REFINITIV

DELTA REPORT

10-Q

NWBI - NORTHWEST BANCSHARES, INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1016
CHANGES	244
DELETIONS	426
ADDITIONS	346

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2023 March 31, 2024

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 001-34582

NORTHWEST BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Maryland	**27-0950358**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3 Easton Oval **Suite 500** **Columbus** **Ohio**	**43219**
(Address of Principal Executive Offices)	(Zip Code)

(814) 726-2140

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value	NWBI	NASDAQ Stock Market, LLC

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

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

☒ Large accelerated filer ☐ Accelerated filer
☐ Non-accelerated filer ☐ Smaller reporting company
☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
Common Stock ($0.01 par value), 127,104,458 127,264,095 shares outstanding as of October 31, 2023 April 30, 2024.

NORTHWEST BANCSHARES, INC.

Table of Contents

Item 1. FINANCIAL STATEMENTS

NORTHWEST BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)
(in thousands, except share data)

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
Assets	Assets			Assets	
Cash and cash equivalents	Cash and cash equivalents	$ 161,995	139,365		
Marketable securities available-for-sale (amortized cost of $1,262,080 and $1,431,728, respectively)		1,010,076	1,218,108		
Marketable securities held-to-maturity (fair value of $682,681 and $751,384, respectively)		830,106	881,249		
Marketable securities available-for-sale (amortized cost of $1,298,108 and $1,240,003, respectively)					
Marketable securities available-for-sale (amortized cost of $1,298,108 and $1,240,003, respectively)					
Marketable securities available-for-sale (amortized cost of $1,298,108 and $1,240,003, respectively)					
Marketable securities held-to-maturity (fair value of $680,353 and $699,506, respectively)					
Total cash and cash equivalents and marketable securities	Total cash and cash equivalents and marketable securities	2,002,177	2,238,722		
Loans held-for-sale					
Loans held-for-sale					
Loans held-for-sale	Loans held-for-sale	10,592	9,913		
Loans held for investment	Loans held for investment	11,299,681	10,910,539		
Loans held for investment					
Loans held for investment					
Allowance for credit losses					
Allowance for credit losses					
Allowance for credit losses	Allowance for credit losses	(124,841)	(118,036)		
Loans receivable, net	Loans receivable, net	11,185,432	10,802,416		
FHLB stock, at cost					
FHLB stock, at cost					
FHLB stock, at cost	FHLB stock, at cost	40,404	40,143		
Accrued interest receivable	Accrued interest receivable	42,624	35,528		
Real estate owned, net	Real estate owned, net	363	413		
Premises and equipment, net	Premises and equipment, net	138,041	145,909		

Bank-owned life insurance	Bank-owned life insurance	250,502	255,062	
Goodwill	Goodwill	380,997	380,997	
Other intangible assets, net	Other intangible assets, net	6,013	8,560	
Other assets	Other assets	315,648	205,574	
Total assets	Total assets	$ 14,362,201	14,113,324	
Liabilities and shareholders' equity	Liabilities and shareholders' equity			
Liabilities and shareholders' equity				
Liabilities and shareholders' equity				
Liabilities:	Liabilities:			Liabilities:
Noninterest-bearing demand deposits	Noninterest-bearing demand deposits	$ 2,774,291	2,993,243	
Interest-bearing demand deposits	Interest-bearing demand deposits	2,598,080	2,686,431	
Money market deposit accounts	Money market deposit accounts	2,042,813	2,457,569	
Savings deposits	Savings deposits	2,116,360	2,275,020	
Time deposits	Time deposits	2,258,338	1,052,285	
Total deposits	Total deposits	11,789,882	11,464,548	
Borrowed funds	Borrowed funds	604,587	681,166	
Borrowed funds				
Borrowed funds				
Subordinated debt	Subordinated debt	114,102	113,840	
Junior subordinated debentures	Junior subordinated debentures	129,509	129,314	
Advances by borrowers for taxes and insurance	Advances by borrowers for taxes and insurance	27,653	47,613	
Accrued interest payable	Accrued interest payable	7,915	3,231	
Other liabilities	Other liabilities	190,122	182,126	
Total liabilities	Total liabilities	12,863,770	12,621,838	
Shareholders' equity:	Shareholders' equity:			
Shareholders' equity:				
Shareholders' equity:				
Preferred stock, $0.01 par value: 50,000,000 authorized, no shares issued	Preferred stock, $0.01 par value: 50,000,000 authorized, no shares issued	—	—	
Common stock, $0.01 par value: 500,000,000 shares authorized, 127,101,349 and 127,028,848 shares issued and outstanding, respectively		1,271	1,270	

Common stock, $0.01 par value: 500,000,000 shares authorized, 127,253,189 and 127,110,453 shares issued and outstanding, respectively			
Additional paid-in capital	Additional paid-in capital	1,023,591	1,019,647
Retained earnings	Retained earnings	671,092	641,727
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(197,523)	(171,158)
Accumulated other comprehensive loss			
Accumulated other comprehensive loss			
Total shareholders' equity	Total shareholders' equity	1,498,431	1,491,486
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$ 14,362,201	14,113,324

See accompanying notes to unaudited Consolidated Financial Statements.

NORTHWEST BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands, except share data)

		Quarter ended March 31,			
		Quarter ended March 31,			
		Quarter ended March 31,			
		Quarter ended September 30,		**Nine months ended September 30,**	
		2023	**2022**	**2023**	**2022**
Interest income:	Interest income:				
Interest income:					
Interest income:					
Loans receivable					
Loans receivable					
Loans receivable	Loans receivable	$ 140,667	106,943	397,136	290,691
Mortgage-backed securities	Mortgage-backed securities	8,072	8,683	24,935	22,201
Mortgage-backed securities					
Mortgage-backed securities					
Taxable investment securities					
Taxable investment securities					
Taxable investment securities	Taxable investment securities	786	838	2,472	2,230
Tax-free investment securities	Tax-free investment securities	491	709	1,858	2,066
Tax-free investment securities					
Tax-free investment securities					

FHLB stock dividends					
FHLB stock dividends					
FHLB stock dividends	FHLB stock dividends	668	148	2,202	311
Interest-earning deposits	Interest-earning deposits	914	1,295	1,931	3,446
Interest-earning deposits					
Interest-earning deposits					
Total interest income					
Total interest income					
Total interest income	Total interest income	151,598	118,616	430,534	320,945
Interest expense:	Interest expense:				
Interest expense:					
Interest expense:					
Deposits					
Deposits					
Deposits	Deposits	31,688	3,157	64,743	10,249
Borrowed funds	Borrowed funds	11,542	2,710	36,410	7,059
Borrowed funds					
Borrowed funds					
Total interest expense					
Total interest expense					
Total interest expense	Total interest expense	43,230	5,867	101,153	17,308
Net interest income	Net interest income	108,368	112,749	329,381	303,637
Net interest income					
Net interest income					
Provision for credit losses - loans					
Provision for credit losses - loans					
Provision for credit losses - loans	Provision for credit losses - loans	3,983	7,689	14,863	8,837
Provision for credit losses - unfunded commitments	Provision for credit losses - unfunded commitments	(2,981)	3,585	65	8,577
Provision for credit losses - unfunded commitments					
Provision for credit losses - unfunded commitments					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses	Net interest income after provision for credit losses	107,366	101,475	314,453	286,223
Noninterest income:	Noninterest income:				
Loss on sale of investments		—	(2)	(8,306)	(7)
Gain on sale of mortgage servicing rights		—	—	8,305	—
Noninterest income:					
Noninterest income:					
Gain on sale of SBA loans	Gain on sale of SBA loans	301	—	1,412	—
Gain on sale of SBA loans					
Gain on sale of SBA loans					
Service charges and fees					
Service charges and fees					
Service charges and fees	Service charges and fees	15,270	14,323	43,292	41,063
Trust and other financial services income	Trust and other financial services income	7,085	6,650	20,400	21,123
Trust and other financial services income					
Trust and other financial services income					
Gain on real estate owned, net					
Gain on real estate owned, net					

