

NORTHWEST BANCORPORATION INC
Form 10-Q
August 11, 2008
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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, 2008.

- or -

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)

Washington
(State or other jurisdiction of
incorporation or organization)

421 West Riverside, Spokane, WA 99201-0403

91-1574174
(I.R.S. Employer
identification No.)

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(Address of principal executive offices)

(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 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 Smaller reporting company
(Do not check if a 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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The Registrant has a single class of common stock, of which there were 2,367,246 shares issued and outstanding as of August 6, 2008.

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NORTHWEST BANCORPORATION, INC.

FORM 10-Q

QUARTERLY REPORT

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NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Unaudited

(Dollars in thousands)

	June 30 2008	December 31 2007
Assets		
Cash and due from banks	\$ 6,645	\$ 8,155
Federal funds sold/interest bearing balances at other financial institutions	814	4,116
Securities held-to-maturity (fair value, \$7,723 and \$7,693, respectively)	7,747	7,650
Securities available-for-sale (amortized cost, \$15,584 and \$28,714, respectively)	15,701	28,910
Federal Home Loan Bank stock, at cost	721	646
Loans, net of allowance for loan losses of \$3,225 in 2008 and \$2,711 in 2007	315,392	274,713
Loans held for sale	352	2,226
Accrued interest receivable	1,472	1,519
Foreclosed real estate and other repossessed assets	293	6
Premises and equipment, net	13,483	10,134
Bank owned life insurance	3,625	3,560
Other assets	2,090	2,081
TOTAL ASSETS	\$ 368,335	\$ 343,716
Liabilities		
Noninterest bearing demand deposits	\$ 46,041	\$ 45,623
Money Market accounts	30,655	32,308
NOW accounts	14,141	14,533
Savings accounts	32,369	16,602
Time Certificates of Deposit, \$100,000 and over	76,582	67,020
Time Certificates of Deposit, under \$100,000	98,804	96,454
TOTAL DEPOSITS	298,592	272,540
Securities sold under agreement to repurchase	16,355	26,760
Borrowed funds	17,074	8,486
Capital lease liability	599	599
Junior subordinated debentures issued in connection with trust preferred securities	5,155	5,155
Accrued interest payable	951	1,170
Other liabilities	1,729	1,660
TOTAL OTHER LIABILITIES	41,863	43,830
TOTAL DEPOSITS & OTHER LIABILITIES	340,455	316,370
Shareholders Equity		
	23,160	23,039

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Common stock, no par, 5,000,000 shares authorized; issued and outstanding 2,367,246 on June 30, 2008 and 2,361,746 on December 31, 2007

Retained earnings	4,642	4,178
Accumulated other comprehensive income, net of tax effect of (\$41) for 2008 and (\$66) for 2007	78	129
TOTAL SHAREHOLDERS EQUITY	27,880	27,346
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 368,335	\$ 343,716

See accompanying notes.

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NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

Unaudited

(Dollars in thousands, except number of shares and per share information)

	Three months ended June 30		Six-months, year-to-date, ended June 30	
	2008	2007	2008	2007
Interest Income				
Interest and fees on loans	\$ 5,343	\$ 4,630	\$ 10,719	\$ 9,037
Interest on securities	308	452	687	860
Interest on federal funds sold	15	208	90	321
TOTAL INTEREST INCOME	5,666	5,290	11,496	10,218
Interest Expense				
Interest on deposits	2,185	1,771	4,509	3,427
Interest on securities sold under agreement to repurchase	49	295	148	556
Interest on borrowed funds	254	138	451	291
TOTAL INTEREST EXPENSE	2,488	2,204	5,108	4,274
NET INTEREST INCOME	3,178	3,086	6,388	5,944
Provision for loan losses	225	90	375	180
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,953	2,996	6,013	5,764
Noninterest Income				
Fees and service charges	317	228	554	436
Net gain from sale of loans	125	189	259	324
Other noninterest income	216	188	406	353
TOTAL NONINTEREST INCOME	658	605	1,219	1,113
Noninterest Expense				
Salaries and employee benefits	1,639	1,501	3,344	2,934
Occupancy, premises & equipment expense	276	252	567	503
Depreciation and amortization expense	176	139	349	279
Other operating expense	796	720	1,580	1,421
TOTAL NONINTEREST EXPENSE	2,887	2,612	5,840	5,137
INCOME BEFORE PROVISION FOR INCOME TAX EXPENSE	724	989	1,392	1,740
Provision for income tax expense	226	332	454	588
NET INCOME	\$ 498	\$ 657	\$ 938	\$ 1,152
Weighted average shares outstanding	2,365,433	2,351,983	2,363,589	2,350,143
Basic earnings per share	\$ 0.21	\$ 0.28	\$ 0.40	\$ 0.49
Weighted average shares outstanding	2,365,433	2,351,983	2,365,433	2,351,983
Effect of dilutive securities	14,864	35,587	19,039	36,683
Weighted average shares outstanding, adjusted for dilutive securities	2,380,297	2,387,570	2,384,472	2,388,666
Earnings per share assuming full dilution	\$ 0.21	\$ 0.28	\$ 0.39	\$ 0.48

See accompanying notes.

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NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

Unaudited

(Dollars in thousands)

As of June 30, 2008

	Total	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Comprehensive Income
Balance, December 31, 2006	\$ 24,521	\$ 20,821	\$ 3,889	(\$189)	
Net income 2007	2,638		2,638		\$ 2,638
Stock repurchased	(3)	(3)			
Stock options exercised	80	80			
Stock issued due to stock grants	3	3			
Stock issued to directors	73	73			
Equity based compensation	98	98			
Tax benefits of exercised options	25	25			
5% stock dividend	0	1,942	(1,942)		
Fractional shares paid in cash	(4)		(4)		
Cash dividend (\$0.18 per share)	(403)		(403)		
Change in unrealized losses on available for sale securities, net of taxes	318			318	318
Comprehensive income					2,956
Balance December 31, 2007	27,346	23,039	4,178	129	
Net income, 2008, year-to-date	938		938		938
Stock issued to directors	69	69			
Equity-based compensation	52	52			
Cash dividend (\$0.20 per share)	(474)		(474)		
Change in unrealized gain on available for sale securities, net of taxes	(51)			(51)	(51)
Comprehensive income					\$ 887
Balance, end-of-quarter, June 30, 2008	\$ 27,880	\$ 23,160	\$ 4,642	\$ 78	