



loyalty



trust



value



**N** NORTHWEST  
BANCSHARES, INC.

2011 Summary Annual Report



Northwest Savings Bank  
J.D. Power and Associates Celebration  
Warren, Pennsylvania  
June, 2011

“Highest Customer Satisfaction with Retail Banking  
in the Mid-Atlantic Region, Two Years in a Row”

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## *Building Loyalty, Trust, and Value*

### **Dear Shareholders of Northwest Bancshares, Inc.,**

On behalf of the Board of Directors, officers, and staff of our Company, I am pleased to report on another year of progress.

During 2011, we posted record earnings, realized modest loan growth, and made substantial improvement in the mix of our loans and deposits.

While asset quality continues to be a challenge, we realized a meaningful reduction in nonperforming assets for the first time in three years.

Investors appear to have recognized our progress as our stock continued to perform better than the bank stock index and the stock market in general.



*During 2011, we posted record earnings, realized modest loan growth, and made substantial improvement in the mix of our loans and deposits.*

## EARNINGS

Earnings for 2011 were \$64.1 million, or \$.64 per share, compared to \$57.5 million, or \$.53 per share, in 2010. This substantial increase resulted primarily from an increase in net interest margin of \$9.6 million and a \$6.3 million decrease in the provision for loan losses. Partially offsetting these improvements were a decrease in noninterest income of \$2.3 million and an increase in noninterest expense of \$3.7 million.

Net interest income improved during a time of historically low interest rates and an extremely flat yield curve. This improvement was due to our success in achieving greater concentrations of higher-yielding commercial loans and lower-cost checking accounts. Noninterest income decreased primarily due to the impact of regulations on the fees we earn on deposits, while the increase in noninterest expense related primarily to the additional expenses incurred to strengthen our regulatory compliance program.

**We remain optimistic regarding future increases in earnings.** If credit quality continues to improve, we should be able to realize a meaningful reduction in our annual loan loss provisions.

Likewise, if we can use a significant portion of the \$700 million we have in overnight funds (which is currently earning less than .25%) to fund new loans, we should realize a substantial increase in net interest income.

## STOCK PERFORMANCE

We began 2011 with our common shares trading at \$11.78 and ended the year with a market value of \$12.44, an increase of 5.6%, while the S&P 500 was unchanged over that time. While we are pleased with the performance of the past year, we are especially proud of the value we have given our shareholders over our first seventeen years as a public company. **Since our initial public offering in 1994, the market value of our shares has increased 517%, while the NASDAQ bank index and the S&P 500 index increased by 139% and 196%, respectively.**

Looking ahead, our primary profitability metric will continue to be return on assets with a goal of attaining the greatest return from every dollar of assets on our balance sheet. With that accomplished, realizing an acceptable return on

equity becomes a matter of “right-sizing” our capital levels by growing our balance sheet, paying cash dividends, or repurchasing shares. With common tangible equity in excess of 12.6% of assets, Northwest has significant flexibility in pursuing any or all of these alternatives in enhancing shareholder value.

### SHARE REPURCHASES

During 2011, Northwest purchased 14,437,253 shares of our common stock at an average price of \$11.96 while the tangible book value per share averaged just over \$10. We estimate the premium that we paid will be recovered in approximately three years through incremental increases in earnings per share. On September 26, 2011, we announced our third stock repurchase program with a target of 4,750,000 shares. In the fourth quarter of 2011, our share repurchase program was curtailed, with only 170,000 shares purchased, because of the significant increase in the market value of our stock. We are currently evaluating stock market conditions as well as alternative uses for our excess capital and will take a calculated approach to future stock repurchases.

*We are currently evaluating stock market conditions as well as alternative uses for our excess capital and will take a calculated approach to future stock repurchases.*

### LOAN GROWTH

During the current economic downturn which began in 2008, Northwest achieved overall net loan growth of \$670 million, or 13.50%, significantly higher than the industry average. During that four year period, our commercial loan and commercial real estate loan portfolios grew by \$616 million, or 48.3%. Due to interest rates on mortgage and home equity loans reaching historic lows, the growth of this portfolio segment was held to just \$77 million, or 2.3%. Demand for consumer loans was soft during that period and we realized a net portfolio loss of \$22.6 million, or 8.4%.

**Given the importance of loan growth to the future success of our Company, we have worked diligently over the past year to improve our lending process.** These changes, once fully implemented, will expedite the loan origination process, strengthen credit underwriting, enhance business development efforts, and further our goal of being the lender-of-choice in all of our markets.

*Over the past four years, our checking account balances have increased by \$380 million, or 35.2%, a significant achievement.*

#### DEPOSIT MIX

Northwest continued to target the growth of checking accounts and checking balances in 2011. We were able to add 5,750 net new checking accounts, a 2.4% increase, while the balances increased by \$101.7 million, or 7.5%. Over the past four years, our checking account balances have increased by \$380 million, or 35.2%, and have grown from 19.5% to 25.2% of our deposits. Given the inherent difficulty in getting customers to switch their checking services from one bank to another, we believe this is a significant achievement. We commend our marketing personnel and business development teams for their efforts in making our “Switch” checking campaign a great success.

Deposit growth will remain an area of focus as we pursue opportunities to increase low-cost checking accounts while decreasing our reliance on certificates of deposit as a funding source. We will also remain vigilant in monitoring the impact that the Marcellus and Utica Shale gas drilling activities may have on deposit growth in an effort to capitalize on emerging opportunities.

#### ASSET QUALITY

**For the first time in over four years, we were able to post a substantial decrease in loan delinquency** while nonperforming assets and classified assets also decreased significantly. Loans charged-off remained at an elevated level with net losses of \$39.4 million, as many of the loans which became troubled over the past four years were written down or written off. In analyzing recent trends in our asset quality and in reviewing the changing economic environment, we believe the severe credit challenges of the past four years are finally diminishing. Absent the return of weakening economic conditions, we anticipate that our asset quality will continue to gradually improve during 2012 and in the years that follow. As previously mentioned, we hope that a return to more normal credit conditions and related levels of loan loss provisions will provide healthy increases to future earnings.

When we look back at the last four years in search of “lessons learned,” we note that about half of our losses were incurred in Florida and Maryland, two markets where we had a small percentage of our loans but which suffered severe declines in real

estate values. While many of the problem loans in these markets were acquired through mergers, the remainder generally were loans that were originated using sound underwriting by experienced lenders. Obviously, even strong internal processes cannot prevent losses in a market that suffers such a dramatic collapse in real estate values.

Looking ahead, **we continue to build our credit administration function with the goals of enhancing credit oversight, building a strong credit culture, and removing administrative functions from our lenders** so they have more time to develop new business and meet our targets for growth.

## BRANCHES

In 2011, we opened a new office in Brighton, New York, giving Northwest five offices in the Rochester market. We closed offices in Pottsville, Pennsylvania, and three facilities in south Florida as it was decided these locations were no longer consistent with the goals of our strategic plan. Given the substantial shale gas activity we anticipate could develop within our core footprint in

Pennsylvania, New York, and Ohio, we determined our efforts should be directed at that core market where we already have a significant presence and a solid reputation.

## NEW PRODUCTS AND SERVICES

Substantial progress has been made over the past ten years in upgrading Northwest's infrastructure to provide the support necessary to be a measurably larger and more sophisticated financial institution. This year we continued with that journey by adding an oil and gas consulting group to our trust and wealth management division. We also created a special website for attorneys, accountants, and landowners ([oilandgashelp.com](http://oilandgashelp.com)) to provide information to help them address their oil and gas related needs. This site has been well-received by the media and by current and potential customers.

We were also pleased to add another option to our broad menu of business products and services, lockbox services, and we initiated a project to upgrade all of our ATM machines to meet new federal ADA guidelines and provide for the acceptance of deposits using digital capture technology.

*Substantial progress has been made over the past ten years in upgrading Northwest's infrastructure to provide the support necessary to be a measurably larger and more sophisticated financial institution.*

*We were honored again in 2011 to be ranked “Highest Customer Satisfaction with Retail Banking in the Mid-Atlantic Region” by J.D. Power and Associates.*

#### REGULATORY ISSUES

In July of 2011, we signed a Consent Order with the FDIC which requires Northwest to develop a stronger system to monitor compliance with consumer regulations. We have diligently addressed the items detailed in the Consent Order with the goal of being released from it as soon as possible. For the Consent Order to be removed, Northwest must demonstrate over time that our strengthened system provides the expected level of regulatory compliance. Until that happens, it most likely will remain difficult for Northwest to obtain permission to open new offices or acquire other banks.

The changes we have made to address the Consent Order have been extensive, creating recurring annual expenses of \$2 to \$3 million. Although this represents a significant impact to earnings, our strengthened system should position Northwest at the forefront of a regulatory movement that will soon impact all financial institutions. Accordingly, our aggressive compliance initiatives may give Northwest a competitive advantage in the years ahead.