Gain on real estate owned, net	Gain on real estate owned, net	29	290	922	552
Income from bank-owned life insurance	Income from bank-owned life insurance	4,561	1,475	7,134	5,466
Income from bank-owned life insurance					
Income from bank-owned life insurance					
Mortgage banking income					
Mortgage banking income					
Mortgage banking income	Mortgage banking income	632	766	2,184	4,388
Other operating income	Other operating income	3,010	3,301	9,311	10,406
Other operating income					
Other operating income					
Total noninterest income					
Total noninterest income					
Total noninterest income	Total noninterest income	30,888	26,803	84,654	82,991
Noninterest expense:	Noninterest expense:				
Noninterest expense:					
Noninterest expense:					
Compensation and employee benefits					
Compensation and employee benefits					
Compensation and employee benefits	Compensation and employee benefits	51,243	46,711	145,497	141,701
Premises and occupancy costs	Premises and occupancy costs	7,052	7,171	22,102	22,248
Premises and occupancy costs					
Premises and occupancy costs					
Office operations					
Office operations					
Office operations	Office operations	3,398	3,229	9,208	9,774
Collections expense	Collections expense	551	322	1,367	1,245
Collections expense					
Collections expense					
Processing expenses					
Processing expenses					
Processing expenses	Processing expenses	14,672	13,416	43,670	38,911
Marketing expenses	Marketing expenses	2,379	2,147	8,127	6,322
Marketing expenses					
Marketing expenses					
Federal deposit insurance premiums					
Federal deposit insurance premiums					
Federal deposit insurance premiums	Federal deposit insurance premiums	2,341	1,200	6,628	3,459
Professional services	Professional services	3,002	3,363	11,564	9,269
Professional services					
Professional services					
Amortization of intangible assets					
Amortization of intangible assets					
Amortization of intangible assets	Amortization of intangible assets	795	1,047	2,546	3,345
Real estate owned expense	Real estate owned expense	141	61	405	170
Real estate owned expense					
Real estate owned expense					

Merger, asset disposition and restructuring expense						
Merger, asset disposition and restructuring expense						
Merger, asset disposition and restructuring expense	Merger, asset disposition and restructuring expense		—	—	4,395	1,374
Other expenses	Other expenses		1,996	321	5,369	2,929
Other expenses						
Other expenses						
Total noninterest expense						
Total noninterest expense						
Total noninterest expense	Total noninterest expense		87,570	78,988	260,878	240,747
Income before income taxes	Income before income taxes		50,684	49,290	138,229	128,467
Income before income taxes						
Income before income taxes						
Federal and state income taxes expense						
Federal and state income taxes expense						
Federal and state income taxes expense	Federal and state income taxes expense		11,464	11,986	32,286	29,450
Net income	Net income	$	39,220	37,304	105,943	99,017
Net income						
Net income						
Basic earnings per share						
Basic earnings per share						
Basic earnings per share	Basic earnings per share	$	0.31	0.29	0.83	0.78
Diluted earnings per share	Diluted earnings per share	$	0.31	0.29	0.83	0.78
Diluted earnings per share						
Diluted earnings per share						

See accompanying notes to unaudited Consolidated Financial Statements.

NORTHWEST BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS) (Unaudited)
(in thousands)

		Quarter ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Net income	$	39,220	37,304	105,943	99,017
Other comprehensive loss net of tax:					
Net unrealized holding (losses)/gains on marketable securities:					
Unrealized holding losses, net of tax of $9,140, $14,705, $9,603 and $45,555, respectively		(29,715)	(48,387)	(34,417)	(153,124)
Reclassification adjustment for losses/(gains) included in net income, net of tax of $0, $0, ($1,731) and $0, respectively		—	—	5,636	(2)
Net unrealized holding losses on marketable securities		(29,715)	(48,387)	(28,781)	(153,126)
Change in fair value of interest rate swaps, net of tax of ($533), $0, ($1,041) and $0, respectively		1,825	—	3,562	—
Defined benefit plan:					
Actuarial reclassification adjustments for prior period service costs and actuarial gains included in net income, net of tax of $152, $50, $456 and $151, respectively		(382)	(131)	(1,146)	(393)
Other comprehensive loss		(28,272)	(48,518)	(26,365)	(153,519)
Total comprehensive income/(loss)	$	10,948	(11,214)	79,578	(54,502)

	Quarter ended March 31,

		2024	2023
Net income	$	29,163	33,679
Other comprehensive (loss)/income net of tax:			
Net unrealized holding (losses)/gains on marketable securities:			
Unrealized holding (losses)/gains, net of tax of $1,758 and ($3,308), respectively		(5,698)	13,017
Reclassification adjustment for losses/(gains) included in net income, net of tax of $0 and $0, respectively		—	—
Net unrealized holding (losses)/gains on marketable securities		(5,698)	13,017
Change in fair value of interest rate swaps, net of tax of ($630) and $0, respectively		2,154	—
Defined benefit plan:			
Actuarial reclassification adjustments for prior period service costs and actuarial gains included in net income, net of tax of $147 and $152, respectively		(388)	(382)
Other comprehensive (loss)/income		(3,932)	12,635
Total comprehensive income	$	25,231	46,314

See accompanying notes to unaudited Consolidated Financial Statements.

NORTHWEST BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY (Unaudited)
(in thousands, expect share data)

Quarter ended March 31, 2024	Additional paid-in capital	Additional paid-in capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders’ equity
Quarter ended March 31, 2024	Additional paid-in capital			Retained earnings	Accumulated other comprehensive loss	Total shareholders’ equity
Quarter ended March 31, 2024						
Beginning balance at December 31, 2023						
Beginning balance at December 31, 2023						
Beginning balance at December 31, 2023						

Quarter ended September 30, 2023	Common stock Shares	Common stock Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders’ equity
Beginning balance at June 30, 2023	127,088,963	$ 1,271				
Comprehensive income:						
Comprehensive income:						
Comprehensive income: Comprehensive income:						
Net income Net income	—	—	—	39,220	—	39,220
Other comprehensive loss, net of tax of $8,759	—	—	—	—	(28,272)	(28,272)
Other comprehensive loss, net of tax of $1,275						
Other comprehensive loss, net of tax of $1,275						
Other comprehensive loss, net of tax of $1,275						
Total comprehensive income/(loss)						

income/(loss)

Total comprehensive income/(loss)

Total comprehensive income/(loss)	Total comprehensive income/(loss)	—	—	—	39,220	(28,272)	10,948
Exercise of stock options	Exercise of stock options	11,523	—	112	—	—	112

Exercise of stock options

Exercise of stock options

Stock-based compensation expense

Stock-based compensation expense

Stock-based compensation expense	Stock-based compensation expense	1,779	—	1,290	—	—	1,290
Stock-based compensation forfeited	Stock-based compensation forfeited	(916)	—	—	—	—	—

Stock-based compensation forfeited

Stock-based compensation forfeited

Dividends paid ($0.20 per share)

Dividends paid ($0.20 per share)

Dividends paid ($0.20 per share)	Dividends paid ($0.20 per share)	—	—	—	(25,420)	—	(25,420)
Ending balance at September 30, 2023		127,101,349	$ 1,271	1,023,591	671,092	(197,523)	1,498,431

Ending balance at March 31, 2024

Ending balance at March 31, 2024

Ending balance at March 31, 2024

Quarter ended September 30, 2022	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
	Shares	**Amount**				
Beginning balance at June 30, 2022	126,881,766	$ 1,269	1,015,349	620,551	(142,630)	1,494,539
Comprehensive income:						
Net income	—	—	—	37,304	—	37,304
Other comprehensive loss, net of tax of $14,755	—	—	—	—	(48,518)	(48,518)
Total comprehensive income/(loss)	—	—	—	37,304	(48,518)	(11,214)
Exercise of stock options	73,472	—	897	—	—	897
Stock-based compensation expense	—	—	944	—	—	944
Stock-based compensation forfeited	(33,249)	—	(1)	—	—	(1)
Dividends paid ($0.20 per share)	—	—	—	(25,379)	—	(25,379)

	Shares		Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income/(loss)	Total shareholders' equity
Ending balance at September 30, 2022	126,921,989	$	1,269	1,017,189	632,476	(191,148)	1,459,786

See accompanying notes to unaudited Consolidated Financial Statements.

