PART I FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements (Unaudited)</u>	3
<u>Consolidated Statements of Financial Condition</u>	3
<u>Consolidated Statements of Operations</u>	4
<u>Consolidated Statements of Comprehensive Income</u>	5
<u>Consolidated Statements of Changes in Shareholders' Equity</u>	6
<u>Consolidated Statements of Cash Flows</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	32
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	48
<u>Item 4. Controls and Procedures</u>	48
<u>PART II OTHER INFORMATION</u>	49
<u>Item 1. Legal Proceedings</u>	49
<u>Item 1A. Risk Factors</u>	49
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	49
<u>Item 3. Defaults Upon Senior Securities</u>	49
<u>Item 4. Mine Safety Disclosures</u>	49
<u>Item 5. Other Information</u>	49
<u>Item 6. Exhibits</u>	49
<u>SIGNATURES</u>	50

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****NORTHWEST BANCORPORATION, INC.****Consolidated Statements of Financial Condition***(\$ in thousands, except per share data)*

	June 30, 2012	December 31, 2011
ASSETS		
Cash and due from banks	\$ 13,542	\$ 13,511
Federal funds sold and other interest bearing deposits	15,497	13,774
Total cash and cash equivalents	29,039	27,285
Securities available for sale, at fair value	76,156	66,250
Federal Home Loan Bank stock, at cost	1,261	1,261
Loans receivable, net of allowance for loan losses \$6,495 and \$6,816	250,613	258,586
Loans held for sale	3,007	2,728
Premises and equipment, net	16,144	16,432
Accrued interest receivable	1,476	1,456
Foreclosed real estate	4,557	4,459
Bank owned life insurance	3,977	3,916
Other assets	2,486	3,360
TOTAL ASSETS	\$ 388,716	\$ 385,733
LIABILITIES		
Deposits	\$ 334,319	\$ 332,134
Accrued interest payable	554	507
Borrowed funds	12,315	13,207
Other liabilities	4,283	3,486
Total liabilities	351,471	349,334
SHAREHOLDERS EQUITY		
Preferred stock Series A Cumulative Perpetual; \$1,000 par value; \$1,000 liquidation value; 10,500 shares authorized and issued	10,308	10,249
Preferred stock Series B Cumulative Perpetual; \$0.01 par value; \$1,000 liquidation value; 525 shares authorized and issued	546	553
Common stock, no par value, 5,000,000 shares authorized; 3,084,548 shares issued and outstanding	26,025	25,984
Accumulated deficit	(1,323)	(1,599)
Accumulated other comprehensive income	1,689	1,212
Total shareholders equity	37,245	36,399
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 388,716	\$ 385,733

See accompanying notes.

Table of Contents**NORTHWEST BANCORPORATION, INC.****Consolidated Statements of Operations***(\$ in thousands, except per share data)*

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Interest income:				
Loans, including fees	\$ 3,757	\$ 4,213	\$ 7,591	\$ 8,883
Investment securities	545	587	1,088	1,180
Federal funds sold and interest bearing deposits	9	3	15	6
Total interest income	4,311	4,803	8,694	10,069
Interest expense:				
Deposits	607	1,001	1,288	2,097
Borrowed funds	96	78	196	148
Total interest expense	703	1,079	1,484	2,245
Net interest income	3,608	3,724	7,210	7,824
Provision for loan losses	400	1,531	1,000	2,362
Net interest income after provision for loan losses	3,208	2,193	6,210	5,462
Noninterest income:				
Service charges on deposits	327	371	652	723
Gain from sale of loans, net	417	167	693	310
Gain on investment securities	99	33	119	33
Other noninterest income	552	333	1,034	648
Total noninterest income	1,395	904	2,498	1,714
Noninterest expense:				
Salaries and employee benefits	1,757	1,658	3,528	3,331
Occupancy and equipment	348	319	677	648
Depreciation and amortization	297	301	601	603
Advertising and promotion	91	104	156	174
Loss on foreclosed real estate, net	470	112	470	83
FDIC assessments	126	118	245	322
Other noninterest expense	1,166	965	2,236	1,695
Total noninterest expense	4,255	3,577	7,913	6,856
Income (loss) before income taxes	348	(480)	795	320
Income tax expense (benefit)	59	(231)	181	(31)
NET INCOME (LOSS)	\$ 289	\$ (249)	\$ 614	\$ 351
Preferred stock dividends and discount accretion, net	169	169	338	339
Net income (loss) applicable to common shares	\$ 120	\$ (418)	\$ 276	\$ 12

Edgar Filing: NORTHWEST BANCORPORATION INC - Form 10-Q

Earnings (loss) per common share	basic	\$ 0.04	\$ (0.14)	\$ 0.09	\$ 0.00
Earnings (loss) per common share	diluted	\$ 0.04	\$ (0.14)	\$ 0.09	\$ 0.00
Weighted average shares outstanding	basic	3,084,548	3,080,133	3,084,548	3,078,499
Weighted average shares outstanding	diluted	3,137,471	3,080,133	3,174,993	3,090,737

See accompanying notes.

Table of Contents

NORTHWEST BANCORPORATION, INC.

Consolidated Statements of Comprehensive Income

(\$ in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Net income (loss)	\$ 289	\$ (249)	\$ 614	\$ 351
Other comprehensive income, net of tax:				
Unrealized gains (losses) on securities	411	994		