#### RECOGNITION

We were honored again in 2011 to be ranked “Highest Customer Satisfaction with Retail Banking in the Mid-Atlantic Region” by J.D. Power and Associates. Given our internal goal of developing exceptional customer loyalty, the Board of Directors and employees of our Company take great pride in our customers’ exceptionally high rating of how we serve them.

**Northwest was also named to Keefe, Bruyette & Woods’ “Bank Honor Roll” as one of the top 40 banks in the country based on our ten-year operating performance.** We take special pride in this recognition because it evaluates long-term success, a continuing focus for our organization.

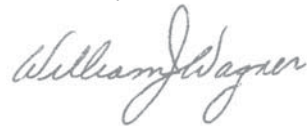


## CONCLUSION

As we look back on the last four years of national economic weakness, we take note of the tremendous challenges our industry faced – high unemployment; historically low interest rate levels combined with a flat yield curve; declining real estate values; weak loan demand; and increasing regulatory burden. Each of these situations alone would cause severe stress to our nation’s financial institutions, but we faced all of them simultaneously – a perfect storm for the banking industry. Despite these challenges, Northwest reached record levels of net income, procured \$658 million of new common capital, strengthened our balance sheet, and greatly enhanced our product

and service set as well as our infrastructure. We have never been better positioned to grow our franchise and capitalize on the challenges of the future. As a shareholder of our Company, you can be assured that our Board, officers, and employees will continue to pursue a strategy that enhances shareholder value. We thank you for your continued support and investment in our Company.

Sincerely,

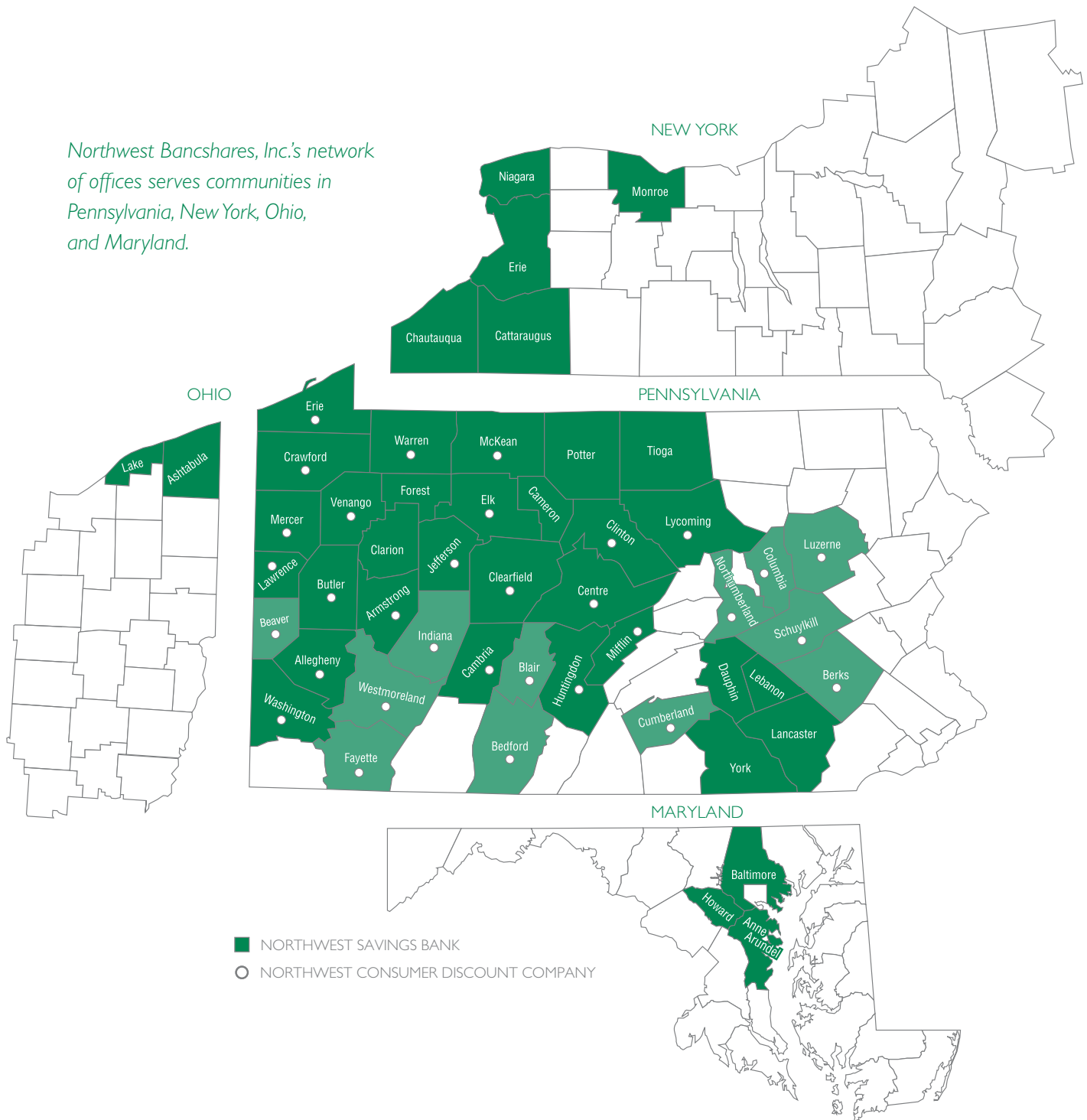


William J. Wagner  
President and CEO

*We have never been better positioned to grow our franchise and capitalize on the challenges of the future.*

# Market Coverage

Northwest Bancshares, Inc.'s network of offices serves communities in Pennsylvania, New York, Ohio, and Maryland.



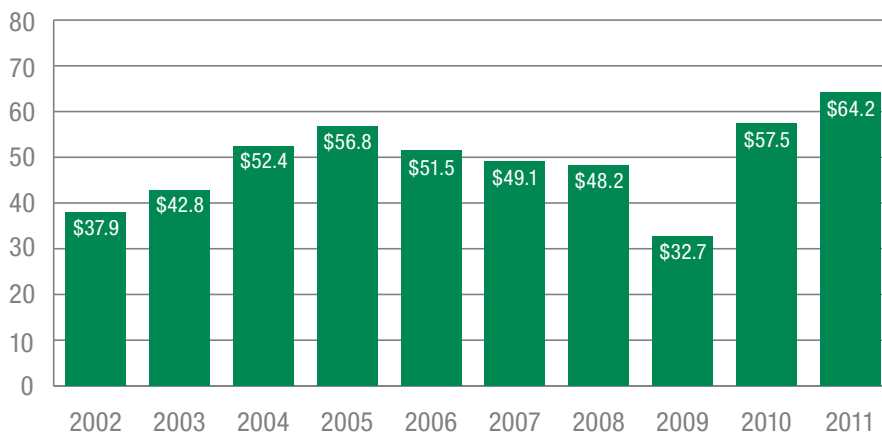
# Growth & Performance

**ASSETS**  
in billions of dollars



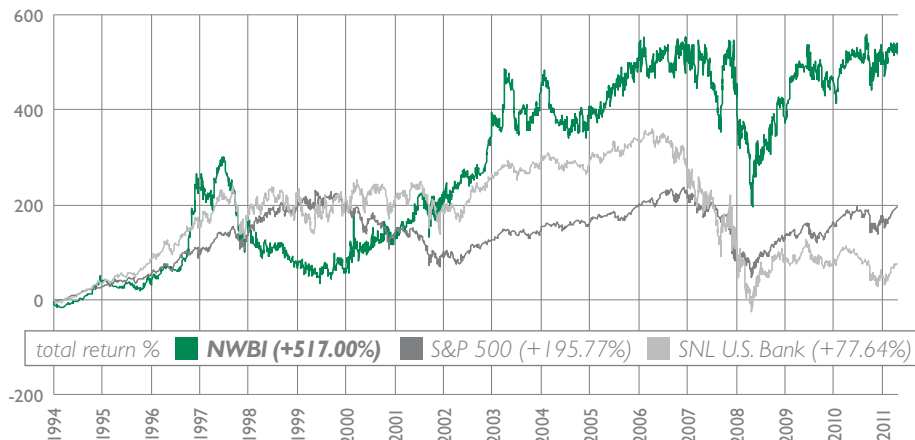
*Northwest has demonstrated the ability to safely grow our balance sheet...*