NORTHWEST BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
(in thousands, expect share data)

	Common stock					Accumulated	
				Additional paid-in		other comprehensive	Total shareholders'
Nine months ended September 30, 2023	**Shares**		**Amount**	**capital**	**Retained earnings**	**income/(loss)**	**equity**
Beginning balance at December 31, 2022	127,028,848	$	1,270	1,019,647	641,727	(171,158)	1,491,486
Comprehensive income:							
Net income	—		—	—	105,943	—	105,943
Other comprehensive loss, net of tax of $7,287	—		—	—	—	(26,365)	(26,365)
Total comprehensive income	—		—	—	105,943	(26,365)	79,578
Adoption of ASU No. 2022-02	—		—	—	(329)	—	(329)
Exercise of stock options	53,207		1	609	—	—	610
Stock-based compensation expense	75,554		1	3,334	—	—	3,335
Stock-based compensation forfeited	(56,260)		(1)	1	—	—	—
Dividends paid ($0.60 per share)	—		—	—	(76,249)	—	(76,249)
Ending balance at September 30, 2023	127,101,349	$	1,271	1,023,591	671,092	(197,523)	1,498,431

	Common stock					Accumulated	
				Additional paid-in		other comprehensive	Total shareholders'
Nine months ended September 30, 2022	**Shares**		**Amount**	**capital**	**Retained earnings**	**income/(loss)**	**equity**
Beginning balance at December 31, 2021	126,612,183	$	1,266	1,010,405	609,529	(37,629)	1,583,571
Comprehensive income:							
Net income	—		—	—	99,017	—	99,017
Other comprehensive loss, net of tax of $45,706	—		—	—	—	(153,519)	(153,519)
Total comprehensive income/(loss)	—		—	—	99,017	(153,519)	(54,502)
Exercise of stock options	314,880		2	3,719	—	—	3,721
Stock-based compensation expense	75,377		2	3,065	—	—	3,067
Stock-based compensation forfeited	(80,451)		(1)	—	—	—	(1)
Dividends paid ($0.60 per share)	—		—	—	(76,070)	—	(76,070)
Ending balance at September 30, 2022	126,921,989	$	1,269	1,017,189	632,476	(191,148)	1,459,786

	Common stock					Accumulated	
				Additional paid-in		other comprehensive	Total shareholders'
Quarter ended March 31, 2023	**Shares**		**Amount**	**capital**	**Retained earnings**	**loss**	**equity**
Beginning balance at December 31, 2022	127,028,848	$	1,270	1,019,647	641,727	(171,158)	1,491,486

Comprehensive income:						
Net income	—	—	—	33,679	—	33,679
Other comprehensive income, net of tax of ($3,157)	—	—	—	—	12,635	12,635
Total comprehensive income	—	—	—	33,679	12,635	46,314
Adoption of ASU No. 2022-02	—	—	—	(329)	—	(329)
Exercise of stock options	38,218	1	464	—	—	465
Stock-based compensation expense	33,048	—	744	—	—	744
Stock-based compensation forfeited	(34,714)	—	—	—	—	—
Dividends paid ($0.20 per share)	—	—	—	(25,405)	—	(25,405)
Ending balance at March 31, 2023	127,065,400	$ 1,271	1,020,855	649,672	(158,523)	1,513,275

See accompanying notes to unaudited Consolidated Financial Statements.

NORTHWEST BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Nine months ended September 30,	
	2023	2022
Operating activities:		
Net income	$ 105,943	99,017
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Provision for credit losses	14,928	8,837
Loss on sale of investments	8,306	—
Net loss/(gain) on sale of assets	743	(858)
Mortgage banking activity	5,342	(3,308)
Gain on sale of SBA loans	(1,390)	—
Gain on sale of mortgage servicing rights	(8,305)	—
Net depreciation, amortization and accretion	16,473	3,874
Increase in other assets	(114,158)	(31,790)
Increase in other liabilities	15,617	11,270
Net amortization on marketable securities	2,438	3,849
Noncash compensation expense related to stock benefit plans	3,335	3,066
Noncash write-down of real estate owned	37	44
Deferred income tax (benefit)/expense	(3,610)	1,928
Origination of loans held-for-sale	(137,789)	(317,117)
Proceeds from sale of loans held-for-sale	139,819	331,268
Net cash provided by operating activities	47,729	110,080
Investing activities:		
Purchase of marketable securities held-to-maturity	—	(212,892)
Purchase of marketable securities available-for-sale	(23,502)	(102,178)
Proceeds from maturities and principal reductions of marketable securities held-to-maturity	50,517	80,765
Proceeds from maturities and principal reductions of marketable securities available-for-sale	81,803	197,310
Proceeds from sale of marketable securities available-for-sale	101,229	—
Proceeds from bank-owned life insurance	2,798	4,753
Loan originations	(2,928,360)	(3,464,471)

Proceeds from sale of mortgage servicing rights	13,118	—
Loan purchases	—	(371,121)
Proceeds from loan maturities and principal reductions	2,524,676	3,110,264
Net redemptions of FHLB stock	(261)	(5,097)
Proceeds from sale of real estate owned	1,343	1,469
Proceeds from sale of real estate owned for investment, net	—	229
Purchases of premises and equipment, net	(1,617)	(613)
Net cash used in investing activities	(178,256)	(761,582)

Quarter ended March 31,		Quarter ended March 31,	
		2024	2023
Operating activities:	Operating activities:		
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses			
Net (gain)/loss on sale of assets			
Net (gain)/loss on sale of assets			
Net (gain)/loss on sale of assets			
Mortgage banking activity			
Gain on sale of SBA loans			
Net depreciation, amortization and accretion			
Net depreciation, amortization and accretion			
Net depreciation, amortization and accretion			
Decrease in other assets			
Decrease in other liabilities			
Net amortization on marketable securities			
Noncash compensation expense related to stock benefit plans			
Noncash write-down of other assets			

	Nine months ended September 30, 2023	2022
Origination of loans held-for-sale		
Origination of loans held-for-sale		
Origination of loans held-for-sale		
Proceeds from sale of loans held-for-sale		
Net cash provided by operating activities		
Net cash provided by operating activities		
Net cash provided by operating activities		
Investing activities:		
Investing activities:		
Investing activities:		
Purchase of marketable securities available-for-sale		
Purchase of marketable securities available-for-sale		
Purchase of marketable securities available-for-sale		
Proceeds from maturities and principal reductions of marketable securities held-to-maturity		
Proceeds from maturities and principal reductions of marketable securities available-for-sale		
Proceeds from bank-owned life insurance		
Proceeds from bank-owned life insurance		
Proceeds from bank-owned life insurance		
Loan originations		
Proceeds from loan maturities and principal reductions		
Proceeds from loan maturities and principal reductions		
Proceeds from loan maturities and principal reductions		
Net redemptions of FHLB stock		
Net redemptions of FHLB stock		
Net redemptions of FHLB stock		

