

NORTHWEST BANCORPORATION INC
Form 10-Q
August 14, 2009
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, 2009.

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)

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Washington
(State or other jurisdiction of
incorporation or organization)

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

421 West Riverside, Spokane, WA 99201-0403

(Address of principal executive offices)

(509) 456-8888

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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 2,376,539 shares issued and outstanding as of August 1, 2009.

Table of Contents

NORTHWEST BANCORPORATION, INC.

FORM 10-Q

For the Quarter Ended June 30, 2009

TABLE OF CONTENTS

<u>PART I FINANCIAL INFORMATION</u>	3
Item 1. <u>Financial Statements</u>	3
<u>Consolidated Statements of Financial Condition</u>	3
<u>Consolidated Statements of Operations</u>	4
<u>Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Loss</u>	5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18
<u>Results of Operations</u>	19
<u>Net Interest Income</u>	20
<u>Loan Loss Provision and Allowance</u>	24
<u>Noninterest Income</u>	27
<u>Noninterest Expense</u>	27
<u>Balance Sheet</u>	27
<u>Loans</u>	27
<u>Securities</u>	28
<u>Deposits</u>	28
<u>Junior Subordinated Debentures</u>	28
<u>Capital Resources of the Company</u>	28
<u>Off-Balance Sheet Arrangements and Commitments</u>	29
<u>Liquidity</u>	29
<u>Forward-Looking Statements</u>	31
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	32
Item 4. <u>Controls and Procedures</u>	32
<u>PART II OTHER INFORMATION</u>	32
Item 1. <u>Legal Proceedings</u>	32
Item 1A. <u>Risk Factors</u>	32
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
Item 3. <u>Defaults Upon Senior Securities</u>	32
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	33
Item 5. <u>Other Information</u>	33
Item 6. <u>Exhibits</u>	33
<u>SIGNATURES</u>	35

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY****Consolidated Statements of Financial Condition**

(unaudited)

(dollars in thousands)

	June 30, 2009	December 31, 2008
ASSETS		
Cash and due from banks	\$ 7,175	\$ 9,363
Federal funds sold/interest bearing balances at other financial institutions	3,750	2,050
Securities available for sale (amortized cost of \$11,592 and \$18,299, respectively)	11,951	18,722
Securities held to maturity (fair value of \$9,652 and \$7,735, respectively)	9,452	7,512
Federal Home Loan Bank stock, at cost	1,261	1,106
Loans receivable, net of allowance for loan losses of \$4,425 and \$4,737, respectively	331,912	334,305
Loans held for sale	5,002	1,132
Accrued interest receivable	1,419	1,531
Foreclosed real estate and other repossessed assets	4,134	1,703
Premises and equipment, net	16,696	16,598
Bank owned life insurance	3,609	3,691
Other assets	2,692	2,518
TOTAL ASSETS	\$ 399,053	\$ 400,231
LIABILITIES		
Noninterest bearing demand deposits	\$ 64,374	\$ 46,900
Money market accounts	27,245	29,924
NOW accounts	17,316	14,278
Savings accounts	40,688	38,363
Time certificates of deposit, \$100,000 and over	80,329	86,145
Time certificates of deposit, under \$100,000	100,117	100,444
TOTAL DEPOSITS	330,069	316,054
Securities sold under agreement to repurchase	616	22,101
Federal funds purchased		3,465
Borrowed funds	23,875	23,382
Capital lease liability	599	599
Junior subordinated debentures issued in connection with trust preferred securities	5,155	5,155
Accrued interest payable	771	837
Other liabilities	1,871	1,719
TOTAL LIABILITIES	362,956	373,312
SHAREHOLDERS EQUITY		
	9,953	

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Preferred stock - Series A Cumulative Perpetual; \$1,000 par value; \$1,000 liquidation value; 10,500 shares authorized and issued		
Preferred stock - Series B Cumulative Perpetual; \$0.01 par value; \$1,000 liquidation value; 525 shares authorized and issued	586	
Common stock, no par, 5,000,000 shares authorized; issued and outstanding 2,372,446 on June 30, 2009 and 2,367,246 on December 31, 2008	23,252	23,211
Retained earnings	2,069	3,429
Accumulated other comprehensive income, net of tax effect of \$(122) for 2009 and \$(144) for 2008	237	279
TOTAL SHAREHOLDERS EQUITY	36,097	26,919
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 399,053	\$ 400,231

See accompanying notes.

Table of Contents**NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY****Consolidated Statements of Operations**

(unaudited)

(dollars in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Interest income:				
Interest and fees on loans	\$ 5,316	\$ 5,343	\$ 10,446	\$ 10,719
Interest on securities	228	308	474	687
Interest on federal funds sold	1	15	4	90
Total interest income	5,545	5,666	10,924	11,496
Interest expense:				
Interest on deposits	1,780	2,185	3,698	4,509
Interest on securities sold under agreement to repurchase	1	49	7	148
Interest on borrowed funds	287	254	599	451
Total interest expense	2,068	2,488	4,304	5,108
Net interest income	3,477	3,178	6,620	6,388
Provision for loan losses	1,800	225	2,900	375
Net interest income after provision for loan losses	1,677	2,953	3,720	6,013
Noninterest income:				
Fees and service charges	400	317	705	554
Net gain from sale of loans	209	125	366	259
Other noninterest income	255	216	618	406
Total noninterest income	864	658	1,689	1,219
Noninterest expense:				
Salaries and employee benefits	1,670	1,639	3,400	3,344
Occupancy and equipment	343	276	664	567
Depreciation and amortization	249	176	494	349
Other operating	1,629	796	2,641	1,580
Total noninterest expense	3,891	2,887	7,199	5,840
(Loss) income before income taxes	(1,350)	724	(1,790)	1,392
Income tax (benefit) expense	(504)	226	(688)	454
Net (loss) income	\$ (846)	\$ 498	\$ (1,102)	\$ 938
Preferred stock dividends	145		219	

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Preferred stock discount accretion, net	26		39	
Net (loss) income applicable to common shares	\$ (1,017)	\$ 498	\$ (1,360)	\$ 938
Earnings (loss) per common share - basic	\$ (0.43)	\$ 0.21	\$ (0.57)	\$ 0.40
Earnings (loss) per common share - diluted	\$ (0.43)	\$ 0.21	\$ (0.57)	\$ 0.39
Weighted average shares outstanding - basic	2,370,732	2,365,433	2,368,998	2,365,433
Weighted average shares outstanding - diluted	2,370,732	2,380,297	2,368,998	2,384,472

See accompanying notes.

Table of Contents**NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY****Consolidated Statements of Changes in Shareholders Equity and Comprehensive Loss**

(unaudited)

(dollars in thousands)

	Total	Preferred Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Comprehensive Loss
Balance, December 31, 2007	\$ 27,346	\$ 0	\$ 23,039	\$ 4,178	\$ 129	
Net loss	(275)			(275)		\$ (275)
Stock issued to directors	69		69			
Equity-based compensation expense, net	103		103			
Cash dividend (\$0.20 per share)	(474)			(474)		
Change in unrealized gain on securities available for sale, net of taxes	150				150	150
Comprehensive loss						\$ (125)
Balance December 31, 2008	26,919	0	23,211	3,429	279	
Net loss	(1,102)			(1,102)		(1,102)
Stock issued to directors	22		22			
Issuance of preferred stock series A	9,909	9,909				
Issuance of preferred stock series B	591	591				
Cash dividends declared on preferred stock	(219)			(219)		
Accretion of preferred stock discount, net	0					