**ANNUAL NET INCOME**  
in millions of dollars



*while increasing income commensurate with that growth...*

**STOCK PRICE PERFORMANCE SINCE IPO**



*which the market has rewarded in the exceptional performance of our stock.*

## Financial Highlights

### NORTHWEST BANCSHARES, INC. AND SUBSIDIARIES

in thousands, except per share and other data

AT YEAR END DECEMBER 31,	2011	2010	2009
Total assets	\$7,957,705	\$8,148,155	\$8,025,298
Loans receivable, net	\$5,480,381	\$5,457,593	\$5,229,062
Deposits	\$5,780,325	\$5,764,336	\$5,624,424
Shareholders' equity	\$1,154,904	\$1,307,450	\$1,316,515
Book value per share	\$11.83	\$11.85	\$11.90
Closing market price per share	\$12.44	\$11.78	\$11.27
FOR THE YEAR ENDED DECEMBER 31,			
Net interest income	\$267,269	\$257,641	\$228,657
Net income	\$64,151	\$57,523	\$32,653
Diluted earnings per share	\$0.64	\$0.53	\$0.30
Dividends per share	\$0.43	\$0.40	\$0.40
KEY FINANCIAL RATIOS FOR THE YEAR ENDED DECEMBER 31,			
Return on average shareholders' equity	5.24%	4.40%	4.71%
Return on average assets	0.80%	0.71%	0.46%
Tangible common equity	12.59%	14.19%	14.53%
Average interest rate spread	3.39%	3.19%	3.30%
Nonperforming assets to total assets at end of period	1.99%	2.08%	1.81%
Net charge-offs as a percentage of average loans outstanding	0.72%	0.63%	0.51%
Allowance for loan losses to nonperforming loans at end of period	54.26%	51.49%	56.49%
Allowance for loan losses as a percentage of loans receivable	1.28%	1.38%	1.33%
OTHER DATA AT DECEMBER 31,			
<i>Number of:</i>			
Community banking locations	168	171	171
Consumer finance offices	52	52	51
Full time equivalent employees	1,950	1,881	1,867
Registered shareholders <sup>(1)</sup>	14,914	14,693	19,892

<sup>(1)</sup> Excludes shareholders who own their stock in "street name."



## Corporate Profile

Northwest Bancshares, Inc., a savings and loan holding company, owns and operates Northwest Savings Bank, a Pennsylvania-chartered savings bank headquartered in Warren, Pennsylvania. As of December 31, 2011, we held assets of \$7.96 billion and operated 168 community banking locations and 266 Automated Teller Machines (ATMs) throughout our markets in central and western Pennsylvania, western New York, eastern Ohio, and Maryland.

## Corporate Profile

Our primary business involves gathering funds from deposits and borrowings and investing those funds in loans and investment securities.

For 115 years, we have served our communities with an ever-expanding array of banking and investment products that meet the needs of both business and personal customers.

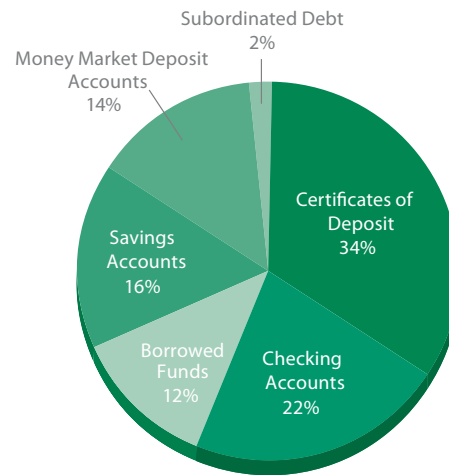
Our Business Banking offering includes commercial loans, business deposits, cash management services, and benefits management services featuring personal attention and local decision making.

Our Personal Banking offering includes mortgage, home equity, and consumer loans, and checking and other deposit products with a personal touch and a complete menu of delivery channels. We also provide comprehensive brokerage, trust, and investment management services to meet all of our customers' financial needs.

In addition to our traditional banking business, we operate a consumer finance company, Northwest Consumer Discount Company, with 52 offices in Pennsylvania. Northwest Consumer Discount Company specializes in helping customers meet their consumer credit needs. As of December 31, 2011, Northwest Consumer Discount Company had loans outstanding of \$108.8 million.

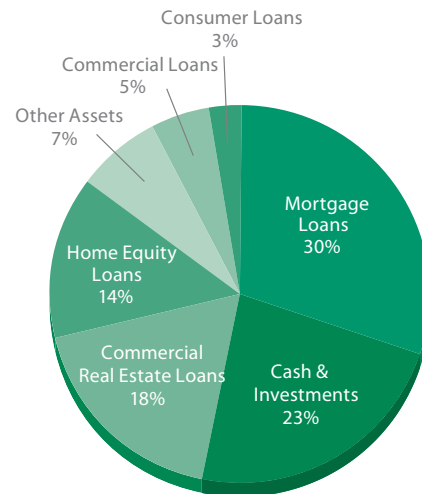
*Our primary business involves gathering funds from deposits and borrowings...*

SOURCES OF FUNDS



*and investing those funds in loans and investment securities.*

INVESTMENT OF FUNDS





## Business Banking and Benefits Management

Northwest's goal is to provide a wide array of financial solutions to businesses utilizing products and services that are competitively priced and of the highest quality.

We specialize in developing lasting relationships based on custom-tailored products and services, local decision making, and personal attention.

# Business Banking

## BUSINESS DEPOSITS

Northwest solicits business deposits during the business lending process by requiring loan customers to maintain deposits as part of their overall relationships.

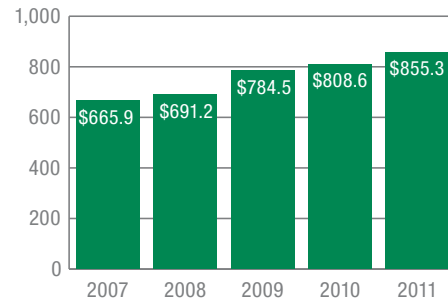
Business deposits are also actively solicited by our Business Services Advisors and other members of our community banking teams from customers who may not need to borrow money.

The growth of our business deposit balances is due, in no small part, to the excellence and convenience of related services which allow business customers to bank with Northwest regardless of their proximity to a branch location. Business Online Banking and Bill Pay, Business Mobile Banking, Cash Management Services, ACH Services, Merchant Services, and Express Deposit (Remote Capture) have helped to make the difference in our success.

Because business deposits enhance shareholder return by providing low-cost deposits and fee income, our strategy will focus on continued growth.

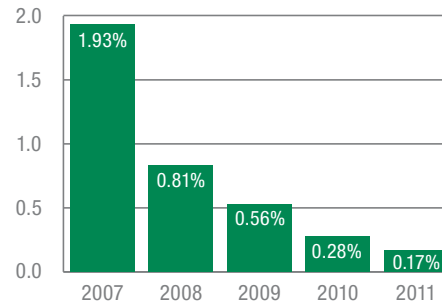
Balances on business deposits have increased substantially...

BUSINESS DEPOSIT BALANCES  
in millions of dollars

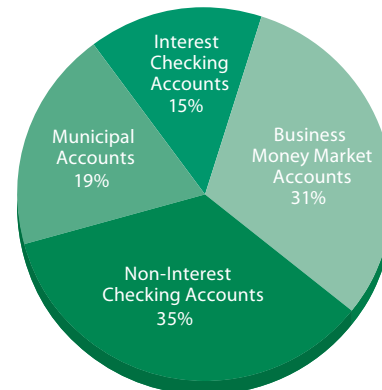


while the average cost of such deposits has decreased.

COST OF BUSINESS DEPOSITS



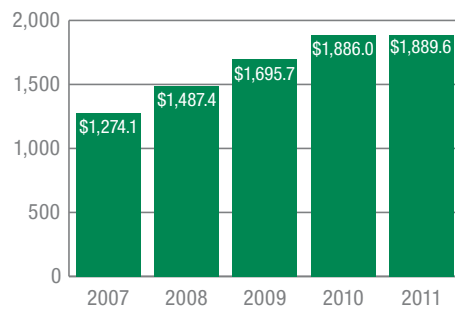
Northwest's mix of business deposits is diversified due to our focus on meeting the needs of all types of businesses.





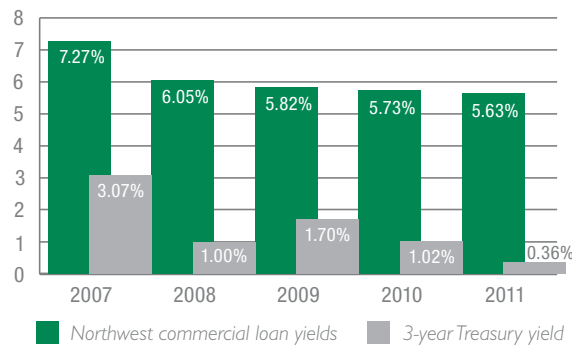
Northwest's commercial loans have grown substantially over the past five years...

**COMMERCIAL LOANS**  
in millions of dollars



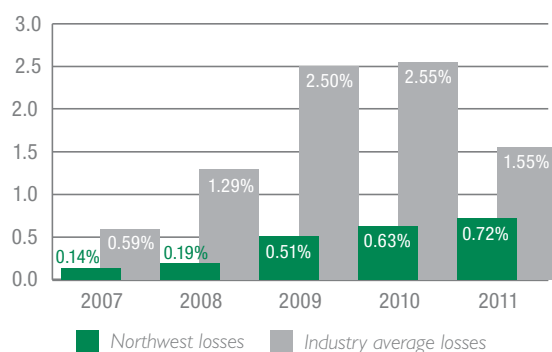
while yields have remained at attractive levels despite the low interest rate environment...