Proceeds from sale of real estate owned			
(Purchases)/disposals of premises and equipment, net			
(Purchases)/disposals of premises and equipment, net			
(Purchases)/disposals of premises and equipment, net			
Net cash used in investing activities			
Financing activities:	Financing activities:		
Net increase/(decrease) in deposits		325,334	(422,773)
Financing activities:			
Financing activities:			
Net increase in deposits			
Net increase in deposits			
Net increase in deposits			
Repayments of long-term borrowings		—	(10,094)
Net (decrease)/increase in short-term borrowings		(76,578)	10,943
Net increase in short-term borrowings			
Net increase in short-term borrowings			
Net increase in short-term borrowings			
Increase in advances by borrowers for taxes and insurance	Increase in advances by borrowers for taxes and insurance	(19,960)	(14,935)
Cash dividends paid on common stock	Cash dividends paid on common stock	(76,249)	(76,070)
Proceeds from stock options exercised	Proceeds from stock options exercised	610	3,721
Net cash provided by/(used in) financing activities		153,157	(509,208)
Net increase/(decrease) in cash and cash equivalents		$ 22,630	(1,160,710)
Proceeds from stock options exercised			
Proceeds from stock options exercised			
Net cash provided by financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	$ 139,365	1,279,259

Net increase/(decrease) in cash and cash equivalents		22,630	(1,160,710)
Cash and cash equivalents at beginning of period			
Cash and cash equivalents at beginning of period			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$ 161,995	118,549
Cash paid during the period for:	Cash paid during the period for:		
Interest on deposits and borrowings (including interest credited to deposit accounts of $56,021 and $9,812, respectively)		$ 96,469	18,281
Cash paid during the period for:			
Cash paid during the period for:			
Interest on deposits and borrowings (including interest credited to deposit accounts of $37,257 and $10,676, respectively)			
Interest on deposits and borrowings (including interest credited to deposit accounts of $37,257 and $10,676, respectively)			
Interest on deposits and borrowings (including interest credited to deposit accounts of $37,257 and $10,676, respectively)			
Income taxes	Income taxes	38,236	21,851
Non-cash activities:	Non-cash activities:		
Non-cash activities:			
Non-cash activities:			
Loan foreclosures and repossessions	Loan foreclosures and repossessions	$ 2,844	3,423
Sale of real estate owned financed by the Company		70	175
Loan foreclosures and repossessions			
Loan foreclosures and repossessions			

See accompanying notes to unaudited Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Basis of Presentation and Informational Disclosures

Northwest Bancshares, Inc. (the “Company” or “NWBI”), a Maryland corporation headquartered in Columbus, Ohio, is a bank holding company regulated by the Board of Governors of the Federal Reserve System (“FRB”). The primary activity of the Company is the ownership of all of the issued and outstanding common stock of Northwest Bank, a Pennsylvania-chartered savings bank (“Northwest”). Northwest is regulated by the Federal Deposit Insurance Corporation (“FDIC”) and the Pennsylvania Department of Banking. Northwest operates 142 community-banking offices throughout Pennsylvania, Western New York, Eastern Ohio, and Indiana.

The accompanying unaudited Consolidated Financial Statements include the accounts of the Company and its subsidiary, Northwest, and Northwest's subsidiaries Northwest Capital Group, Inc., Great Northwest Corporation, and MutualFirst Mutual Federal Interest Company, Inc. The unaudited Consolidated Financial Statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information or footnotes required for complete annual financial statements. In the opinion of management, all adjustments necessary for the fair presentation of the Company's financial position and results of operations have been included. The Consolidated Financial Statements have been prepared using the accounting policies described in the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 updated, as required, for any new pronouncements or changes.

Certain items previously reported have been reclassified to conform to the current year's reporting format. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Consolidated Statements of Income and Consolidated Statements of Cash Flows for the quarter and nine months ended September 30, 2022, to reclassify the provision for credit losses - unfunded commitments, previously presented in other expense, to provide additional transparency to financial statement users.

The results of operations for the quarter ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024, or any other period.

Stock-Based Compensation

On March 15, 2023, the Company awarded employees 176,623 restricted stock units ("RSUs") with a weighted average discounted grant date fair value of $11.28. The RSUs vest over a three-year period with the first vesting occurring one year from the grant date. The Company awarded directors 33,048 restricted stock awards ("RSAs") with a grant date fair value of $12.80 which fully vest one-year from the grant date. Also, the Company awarded employees 176,623 performance share units ("PSUs") with a discounted grant date fair value of $10.54. The number of PSUs earned will be based on attainment of certain performance criteria over a three-year period, with the actual number of shares issuable ranging between 0% and 150% of the number of PSUs granted. The PSUs have a three-year cliff vesting, from the date of grant, and any PSUs earned will be issued after the vesting period. As of September 30, 2023, we awarded discretionary grants of 178,483 RSUs with a weighted average grant date fair value of $10.87. These shares vest over a two or three year period with the first vesting occurring one year from the grant date. Stock-based compensation expense of $1.3 million and $944,000 for the quarters ended September 30, 2023 and 2022, respectively, was recognized in compensation expense relating to our stock benefit plans. At September 30, 2023, there was compensation expense of $401,000 to be recognized for awarded but unvested stock options, $2.5 million for unvested restricted common shares, $3.7 million to be recognized for awarded but unvested RSUs, $193,000 to be recognized for awarded but unvested RSAs, and $2.1 million to be recognized for awarded but unvested PSUs.

Income Taxes-Uncertain Tax Positions

Accounting standards prescribe a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. A tax benefit from an uncertain position may be recognized only if it is "more likely than not" that the position is sustainable, based on its technical merits. The tax benefit of a qualifying position is the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. We had $702,000 and $473,000 of liability for unrecognized tax benefits as of September 30, 2023 and December 31, 2022.

We recognize interest accrued related to: (1) unrecognized tax benefits in other expenses and (2) refund claims in other operating income. We recognize penalties (if any) in other expenses. We are subject to audit by the Internal Revenue Service and any state in which we conduct business for the tax periods ended December 31, 2022, 2021, 2020 and 2019.

Recently Adopted Accounting Standards

In March 2022, 2023, the Financial Accounting Standards Board ("FASB"("FASB") issued Accounting Standards Update ("ASU"("ASU") No. 2022-02, 2023-02, ""*Financial Instruments - Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax* Credit *Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosure." Structures Using the Proportional Amortization Method*." This ASU eliminates allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. Entities must make an accounting policy election to apply the proportional amortization method on a tax credit-program-by-tax-credit-program basis. The ASU's amendments also remove the specialized guidance for troubled debt restructurings ("TDRs"low-income-housing tax credit ("LIHTC"), while enhancing disclosure requirements investments that are not accounted for certain loan modifications when a borrower is experiencing financial difficulty. This ASU also requires using the disclosure of current period gross write-offs by year proportional amortization method and instead require that those LIHTC investments be accounted for origination for financing receivables. using the guidance in other accounting standards. This guidance is effective for annual periods fiscal years beginning after December 15, 2022 December 15, 2023, including interim periods within those years, with early adoption permitted. This ASU is applied prospectively to modifications and write-offs beginning on the first day of the fiscal year of adoption. An entity may elect to adopt a modified retrospective transition method on or retrospective basis with the recognition and measurement of amendments to remove the TDR guidance.

We adopted ASU 2022-02 using a modified retrospective transition approach related specialized guidance for LIHTC also being able to the recognition and measurement of the TDR guidance and be applied on a prospective basis for modification basis. This guidance was adopted on January 1, 2024 and write-offs. As a result, the Company was not required to adjust its comparative period financial information for effects of the standard or make the new required ASU 2022-02 disclosure for periods before the date of adoption (i.e. January 1, 2023). This change did not have a material effect on our consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, "*Facilitation of the Effects of Reference Rate Reform on Financial Reporting*." This ASU provides temporary optional guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. The guidance provides expedients and exceptions for applying GAAP to transactions affected by reference rate reform if certain criteria are met. The amendments primarily include contract modifications and hedge accounting, as well as providing a one-time election for the sale or transfer of debt securities classified as held-to-maturity. This guidance was effective as of March 12, 2020 through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, *"Reference Rate Reform (Topic*

848): Deferral of the Sunset Date to Topic 848". This guidance extends the guidance of ASU 2022-04 from December 31, 2022 to December 31, 2024. In January 2021, the FASB issued ASU No. 2021-01, *"Reference Rate Reform."* This ASU provides amendments, which are elective, and apply to all entities that have derivative instruments that use an interest rate for margining, discounting or contract price alignment of certain derivative instruments that are modified as a result of the reference rate reform. This ASU is effective upon issuance through December 31, 2024, and can be adopted at any time during this period.

During the current year, we completed our LIBOR transition plan and modified the Company's loan and other financial instrument contracts that are impacted by the transition. The Company chose the Secured Overnight Financing Rate ("SOFR") as its alternative replacement for LIBOR on both back-to-back swaps and variable rate loans. There was no material impact to the Company's financial statements as a result of the transition. statements.

(2) Marketable Securities

The following table shows the portfolio of marketable securities available-for-sale at September 30, 2023 March 31, 2024 (in thousands):

		Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
	Amortized cost	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Debt issued by the U.S government and agencies:	Debt issued by the U.S government and agencies:				
Due after one year through five years					
Due after one year through five years					
Due after one year through five years	Due after one year through five years	$ 20,000	—	(1,750)	18,250
Due after ten years	Due after ten years	50,166	—	(11,890)	38,276
Debt issued by government-sponsored enterprises:	Debt issued by government-sponsored enterprises:				
Debt issued by government-sponsored enterprises:					
Debt issued by government-sponsored enterprises:					
Due after one year through five years					
Due after one year through five years					
Due after one year through five years	Due after one year through five years	45,985	—	(7,502)	38,483

Due after five years through ten years	Due after five years through ten years	434	—	(11)	423
Municipal securities:	Municipal securities:				
Municipal securities:					
Municipal securities:					
Due after one year through five years					
Due after one year through five years					
Due after one year through five years	Due after one year through five years	954	3	(9)	948
Due after five years through ten years	Due after five years through ten years	21,976	—	(3,055)	18,921
Due after ten years	Due after ten years	62,990	—	(14,788)	48,202
Corporate debt issues:	Corporate debt issues:				
Corporate debt issues:					
Corporate debt issues:					
Due after five years through ten years					
Due after five years through ten years					
Due after five years through ten years	Due after five years through ten years	8,464	—	(1,000)	7,464
Residential mortgage-backed securities:	Residential mortgage-backed securities:				
Residential mortgage-backed securities:					
Residential mortgage-backed securities:					
Fixed rate pass-through					
Fixed rate pass-through					
Fixed rate pass-through	Fixed rate pass-through	213,849	—	(35,305)	178,544
Variable rate pass-through	Variable rate pass-through	7,501	2	(169)	7,334
Fixed rate agency CMOs	Fixed rate agency CMOs	805,086	—	(175,985)	629,101
Fixed rate agency CMOs					
Fixed rate agency CMOs					

Variable rate agency CMOs	Variable rate agency CMOs	24,675	28	(573)	24,130
Total residential mortgage-backed securities	Total residential mortgage-backed securities	1,051,111	30	(212,032)	839,109
Total marketable securities available-for-sale	Total marketable securities available-for-sale	$ 1,262,080	33	(252,037)	1,010,076

The following table shows the portfolio of marketable securities available-for-sale at December 31, 2022 December 31, 2023 (in thousands):

		Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
		Amortized cost			
		Amortized cost	Gross unrealized holding gains	unreal hold loss	
Debt issued by the U.S. government and agencies:	Debt issued by the U.S. government and agencies:				
Debt issued by the U.S. government and agencies:					
Due after one year through five years	Due after one year through five years	$ 20,000	—	(1,799)	18,201
Due after ten years	Due after ten years	53,152	—	(10,761)	42,391
Debt issued by government-sponsored enterprises:	Debt issued by government-sponsored enterprises:				
Debt issued by government-sponsored enterprises:					
Debt issued by government-sponsored enterprises:					
Due after one year through five years	Due after one year through five years	993	—	(49)	944
Due after one year through five years					
Due after one year through five years					
Due after five years through ten years					
Due after five years through ten years					

Due after five years through ten years	Due after five years through ten years		45,814	—	(7,557)	38,257
Municipal securities:	Municipal securities:					
Due within one year			506	—	(1)	505
Municipal securities:						
Municipal securities:						
Due after one year through five years						
Due after one year through five years						
Due after one year through five years	Due after one year through five years		986	21	(13)	994
Due after five years through ten years	Due after five years through ten years		36,332	—	(2,290)	34,042
Due after ten years	Due after ten years		89,631	8	(13,414)	76,225
Corporate debt issues:	Corporate debt issues:					
Corporate debt issues:						
Corporate debt issues:						
Due after five years through ten years	Due after five years through ten years		13,540	—	(562)	12,978
Due after five years through ten years						
Due after five years through ten years						
Residential mortgage-backed securities:						
Residential mortgage-backed securities:						
Residential mortgage-backed securities:	Residential mortgage-backed securities:					
Fixed rate pass-through	Fixed rate pass-through		227,122	35	(31,171)	195,986
Variable rate pass-through	Variable rate pass-through		8,837	10	(184)	8,663
Fixed rate agency CMOs	Fixed rate agency CMOs		906,962	—	(145,284)	761,678
Fixed rate agency CMOs						
Fixed rate agency CMOs						
Variable rate agency CMOs	Variable rate agency CMOs		27,853	31	(640)	27,244
Total residential mortgage-backed securities	Total residential mortgage-backed securities		1,170,774	76	(177,279)	993,571
Total marketable securities available-for-sale	Total marketable securities available-for-sale	$	1,431,728	105	(213,725)	1,218,108

The following table shows the portfolio of marketable securities held-to-maturity at September 30, 2023 March 31, 2024 (in thousands):

		Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
	Amortized cost				
Debt issued by government-sponsored enterprises:	Debt issued by government-sponsored enterprises:				
Due after one year through five years	Due after one year through five years	$ 49,471	—	(6,830)	42,641
Due after five years through ten years	Due after five years through ten years	74,986	—	(14,901)	60,085
Residential mortgage-backed securities:					
Residential mortgage-backed securities:					
Residential mortgage-backed securities:	Residential mortgage-backed securities:				
Fixed rate pass-through	Fixed rate pass-through	151,411	—	(27,070)	124,341
Variable rate pass-through	Variable rate pass-through	468	—	(8)	460
Fixed rate agency CMOs	Fixed rate agency CMOs	553,241	—	(98,606)	454,635
Variable rate agency CMOs	Variable rate agency CMOs	529	—	(10)	519
Total residential mortgage-backed securities	Total residential mortgage-backed securities	705,649	—	(125,694)	579,955
Total marketable securities held-to-maturity	Total marketable securities held-to-maturity	$ 830,106	—	(147,425)	682,681

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Debt issued by government-sponsored enterprises:				

The following table shows the portfolio of marketable securities held-to-maturity at December 31, 2022 December 31, 2023 (in thousands):

		Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
	Amortized cost	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Debt issued by government-sponsored enterprises:	Debt issued by government-sponsored enterprises:				
Debt issued by government-sponsored enterprises:					
Due after one year through five years	Due after one year through five years	$ 29,478	—	(3,676)	25,802
Due after five years through ten years	Due after five years through ten years	94,977	—	(18,157)	76,820
Residential mortgage-backed securities:					
Residential mortgage-backed securities:					
Residential mortgage-backed securities:	Residential mortgage-backed securities:				
Fixed rate pass-through	Fixed rate pass-through	163,196	—	(24,684)	138,512
Variable rate pass-through	Variable rate pass-through	542	—	(12)	530
Fixed rate agency CMOs	Fixed rate agency CMOs	592,527	—	(83,325)	509,202
Variable rate agency CMOs	Variable rate agency CMOs	529	—	(11)	518
Total residential mortgage-backed securities	Total residential mortgage-backed securities	756,794	—	(108,032)	648,762
Total marketable securities held-to-maturity	Total marketable securities held-to-maturity	$ 881,249	—	(129,865)	751,384

The following table shows the contractual maturity of our residential mortgage-backed securities available-for-sale at September 30, 2023 March 31, 2024 (in thousands):

Amortized cost	Amortized cost	Fair value

		Amortized cost	Fair value
Residential mortgage-backed securities:			
Residential mortgage-backed securities:			
Residential mortgage-backed securities:	Residential mortgage-backed securities:		
Due within one year	Due within one year	$ 60	59
Due after one year through five years	Due after one year through five years	25,302	23,185
Due after five years through ten years	Due after five years through ten years	27,837	25,424
Due after ten years	Due after ten years	997,912	790,441
Total residential mortgage-backed securities	Total residential mortgage-backed securities	$ 1,051,111	839,109

The following table shows the contractual maturity of our residential mortgage-backed securities held-to-maturity at September 30, 2023 March 31, 2024 (in thousands):

		Amortized cost	Fair value
	Amortized cost	Amortized cost	Fair value
Residential mortgage-backed securities:	Residential mortgage-backed securities:		
Residential mortgage-backed securities:			
Residential mortgage-backed securities:			
Due in less than one year			
Due after one year through five years	Due after one year through five years	$ 20,343	17,291
Due after five years through ten years	Due after five years through ten years	20,225	15,484
Due after ten years	Due after ten years	665,081	547,180

Total residential mortgage-backed securities	Total residential mortgage-backed securities	$ 705,649	579,955

The following table shows the fair value of and gross unrealized losses on available for sale available-for-sale investment securities and held to maturity investment securities, for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position at September 30, 2023 March 31, 2024 (in thousands):

		Less than 12 months		12 months or more		Total	
		Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. government-sponsored enterprises	U.S. government-sponsored enterprises	$ 423	(11)	197,736	(42,873)	198,159	(42,884)
Municipal securities	Municipal securities	8,412	(526)	59,233	(17,326)	67,645	(17,852)
Corporate issues	Corporate issues	—	—	7,464	(1,000)	7,464	(1,000)
Residential mortgage-backed securities - agency	Residential mortgage-backed securities - agency	25,649	(1,271)	1,390,685	(336,455)	1,416,334	(337,726)
Residential mortgage-backed securities - agency							
Residential mortgage-backed securities - agency							
Total	Total	$ 34,484	(1,808)	1,655,118	(397,654)	1,689,602	(399,462)
Total							
Total							

The following table shows the fair value of and gross unrealized losses on available for sale available-for-sale investment securities and held to maturity investment securities, for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position at December 31, 2022 December 31, 2023 (in thousands):

		Less than 12 months		12 months or more		Total	
		Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. government-sponsored enterprises	U.S. government-sponsored enterprises	$ 1,735	(82)	200,679	(41,917)	202,414	(41,999)
Corporate debt issues	Corporate debt issues	12,979	(562)	—	—	12,979	(562)
Municipal securities	Municipal securities	60,676	(4,047)	44,493	(11,671)	105,169	(15,718)
Municipal securities							
Municipal securities							

Residential mortgage-backed securities - agency	Residential mortgage-backed securities - agency	373,186	(22,796)	1,264,042	(262,515)	1,637,228	(285,311)
Total	Total	$ 448,576	(27,487)	1,509,214	(316,103)	1,957,790	(343,590)

The Company does not believe that the available-for-sale debt securities that were in an unrealized loss position as of September 30, 2023 March 31, 2024, which were comprised of 548 497 individual securities, represents a credit loss impairment. All of these securities were issued by U.S. government agencies, U.S. government-sponsored enterprises, local municipalities, or represent corporate debt. The securities issued by the U.S. government agencies or U.S. government-sponsored enterprises are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. The securities issued by local municipalities and the corporate debt issues were all highly rated by major rating agencies and have no history of credit losses. The unrealized losses were primarily attributable to changes in the interest rate environment and not due to the credit quality of these investment securities. The As of March 31, 2024, the Company does not have the intent to sell these investment securities and it is more likely than not that we will not be required to sell these securities before their anticipated recovery, which may be at maturity.

All of the Company's held-to-maturity debt securities are issued by U.S. government agencies or U.S. government-sponsored enterprises. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. The decline in fair value of the held-to-maturity debt securities were primarily attributable to changes in the interest rate environment and not due to the credit quality of these investment securities, therefore, the Company did not record an allowance for credit losses for these securities as of September 30, 2023. March 31, 2024.

The following table presents the credit quality of our held-to-maturity securities, based on the latest information available as of September 30, 2023 March 31, 2024 (in thousands). The credit ratings are sourced from nationally recognized rating agencies, which include Moody's and S&P, and they are presented based on asset type. All of our held-to-maturity securities were current in their payment of principal and interest as of September 30, 2023 March 31, 2024.

		AA+	Total
AA+		AA+	Total
Held-to-maturity securities (at amortized cost):	Held-to-maturity securities (at amortized cost):		
Held-to-maturity securities (at amortized cost):			
Held-to-maturity securities (at amortized cost):			
Debt issued by the U.S. government-sponsored enterprises			
Debt issued by the U.S. government-sponsored enterprises			
Debt issued by the U.S. government-sponsored enterprises	Debt issued by the U.S. government-sponsored enterprises	$ 124,457	124,457
Residential mortgage-backed securities	Residential mortgage-backed securities	705,649	705,649
Total marketable securities held-to-maturity	Total marketable securities held-to-maturity	$ 830,106	830,106

(3) Loans Receivable

The following table shows a summary of our loans receivable at amortized cost basis at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		September 30, 2023			December 31, 2022								
	March 31, 2024									March 31, 2024		December 31, 2023	
		Originated (1)	Acquired (2)	Total	Originated (1)	Acquired (2)	Total	Originated (1)	Acquired (2)	Total	Originated (1)	Acquired (2)	Total
Personal Banking:	Personal Banking:												
Residential mortgage loans (3)													
Residential mortgage loans (3)													
Residential mortgage loans (3)	Residential mortgage loans (3)	$ 3,322,136	150,627	3,472,763	3,327,879	170,720	3,498,599						
Home equity loans	Home equity loans	1,126,675	132,090	1,258,765	1,131,641	166,033	1,297,674						
Vehicle loans	Vehicle loans	1,969,029	70,670	2,039,699	1,965,385	91,398	2,056,783						
Consumer loans	Consumer loans	109,319	6,101	115,420	104,284	7,588	111,872						
Total Personal Banking	Total Personal Banking	6,527,159	359,488	6,886,647	6,529,189	435,739	6,964,928						
Commercial Banking:	Commercial Banking:												
Commercial Banking:													
Commercial Banking:													
Commercial real estate loans (4)	Commercial real estate loans (4)	2,286,563	267,081	2,553,644	2,135,607	312,421	2,448,028						
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	343,714	25,659	369,373	341,704	33,823	375,527						
Commercial loans	Commercial loans	1,463,159	37,450	1,500,609	1,082,914	49,055	1,131,969						
Total Commercial Banking	Total Commercial Banking	4,093,436	330,190	4,423,626	3,560,225	395,299	3,955,524						
Total loans receivable, gross	Total loans receivable, gross	10,620,595	689,678	11,310,273	10,089,414	831,038	10,920,452						
Allowance for credit losses	Allowance for credit losses	(116,596)	(8,245)	(124,841)	(107,379)	(10,657)	(118,036)						
Allowance for credit losses													
Allowance for credit losses													
Total loans receivable, net (5)	Total loans receivable, net (5)	$10,503,999	681,433	11,185,432	9,982,035	820,381	10,802,416						

(1) Includes originated and loan pools purchased in an asset acquisition.
(2) Includes loans subject to purchase accounting in a business combination.
(3) Includes $10.2 $8 million and $9.9 million $9 million of loans held-for-sale at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.
(4) Includes $435,000 $213,000 and $0 of loans held-for-sale at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.
(5) Includes $71.5 million and $76.1 million $68 million of net unearned income, unamortized premiums and discounts and deferred fees and costs at September 30, 2023 March 31, 2024 and December 31, 2022, respectively. December 31, 2023.