**COMMERCIAL LOAN YIELDS VS. 3-YEAR TREASURY YIELD AT DECEMBER 31**



and loan losses have been much lower than the industry average.

**LOAN LOSSES VS. INDUSTRY AVERAGE LOSSES**  
as a % of loans



## Business Banking

### COMMERCIAL AND INDUSTRIAL LOANS COMMERCIAL REAL ESTATE LOANS

Northwest has had great success in building a high-quality commercial loan portfolio utilizing local decision making and conservative lending policies.

Our commercial loan portfolio provides an attractive yield, a high degree of interest sensitivity, and a manageable level of credit risk.

To make informed lending decisions, Northwest draws on qualitative information: knowing our borrowers, knowing their businesses, and knowing the local market. This knowledge allows us to better assess credit risk, while successfully making loans to a wider group of businesses throughout our local markets.

We continue to believe that establishing, building, and maintaining relationships results in lasting value for our Company and our customers.

## Benefits Management

Northwest serves as trustee and manages or administers assets for employer-sponsored retirement plans for businesses, non-profits, municipalities, and corporations.

Assets under management have increased steadily over the years and remain the fastest-growing part of our investment management business.

Northwest also operates two employee benefits services firms, Boetger & Associates and Veracity Benefits.

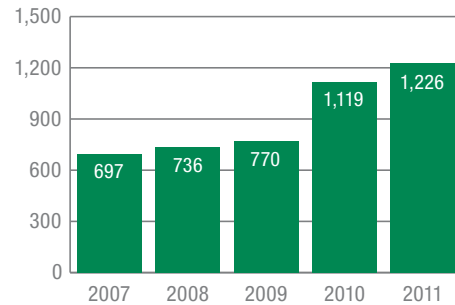
Boetger & Associates offers consulting, actuarial, plan design, implementation, administration, and record keeping services for pension, 401(K), ESOP, and section 125 plans.

Veracity Benefits specializes in employer/employee group medical, dental, vision, life, accidental death and dismemberment, long-term disability, and travel accident plans and policies.

These comprehensive lines of business provide Northwest with significant opportunities to deepen our business relationships, while providing an ongoing source of fee-related income.

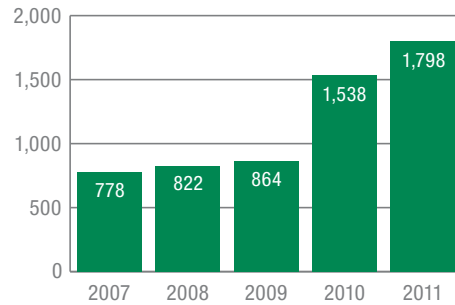
Northwest has expanded the number of clients in recent years...

# OF BENEFITS MANAGEMENT CLIENTS



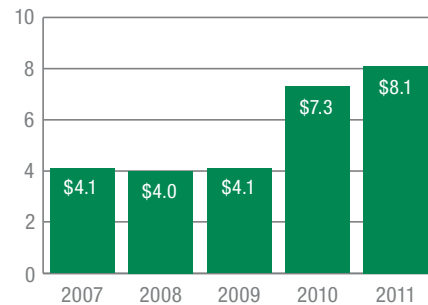
along with the number of benefit plans administered...

# OF BENEFIT PLANS ADMINISTERED



which has driven an increase in fee income from these business lines.

REVENUE FROM BENEFITS MANAGEMENT  
in millions of dollars





## Personal Banking

Our Company's goal is to deliver the highest quality personal banking products and services with maximum convenience and competitive pricing. Northwest has all the financial tools to fit the way our customers live, work, and play.

## Personal Banking

Our primary focus is on developing lasting, full-service relationships that help our customers achieve their financial goals.

We believe these lasting relationships will continue to provide our Company both a stable source of funding and a reliable pipeline of mortgage, home equity, and consumer loans.

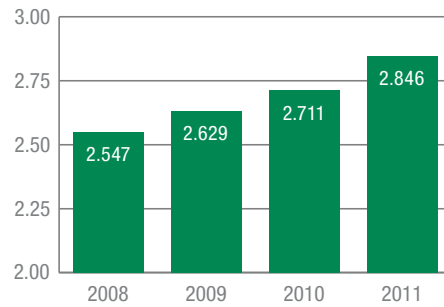
Our commitment to both product development and strategic, targeted marketing initiatives has combined to steadily increase the number of households we serve and the number of products and services per household.

By graduating more of our customers from a single Northwest-provided product or service to a series of interconnected financial solutions that fit their needs, everyone benefits.

We will continue to build on this concept with a goal of continuous improvement in the number of services per household.

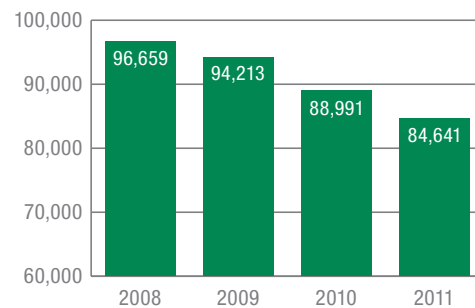
*Our strategy of increasing the number of services per household...*

SERVICES PER HOUSEHOLD



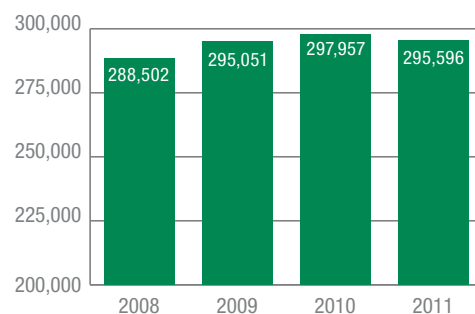
*and decreasing the number of single service households...*

# OF SINGLE SERVICE HOUSEHOLDS



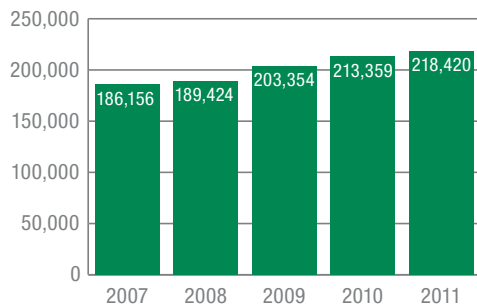
*creates meaningful customer relationships, reduces attrition, and improves operating performance.*

# OF HOUSEHOLDS



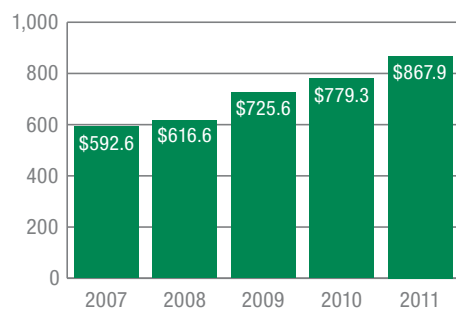
Northwest has had great success in recent years in procuring new checking accounts...

# OF CHECKING ACCOUNTS



while checking account balances have also increased significantly...

CHECKING ACCOUNT BALANCES  
in millions of dollars



and provided growth in checking-related fee income.

CHECKING ACCOUNT FEES  
in millions of dollars



## Personal Banking

### CHECKING

Northwest's checking accounts provide affordable terms, maximum convenience, and easy access.

In recent years, we have aggressively targeted growth in checking accounts in an effort to lower our cost of funds and improve fee income. Furthermore, these core deposits enable us to compete for and retain loan customers.

The financial lifeline for any individual, family, or business, a checking account is a key indicator of customer loyalty and predictor of new customer referrals. As such, Northwest's success in attracting new checking customers and maintaining existing checking customers fuels the engine that drives much of our bottom line success.

Our goal is to continue to acquire personal checking accounts as a means of developing and maintaining profitable, full-service relationships.

# Personal Banking

## OTHER DEPOSIT PRODUCTS

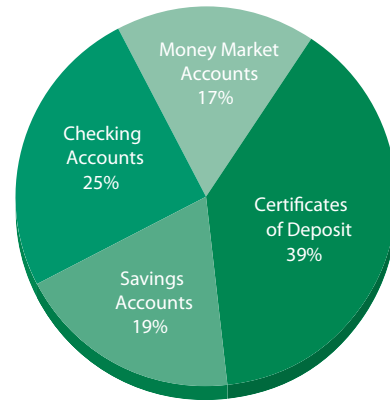
Focused on developing and maintaining customer relationships, Northwest offers savings accounts, money market accounts, certificates of deposit, and individual retirement accounts that are competitively priced, easily understood, and convenient.

These products provide Northwest a reliable source of cash to fund the origination of loans in the communities we serve.