The following table provides information related to the allowance for credit losses by portfolio segment and by class of financing receivable for the quarter ended September 30, 2023 March 31, 2024 (in thousands):

		Balance as of September 30, 2023	Current period provision	Charge-offs	Recoveries	Balance as of June 30, 2023
		Balance as of March 31, 2024				
		Balance as of March 31, 2024				
		Balance as of March 31, 2024	Current period provision	Charge-offs	Recoveries	Balance as of December 31, 2023
Allowance for Credit Losses	Allowance for Credit Losses					
Personal Banking:						
Personal Banking:						
Personal Banking:	Personal Banking:					
Residential mortgage loans	Residential mortgage loans	$ 17,090	(370)	(171)	75	17,556
Home equity loans	Home equity loans	5,044	201	(320)	161	5,002
Vehicle loans	Vehicle loans	27,226	984	(1,524)	483	27,283
Consumer loans	Consumer loans	1,202	1,436	(1,561)	317	1,010
Total Personal Banking	Total Personal Banking	50,562	2,251	(3,576)	1,036	50,851
Commercial Banking:	Commercial Banking:					
Commercial Banking:						
Commercial Banking:						
Commercial real estate loans	Commercial real estate loans	48,582	(1,110)	(484)	120	50,056
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	3,479	(30)	—	11	3,498
Commercial loans	Commercial loans	22,218	2,872	(1,286)	614	20,018
Total Commercial Banking	Total Commercial Banking	74,279	1,732	(1,770)	745	73,572
Total	Total	$ 124,841	3,983	(5,346)	1,781	124,423

Allowance for Credit Losses - off-balance sheet exposure	Allowance for Credit Losses - off-balance sheet exposure					
Allowance for Credit Losses - off-balance sheet exposure						
Allowance for Credit Losses - off-balance sheet exposure						
Personal Banking:	Personal Banking:					
Personal Banking:						
Personal Banking:						
Residential mortgage loans						
Residential mortgage loans						
Residential mortgage loans	Residential mortgage loans	$ 3	(1)	—	—	4
Home equity loans	Home equity loans	67	3	—	—	64
Total Personal Banking	Total Personal Banking	70	2	—	—	68
Total Personal Banking						
Total Personal Banking						
Commercial Banking:						
Commercial Banking:						
Commercial Banking:	Commercial Banking:					
Commercial real estate loans	Commercial real estate loans	4,797	(2,858)	—	—	7,655
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	140	(180)	—	—	320
Commercial loans	Commercial loans	7,971	55	—	—	7,916
Total Commercial Banking	Total Commercial Banking	12,908	(2,983)	—	—	15,891
Total off-balance sheet exposure	Total off-balance sheet exposure	$ 12,978	(2,981)	—	—	15,959

The following table provides information related to the allowance for credit losses by portfolio segment and by class of financing receivable for the quarter ended September 30, 2022 March 31, 2023 (in thousands):

	Balance as of September 30, 2022	Current period provision	Charge-offs	Recoveries	Balance as of June 30, 2022						
Balance as of March 31, 2023						**Balance as of March 31, 2023**	**Current period provision**	**Charge-offs**	**Recoveries**	**ASU 2022-02 Adoption**	**Balance as of December 31, 2022**

Allowance for Credit Losses	Allowance for Credit Losses						
Personal Banking:	Personal Banking:						
Personal Banking:							
Personal Banking:							
Residential mortgage loans							
Residential mortgage loans							
Residential mortgage loans	Residential mortgage loans	$	17,967	1,646	(166)	329	16,158
Home equity loans	Home equity loans		5,448	341	(535)	410	5,232
Vehicle loans	Vehicle loans		17,004	1,576	(936)	626	15,738
Consumer loans	Consumer loans		825	1,170	(1,405)	281	779
Total Personal Banking	Total Personal Banking		41,244	4,733	(3,042)	1,646	37,907
Commercial Banking:	Commercial Banking:						
Commercial Banking:							
Commercial Banking:							
Commercial real estate loans							
Commercial real estate loans							
Commercial real estate loans	Commercial real estate loans		49,649	5,117	(1,329)	6,220	39,641
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied		4,087	(34)	—	26	4,095
Commercial loans	Commercial loans		14,839	(2,127)	(243)	497	16,712
Total Commercial Banking	Total Commercial Banking		68,575	2,956	(1,572)	6,743	60,448
Total	Total	$	109,819	7,689	(4,614)	8,389	98,355
Allowance for Credit Losses - off-balance sheet exposure	Allowance for Credit Losses - off-balance sheet exposure						
Allowance for Credit Losses - off-balance sheet exposure							
Allowance for Credit Losses - off-balance sheet exposure							
Personal Banking:	Personal Banking:						
Personal Banking:							
Personal Banking:							
Residential mortgage loans							
Residential mortgage loans							

Residential mortgage loans	Residential mortgage loans	$ 4	(2)	—	—	6
Home equity loans	Home equity loans	74	10	—	—	64
Total Personal Banking	Total Personal Banking	78	8	—	—	70
Total Personal Banking						
Total Personal Banking						
Commercial Banking:	Commercial Banking:					
Commercial Banking:						
Commercial Banking:						
Commercial real estate loans						
Commercial real estate loans						
Commercial real estate loans	Commercial real estate loans	5,382	1,919	—	—	3,463
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	287	(41)	—	—	328
Commercial loans	Commercial loans	5,288	1,699	—	—	3,589
Total Commercial Banking	Total Commercial Banking	10,957	3,577	—	—	7,380
Total off-balance sheet exposure	Total off-balance sheet exposure	$ 11,035	3,585	—	—	7,450

The following table provides information related to the allowance for credit losses by portfolio segment and by class of financing receivable for the nine months ended September 30, 2023 (in thousands):

	Balance September 30, 2023	Current period provision	Charge-offs	Recoveries	ASU 2022-02 Adoption	Balance December 31, 2022
Allowance for Credit Losses						
Personal Banking:						
Residential mortgage loans	$ 17,090	(2,047)	(923)	799	—	19,261
Home equity loans	5,044	(705)	(719)	566	—	5,902
Vehicle loans	27,226	7,267	(4,731)	1,631	—	23,059
Consumer loans	1,202	3,463	(3,860)	934	—	665
Total Personal Banking	50,562	7,978	(10,233)	3,930	—	48,887
Commercial Banking:						
Commercial real estate loans	48,582	3,587	(1,556)	1,619	426	44,506
Commercial real estate loans - owner occupied	3,479	(515)	(68)	58	—	4,004
Commercial loans	22,218	3,813	(3,360)	1,126	—	20,639
Total Commercial Banking	74,279	6,885	(4,984)	2,803	426	69,149

Total	$ 124,841	14,863	(15,217)	6,733	426	118,036
Allowance for Credit Losses - off-balance sheet exposure (1)						
Personal Banking:						
Residential mortgage loans	$ 3	(1)	—	—	—	4
Home equity loans	67	(7)	—	—	—	74
Total Personal Banking	70	(8)	—	—	—	78
Commercial Banking:						
Commercial real estate loans	4,797	(578)	—	—	—	5,375
Commercial real estate loans - owner occupied	140	(239)	—	—	—	379
Commercial loans	7,971	890	—	—	—	7,081
Total Commercial Banking	12,908	73	—	—	—	12,835
Total off-balance sheet exposure	$ 12,978	65	—	—	—	12,913

(1) The table above has been revised to reflect the correct ending balance for total off-balance-sheet exposure at December 31, 2022. We evaluated the effect of the revision, both qualitatively and quantitatively, and concluded that the impact of the revision was not material.