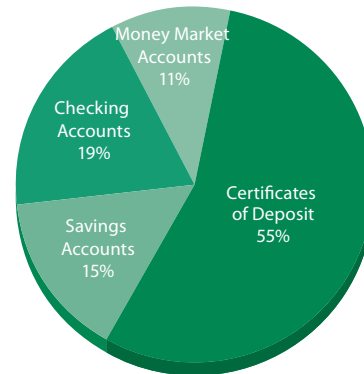
Looking ahead, we will continue to pursue a strategy that provides a lower cost of funds and less sensitivity to changes in interest rates.

Over the past five years, Northwest has made considerable progress in changing the mix of our deposits...

2011 DEPOSIT MIX

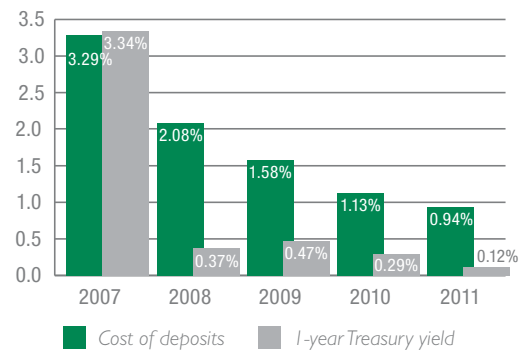


2006 DEPOSIT MIX



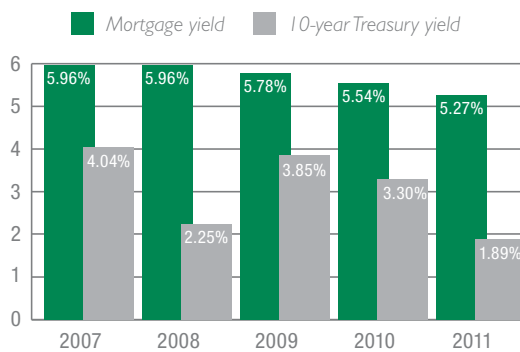
which has contributed to a significant decrease in cost of deposits.

COST OF DEPOSITS VS. 1-YEAR TREASURY YIELD AT DECEMBER 31

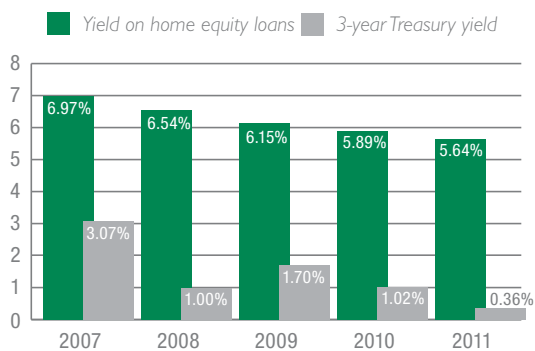


The mortgage and home equity portfolios have provided an attractive and stable yield during a period of low interest rates...

MORTGAGE PORTFOLIO YIELD VS. 10-YEAR TREASURY YIELD AT DECEMBER 31

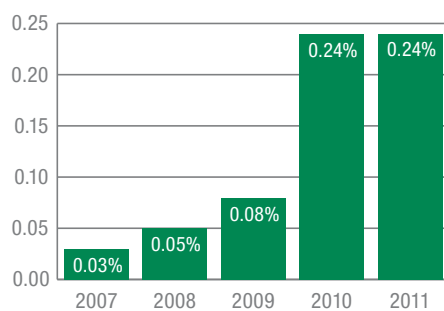


YIELD ON HOME EQUITY LOANS VS. 3-YEAR TREASURY YIELD AT DECEMBER 31



while losses have been minimal due to our conservative lending practices and low average balances.

MORTGAGE & HOME EQUITY LOANS LOSSES as a % of total mortgages and home equities



## Personal Banking

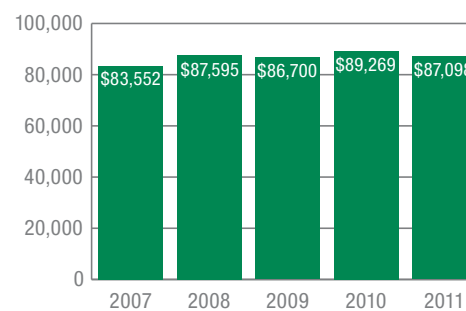
### MORTGAGE AND HOME EQUITY LOANS

Northwest has a long tradition of making mortgage loans in our communities, enabling our customers to realize the American dream. These loans have proven to be a stable and secure source of income for the investment of our funds.

Shorter term home equity loans offer attractive yields and enable our customers to utilize the equity in their homes to make improvements, finance purchases, and consolidate debt.

We view mortgage and home equity lending as an opportunity to obtain new customers and enhance existing relationships. Our recent implementation of specialized Mortgage Loan Officers throughout our lending footprint exemplifies our dedication to preserving our expertise and reputation.

AVERAGE MORTGAGE BALANCE



# Personal Banking

## CONSUMER LOANS

Northwest's array of consumer loans enables our customers to purchase automobiles, appliances, and other consumer staples.

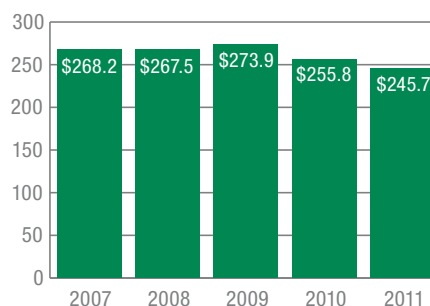
Our consumer finance subsidiary, Northwest Consumer Discount Company, specializes in assisting customers in meeting their credit needs.

Consumer loans have proven to be a stable and secure source of income. Although such credit is also offered by non-banking entities, we believe our customers enjoy the convenience and personal attention they receive at Northwest.

We want to continue to grow this line of business as an outstanding source of loans that are short in duration and carry attractive yields.

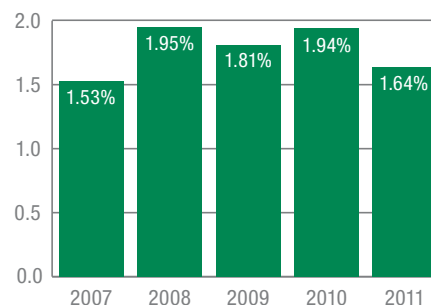
At Northwest, we continue to retain our consumer loan portfolio even during the recent economic downturn.

CONSUMER LOANS  
in millions of dollars



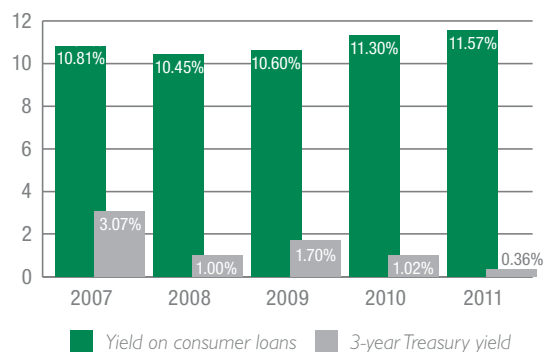
Losses have remained at manageable levels...

CONSUMER LOAN LOSSES  
as a % of consumer loans



and yields have remained attractive during a period of low interest rates.

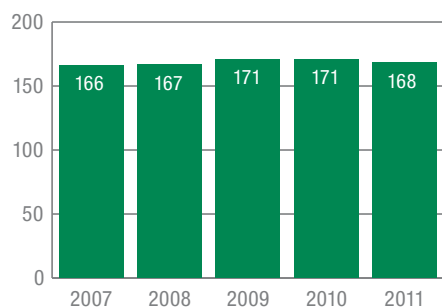
YIELD ON CONSUMER LOANS VS.  
3-YEAR TREASURY YIELD AT DECEMBER 31





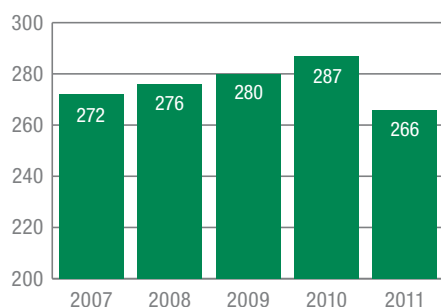
Northwest maintains an extensive network of branch offices as our primary point of contact for our customers...

# OF COMMUNITY BANKING OFFICES



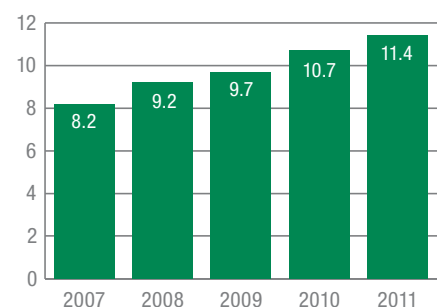
with a substantial network of ATMs...

# OF ATMS OWNED AND OPERATED



while serving more people than ever through telephone and online banking.

# OF BANKLINE CALLS & ONLINE LOGINS  
in millions



## Personal Banking

### DELIVERY CHANNELS

Northwest is committed to maintaining the highest level of customer service in our industry. To this end, we support traditional and electronic delivery channels to provide our customers access to real-time information and the ability to make transactions anywhere, anytime.

We strategically review our channel offerings and staffing each year for efficiency and will continue to invest in and execute on strategies that provide customers with a rich experience and a choice of delivery channels that meet their needs, service preferences, and lifestyles.

Our community banking offices are conveniently located and staffed by friendly, knowledgeable bankers trained to provide quality customer service.

We operate a state-of-the-art, multi-functional call center with extended hours to serve our diverse customer base with inbound and outbound calling, email messaging, loans by telephone, and an internal help desk. Our customer care representatives are highly-trained to provide world-class service.

# Personal Banking

## DELIVERY CHANNELS

Northwest continues to innovate and promote self-service electronic banking channels to attract new customers, reduce attrition, improve service, and lower servicing costs.

Online Banking and Bill Pay adoption and usage continue to grow for both personal and business customers, spurred by the convenience, security, and ease of use of our service.

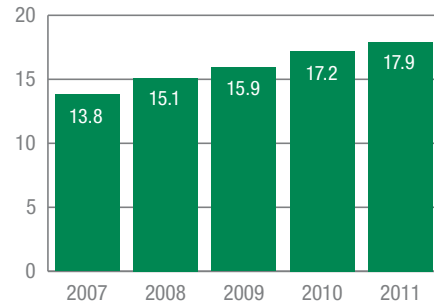
ATM and debit card usage increasingly outpaces traditional check writing, and the associated fee income from these transactions benefits Northwest more with each passing year.

We continue to enhance our personal and business Mobile Banking to support our “on the go” customers and meet the demands of up-and-coming, younger customers.

Going forward, we will continue to focus on the optimization and performance of our delivery channels to cost-effectively serve the needs and preferences of our customers.

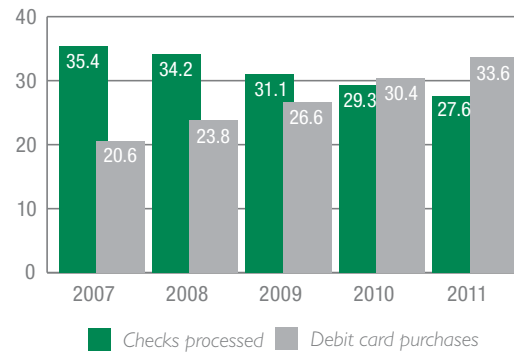
Northwest customers continue to increase their use of electronic transactions...

ELECTRONIC (ACH) TRANSACTIONS  
in millions



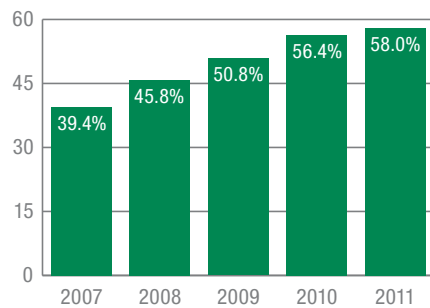
while choosing to replace checks with debit card purchases...

CHECKS PROCESSED VS.  
DEBIT CARD PURCHASES in millions

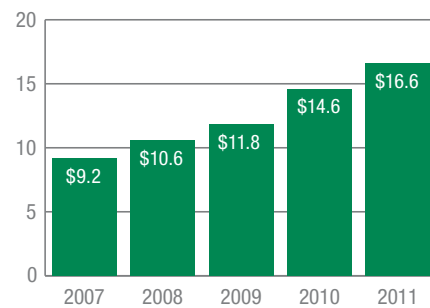


which has provided a substantial increase in fee income.

ONLINE BANKING USERS  
as a % of total checking accounts



ATM & DEBIT CARD INCOME  
in millions of dollars





## Wealth Management

Northwest has achieved significant growth in both personal assets under management and number of clients as we leverage the opportunities to develop such relationships with customers who also use our banking services.

## Wealth Management

### BROKERAGE, TRUST, AND INVESTMENTS

Northwest has achieved significant growth in both personal assets under management and number of clients as we leverage the opportunities to expand relationships and improve fee income with customers who also use our banking services.

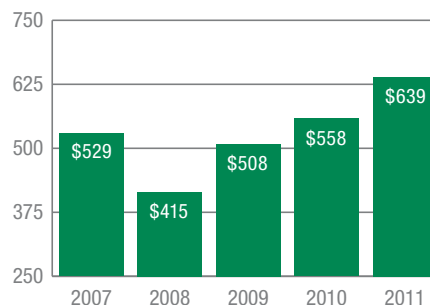
Northwest's Wealth Management Group is devoted to providing comprehensive investment and trust services with an emphasis on exceptional customer satisfaction. We strive to provide competitive returns under normal market conditions while preserving our customers' assets in turbulent times and improving their financial well-being so that they may enjoy a secure future.

In 2011, we announced the formation of Northwest Advisors, Inc., our new Registered Investment Advisory firm, and the extension of our annuity products. Both help our clients with a broad range of financial needs.

Looking ahead, we envision significant growth in this business segment as we expand our internal capabilities to capitalize on the wealth we anticipate will be created by the expansion of natural gas exploration across much of our geographic footprint.

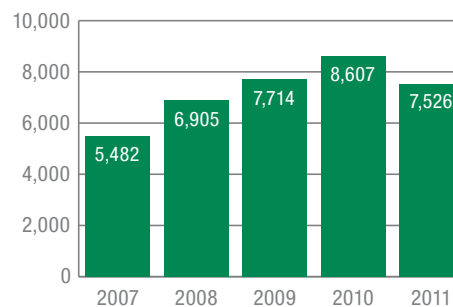
*Assets under management have increased significantly in recent years...*

PERSONAL ASSETS UNDER MANAGEMENT  
*in millions of dollars*



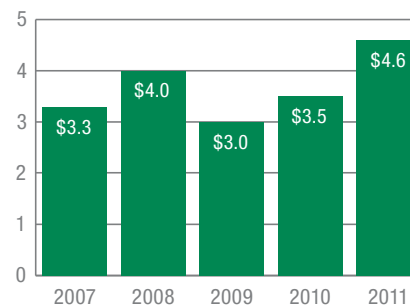
*as has the number of clients...*

NUMBER OF CLIENTS



*which has provided a growing source of fee income.*

WEALTH MANAGEMENT REVENUE  
*in millions of dollars*





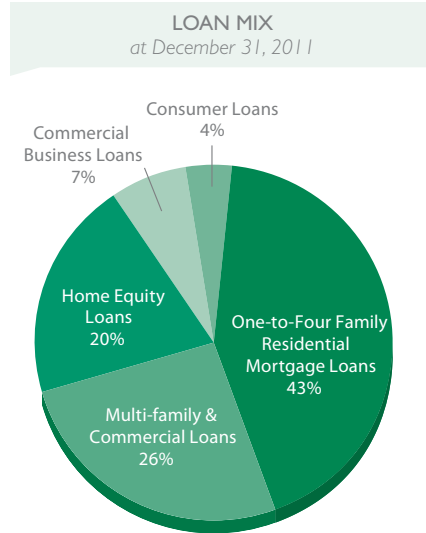
## Asset Quality, Financial Data, and Investor Information

## Asset Quality

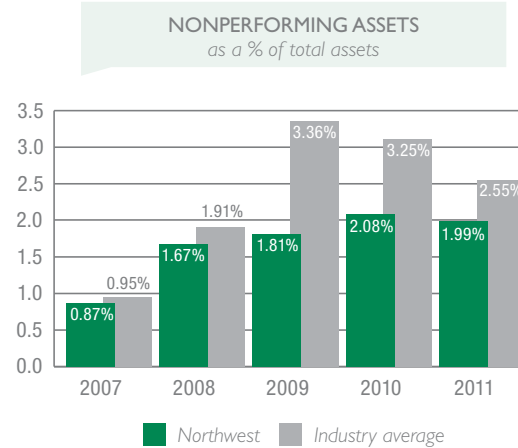
Although we have witnessed some deterioration in asset quality during one of the most turbulent economic periods in history, net charge-offs have remained lower than the industry average due to:

- Historically conservative underwriting and continued vigilance with collections and delinquency follow up
- Maintaining diversification with 63% of the portfolio invested in one-to-four family residential mortgage and home equity loans where our historical loss rates have been minimal
- Diligently monitoring and managing our loan portfolio and limiting total credit exposure to single borrowers, industries, markets, or lines of business
- Limiting the majority of lending activities to borrowers located in our core markets of Pennsylvania and New York

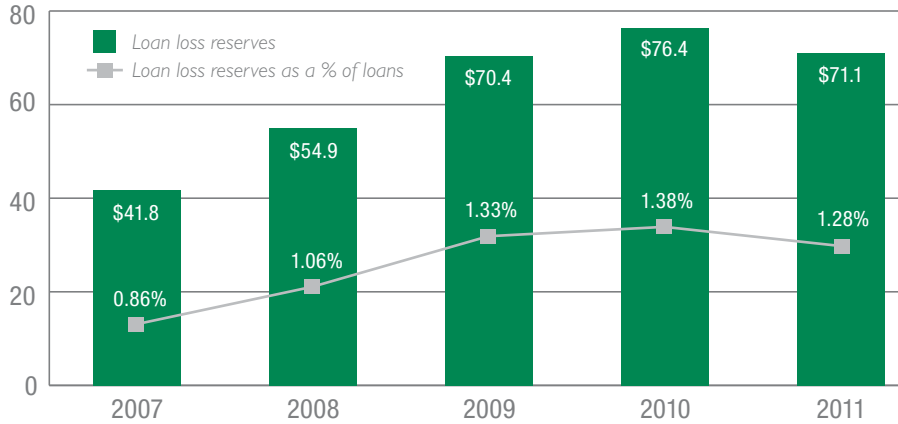
Northwest's well-diversified loan portfolio enhances credit quality.



During the most recent economic downturn, nonperforming assets increased but remained much lower than industry averages.

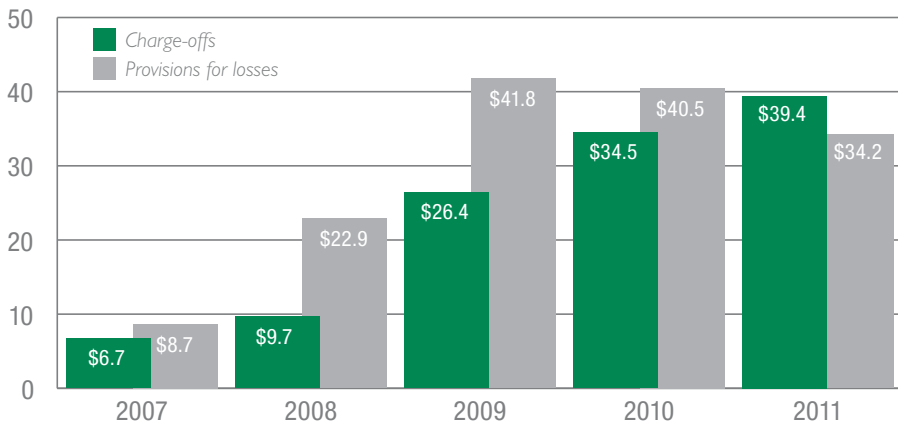


**LOAN LOSS RESERVES IN MILLIONS OF DOLLARS** and as a % of loans



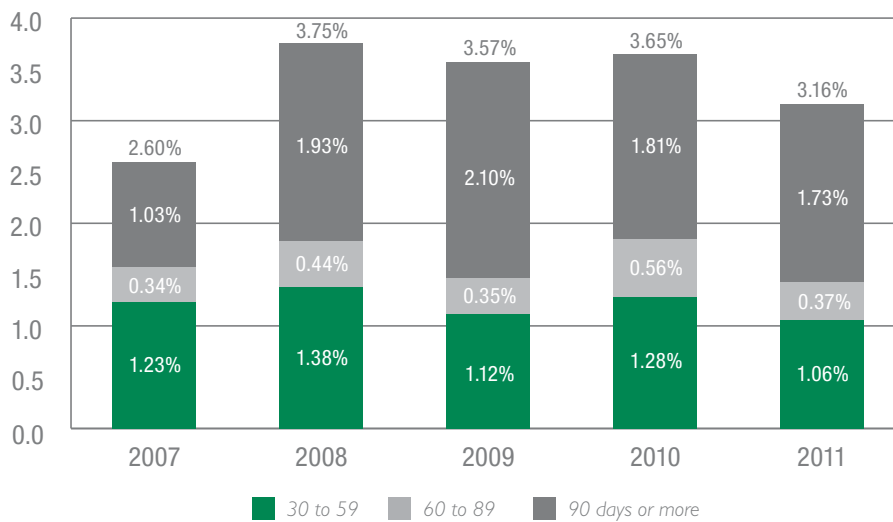
From 2007 to 2010, Northwest increased the reserve for loan losses in response to the weak economic environment. In 2011, the reserve was lowered in response to stronger economic conditions and a reduction in the number of nonperforming loans.

**LOAN CHARGE-OFFS/LOAN LOSS PROVISIONS** in millions of dollars



Loan charge-offs continued to increase as the recession lengthened. The loan loss provision decreased in 2011, as Northwest credit quality improved.

**DELINQUENT LOANS AS A % OF TOTAL LOANS** 30 to 90+ days



While the current recession has caused Northwest's borrowers to struggle with their payment obligations, delinquency remained at manageable levels before decreasing in 2011.

## Financial Data

### CONDENSED CONSOLIDATED BALANCE SHEET (in thousands, except share data)

AS OF DECEMBER 31,  
2011                      2010

ASSETS	2011	2010
Cash and cash equivalents	\$ 688,297	\$ 719,111
Marketable securities available-for-sale	908,349	950,683
Marketable securities held-to-maturity	231,389	357,922
Loans receivable, net of allowance for loan losses of \$71,138 and \$76,412	5,480,381	5,457,593
Accrued interest receivable	24,599	26,216
Real estate owned, net	26,887	20,780
Bank-owned life insurance	133,524	132,237
Premises and equipment	132,152	128,101
Goodwill and other intangible assets	174,005	175,824
Federal Home Loan Bank stock, at cost	48,935	60,080
Other assets	109,187	119,608
<b>TOTAL ASSETS</b>	<b>\$ 7,957,705</b>	<b>\$ 8,148,155</b>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits	\$ 5,780,325	\$ 5,764,336
Borrowed funds	827,925	891,293
Advances by borrowers for taxes and insurance	23,571	22,868
Accrued interest payable	1,104	1,716
Other liabilities	66,782	57,398
Trust preferred securities	103,094	103,094
<b>TOTAL LIABILITIES</b>	<b>6,802,801</b>	<b>6,840,705</b>
Preferred stock, \$0.01 par value, 50,000,000 shares authorized; no shares issued	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized; 97,493,046 and 110,295,117 shares issued and outstanding, respectively	975	1,103
Paid-in capital	659,523	824,164
Retained earnings	543,598	523,089
Unallocated common stock of Employee Stock Ownership Plan	(25,966)	(27,409)
Accumulated other comprehensive loss, net	(23,226)	(13,497)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,154,904</b>	<b>1,307,450</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 7,957,705</b>	<b>\$ 8,148,155</b>



CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(in thousands, except share data)

YEARS ENDED DECEMBER 31,

	2011	2010	2009
<b>INTEREST INCOME:</b>			
Loans	\$ 320,942	\$ 328,948	\$ 320,121
Investments and interest-earning cash	39,128	41,620	44,342
<b>TOTAL INTEREST INCOME</b>	<b>360,070</b>	<b>370,568</b>	<b>364,463</b>
<b>INTEREST EXPENSE:</b>			
Deposits	60,721	75,174	95,394
Borrowed funds	32,080	37,753	40,412
<b>TOTAL INTEREST EXPENSE</b>	<b>92,801</b>	<b>112,927</b>	<b>135,806</b>
Net interest income	267,269	257,641	228,657
Provision for loan losses	34,170	40,486	41,847
Net interest income after provision for loan losses	233,099	217,155	186,810
<b>NONINTEREST INCOME:</b>			
Service charges and fees	35,378	37,921	34,811
Trust and other financial services income	8,125	7,252	6,307
Gain/(loss) on securities	(579)	660	(5,694)
Insurance commission income	6,548	5,190	2,658
Income from bank-owned life insurance	6,019	5,080	4,791
Other	2,645	4,295	10,464
<b>TOTAL NONINTEREST INCOME</b>	<b>58,136</b>	<b>60,398</b>	<b>53,337</b>
<b>NONINTEREST EXPENSE:</b>			
Compensation and employee benefits	106,595	100,709	95,594
Premises and occupancy costs	23,055	22,665	21,963
Office operations	12,850	13,864	12,947
Processing expenses	23,332	23,152	21,312
Amortization of intangibles	1,819	2,784	3,020
Marketing expenses	9,953	9,875	9,152
Federal deposit insurance premiums	7,101	9,054	11,597
Contribution to charitable foundation	—	—	13,822
Loss on early extinguishment of debt	—	—	—
Other	15,522	14,405	11,087
<b>TOTAL NONINTEREST EXPENSE</b>	<b>200,227</b>	<b>196,508</b>	<b>200,494</b>
Income before income taxes	91,008	81,045	39,653
Income tax expense	26,857	23,522	7,000
<b>NET INCOME</b>	<b>\$ 64,151</b>	<b>\$ 57,523</b>	<b>\$ 32,653</b>
Basic earnings per share	\$ 0.64	\$ 0.53	\$ 0.30
Diluted earnings per share	\$ 0.64	\$ 0.53	\$ 0.30

## Investor Information

### Corporate Headquarters:

100 Liberty Street  
P.O. Box 128  
Warren, Pennsylvania 16365  
Telephone : (814) 726-2140  
Fax : (814) 728-7716  
[www.northwestsavingsbank.com](http://www.northwestsavingsbank.com)

### Annual Meeting:

April 18, 2012, 11:00 a.m.  
The Struthers Library Theatre  
302 West Third Avenue  
Warren, Pennsylvania 16365

### Stock Listing:

Northwest Bancshares, Inc. common stock is traded on the NASDAQ Global Select Market under the symbol "NWBI."

### Stock Transfer, Registrar, and Dividend Disbursing Agent:

Shareholder communications regarding change of address, change in registration of certificates, reporting of lost certificates and dividend checks should be directed to:

American Stock Transfer and Trust Company, LLC  
6201 15th Avenue, Brooklyn, New York 11219  
Toll Free : (800) 937-5449  
Toll Free : (877) 777-0800  
Fax : (718) 236-2641  
Email : [info@amstock.com](mailto:info@amstock.com)  
Web Site : [www.amstock.com](http://www.amstock.com)

### Online Shareholder Access:

Registered shareholders may access their account(s) online through American Stock Transfer & Trust Company, LLC at [www.amstock.com](http://www.amstock.com). Here you can easily initiate a number of transactions and inquiries as well as obtain important details about your holdings and general stock transfer information.

- Update your mailing address
- Access account information
- Print a duplicate 1099 tax form
- Combine/consolidate accounts
- Request a replacement dividend check
- Download stock transfer instructions and forms
- Enroll in direct deposit of dividends

### Financial Information:

The Annual Report on Form 10-K is filed with the Securities and Exchange Commission (SEC). Copies of this document and other filings, including exhibits thereto, may be obtained electronically at the SEC home page at [www.sec.gov](http://www.sec.gov) or through the Company's website [www.northwestsavingsbank.com](http://www.northwestsavingsbank.com). Copies may also be obtained, without charge, upon request by writing to the Company's corporate headquarters.

### Independent Auditors:

KPMG LLP  
Pittsburgh, Pennsylvania

### Securities Counsel:

Luse Gorman Pomerenk & Schick, P.C.  
Washington, D.C.

### Common Stock Information:

Year Ended December 31, 2011	High	Low	Cash Dividends Declared
First quarter	\$12.59	\$11.47	\$0.10
Second quarter	12.67	11.90	0.11
Third quarter	13.36	10.74	0.11
Fourth quarter	12.93	11.33	0.11
Year Ended December 31, 2010	High	Low	Cash Dividends Declared
First quarter	\$12.04	\$11.15	\$0.10
Second quarter	12.79	11.10	0.10
Third quarter	12.30	10.55	0.10
Fourth quarter	11.90	10.24	0.10

### Dividend Reinvestment & Direct Stock Purchase and Sale Plan:

Northwest Bancshares, Inc. is pleased to offer a Dividend Reinvestment and Direct Stock Purchase and Sale Plan through American Stock Transfer & Trust Company, LLC (the "Plan Administrator").

The plan provides both existing registered shareholders and interested new investors with a convenient method to purchase shares of Northwest Bancshares, Inc. common stock.

If you are already a registered shareholder or are interested in becoming one, you may access the plan material and enroll online at [www.amstock.com](http://www.amstock.com) by clicking on "Invest Online" under "Shareholder Services" or via our investor relations website at [www.northwestsavingsbank.com](http://www.northwestsavingsbank.com).

Alternatively, you may request a plan prospectus and enrollment application by calling American Stock Transfer & Trust Company, toll-free, at (877) 715-0499 or Northwest, toll-free, at (800) 859-1000 or (814) 728-7263.

### Direct Deposit of Dividends:

Shareholders who do not reinvest their dividends may elect to have cash dividends directly deposited into their savings or checking account, thereby providing immediate access to funds and eliminating mail delays and lost or stolen checks. You may enroll online by accessing your shareholder account(s) at [www.amstock.com](http://www.amstock.com) or, to obtain an enrollment card, by calling the Company's transfer agent, toll-free, at (800) 937-5449 or Northwest, toll-free, at (800) 859-1000.

### Investor Relations:

William J. Wagner,  
President and Chief Executive Officer

William W. Harvey, Jr.,  
Executive Vice President and  
Chief Financial Officer

### Shareholder Relations:

Ian R. Scott,  
Assistant Vice President, Shareholder Relations  
and Assistant Corporate Secretary  
(800) 859-1000

**Board of Directors  
Northwest Bancshares, Inc. and  
Northwest Savings Bank**

William J. Wagner  
Chairman, President, and Chief Executive Officer  
Northwest Bancshares, Inc.

John M. Bauer  
Co-Chairman,  
Contact Technologies, Inc.

Richard L. Carr  
Retired Superintendent,  
Titusville Area School District

Deborah J. Chadsey\*  
Partner,  
Kavinoky Cook LLP

Robert G. Ferrier  
President,  
Ferrier's True Value Hardware

Dr. A. Paul King  
Retired President,  
Oral Surgery of Erie

Joseph F. Long  
Retired Partner, KPMG LLP  
Treasurer, Passavant Hospital Foundation

Dr. Richard E. McDowell  
President Emeritus,  
The University of Pittsburgh at Bradford

John P. Meegan  
Executive Vice President and Chief Operating Officer,  
Hefren-Tillotson, Inc.

Sonia M. Probst  
Retired Chief Executive Officer,  
Rouse Estate

Philip M. Tredway  
President and Chief Executive Officer,  
Erie Molded Plastics, Inc.

**Corporate Officers  
Northwest Bancshares, Inc. and  
Northwest Savings Bank**

William J. Wagner  
President and Chief Executive Officer

Steven G. Fisher  
Executive Vice President, Banking Services

William W. Harvey, Jr.  
Executive Vice President, Finance and  
Chief Financial Officer

Timothy A. Huber  
Executive Vice President, Chief Lending Officer

Gregory C. LaRocca  
Executive Vice President, Investment and Trust  
Services and Corporate Secretary

Michael G. Smelko  
Executive Vice President, Chief Credit Officer

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Ronald B. Andzelik  
Senior Vice President, Compliance and  
Community Reinvestment Act Officer

Robert Bablak, Jr.  
Senior Vice President, Community Banking

John K. Beard  
Senior Vice President, Retail Investment Services

John E. Hall  
Senior Vice President, Consumer Lending

Neil R. Hoffman  
Senior Vice President, Commercial Lending

Julia W. McTavish  
Senior Vice President, Chief Human Resources Officer

Gerald J. Ritzert  
Senior Vice President, Controller

*\*Ms. Chadsey is a Director of Northwest Savings Bank only*

Richard F. Seibel  
Senior Vice President, Risk Management

Vicki L. Stec  
Senior Vice President, Compliance and  
Bank Secrecy Officer

David E. Westerburg  
Senior Vice President, Marketing and Operations,  
Chief Marketing Officer

Andrew C. Young  
Senior Vice President, Chief Information Officer

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Stephen M. Bell  
Vice President, Facilities

Michael R. DelPrince  
Vice President, Finance

Michael A. Doherty  
Vice President, Credit Administration

Barbara L. DeMontier  
Vice President, Human Resources

W. Norman Ewing  
Vice President, Systems and Programming

James G. Holding  
Vice President, Communications

Dean C. Huya  
Vice President, Loss Mitigation

Paul C. Lindberg  
Vice President, Loan Review

Dorothy E. Lobdell  
Vice President, Mortgage Lending

Edward A. Martone  
Vice President, Human Resources

Kevin G. Mizak  
Vice President, Chief Auditor

Lawrence D. Neizmik  
Vice President, Education and Training

Donald E. Reed  
Vice President, Treasurer

David C. Stevenson  
Vice President, Computer Operations

Eric D. Stoever  
Vice President, Chief Technology Officer

James M. Swanson  
Vice President, Retail Deposit Products

William C. Tarpinning  
Vice President, Mortgage Banking

Deborah A. Vecellio  
Vice President, Mortgage Servicing

Shawn O. Walker  
Vice President, Marketing

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### Region Presidents Northwest Savings Bank

Robert Bablak, Jr.	Maryland
Lynn S. Baker	Eastern Pennsylvania
Julie A. Marasco	Northwest Pennsylvania, Ohio
Christopher A. Martin	Southwest Pennsylvania
James E. Martin	Erie, Pennsylvania
Jonathan E. Rockey	Central Pennsylvania
Jonathan P. Scalise	New York

# Notes



In addition to historical information, this report may contain certain forward-looking statements that are based on assumptions and information currently available to management, including assumptions as to changes in market interest rates. These forward-looking statements are subject to various risks and uncertainties including, but not limited to, economic, regulatory, competitive, legislative, and other factors affecting the company and its operations. Readers are cautioned not to place undue reliance on these forward-looking statements as actual results may differ materially from those expressed or implied. Management has no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the release of this report.



**N** NORTHWEST  
BANCSHARES, INC.

100 Liberty Street  
PO Box 128  
Warren, Pennsylvania 16365  
(814) 726-2140  
[www.northwestsavingsbank.com](http://www.northwestsavingsbank.com)