The following table provides information related to the allowance for credit losses by portfolio segment and by class of financing receivable for the nine months ended September 30, 2022 (in thousands):

	Balance as of September 30, 2022	Current period provision	Charge-offs	Recoveries	Balance as of December 31, 2021
Allowance for Credit Losses					
Personal Banking:					
Residential mortgage loans	$ 17,967	11,331	(1,487)	750	7,373
Home equity loans	5,448	127	(1,237)	1,258	5,300
Vehicle loans	17,004	2,159	(2,517)	1,879	15,483
Consumer loans	825	479	(3,459)	921	2,884
Total Personal Banking	41,244	14,096	(8,700)	4,808	31,040
Commercial Banking:					
Commercial real estate loans	49,649	(6,465)	(6,745)	8,718	54,141
Commercial real estate loans - owner occupied	4,087	167	—	37	3,883
Commercial loans	14,839	1,039	(1,253)	1,876	13,177
Total Commercial Banking	68,575	(5,259)	(7,998)	10,631	71,201
Total	$ 109,819	8,837	(16,698)	15,439	102,241
Allowance for Credit Losses - off-balance sheet exposure					
Personal Banking:					
Residential mortgage loans	$ 4	2	—	—	2
Home equity loans	74	35	—	—	39
Total Personal Banking	78	37	—	—	41
Commercial Banking:					
Commercial real estate loans	5,382	4,501	—	—	881
Commercial real estate loans - owner occupied	287	145	—	—	142
Commercial loans	5,288	3,894	—	—	1,394
Total Commercial Banking	10,957	8,540	—	—	2,417
Total off-balance sheet exposure	$ 11,035	8,577	—	—	2,458

During the nine months ended September 30, 2022, the Company purchased a total of $182.8 million small business equipment finance loan pools and a total of $188.3 million one- to four-family jumbo mortgage loan pools.

The following table provides information related to the loan portfolio by portfolio segment and by class of financing receivable at September 30, 2023 March 31, 2024 (in thousands):

		Total loans receivable	Allowance for credit losses	Nonaccrual loans	Loans 90 days past due and accruing
Personal Banking:	Personal Banking:				
Personal Banking:					
Personal Banking:					
Residential mortgage loans					
Residential mortgage loans					
Residential mortgage loans	Residential mortgage loans	$ 3,472,763	17,090	9,760	—
Home equity loans	Home equity loans	1,258,765	5,044	3,431	133
Home equity loans					
Home equity loans					
Vehicle loans					
Vehicle loans					
Vehicle loans	Vehicle loans	2,039,699	27,226	3,817	57
Consumer loans	Consumer loans	115,420	1,202	281	500
Consumer loans					
Consumer loans					
Total Personal Banking					
Total Personal Banking					
Total Personal Banking	Total Personal Banking	6,886,647	50,562	17,289	690
Commercial Banking:	Commercial Banking:				
Commercial Banking:					
Commercial Banking:					
Commercial real estate loans					
Commercial real estate loans					
Commercial real estate loans	Commercial real estate loans	2,553,644	48,582	54,109	—
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	369,373	3,479	1,071	—
Commercial real estate loans - owner occupied					
Commercial real estate loans - owner occupied					
Commercial loans	Commercial loans	1,500,609	22,218	4,185	38
Commercial loans					
Commercial loans					
Total Commercial Banking					
Total Commercial Banking					
Total Commercial Banking	Total Commercial Banking	4,423,626	74,279	59,365	38
Total	Total	$ 11,310,273	124,841	76,654	728
Total					
Total					

The following table provides information related to the loan portfolio by portfolio segment and by class of financing receivable at December 31, 2022, prior to the adoption of ASU 2022-02 December 31, 2023 (in thousands):

	Total loans receivable	Allowance for credit losses	Nonaccrual loans (1)	Loans 90 days past due and accruing	TDRs	Allowance related to TDRs	Additional commitments to customers with loans classified as TDRs
Personal Banking:							
Residential mortgage loans	$ 3,498,599	19,261	7,574	—	6,279	1,069	—
Home equity loans	1,297,674	5,902	4,145	—	1,470	546	—
Vehicle loans	2,056,783	23,059	3,771	2	—	—	—
Consumer loans	111,872	665	256	405	—	—	—
Total Personal Banking	6,964,928	48,887	15,746	407	7,749	1,615	—
Commercial Banking:							
Commercial real estate loans	2,448,028	44,506	62,239	—	31,980	638	400
Commercial real estate loans - owner occupied	375,527	4,004	624	—	94	31	—
Commercial loans	1,131,969	20,639	2,627	337	858	116	4
Total Commercial Banking	3,955,524	69,149	65,490	337	32,932	785	404
Total	$ 10,920,452	118,036	81,236	744	40,681	2,400	404

(1) Includes $29.2 million of nonaccrual TDRs.

	Total loans receivable	Allowance for credit losses	Nonaccrual loans	Loans 90 days past due and accruing
Personal Banking:				
Residential mortgage loans	$ 3,428,185	18,193	8,727	1,671
Home equity loans	1,227,858	5,403	4,492	26
Vehicle loans	2,008,601	26,911	4,816	44
Consumer loans	117,426	1,199	229	722
Total Personal Banking	6,782,070	51,706	18,264	2,463
Commercial Banking:				
Commercial real estate loans	2,628,457	51,267	71,297	225
Commercial real estate loans - owner occupied	345,553	3,775	676	—
Commercial loans	1,658,729	18,495	4,147	10
Total Commercial Banking	4,632,739	73,537	76,120	235
Total	$ 11,414,809	125,243	94,384	2,698

We present the amortized cost of our loans on nonaccrual status including such loans with no allowance. The following table presents the amortized cost of our loans on nonaccrual status as of the beginning and end of the nine-month period quarter ended September 30, 2023 March 31, 2024 (in thousands):

March 31, 2024

March 31, 2024

March 31, 2024

		September 30, 2023			
	Nonaccrual loans at January 1, 2023	Nonaccrual loans with an allowance	Nonaccrual loans with no allowance	Total nonaccrual loans at the end of the period	Loans 90 days past due and accruing
Personal Banking: Personal Banking:					
Personal Banking:					
Personal Banking:					
Residential mortgage loans					
Residential mortgage loans					

Residential mortgage loans	Residential mortgage loans	$ 7,574	9,760	—	9,760	—
Home equity loans	Home equity loans	4,145	3,262	169	3,431	133
Home equity loans						
Home equity loans						
Vehicle loans						
Vehicle loans						
Vehicle loans	Vehicle loans	3,771	2,838	979	3,817	57
Consumer loans	Consumer loans	256	281	—	281	500
Consumer loans						
Consumer loans						
Total Personal Banking						
Total Personal Banking						
Total Personal Banking	Total Personal Banking	15,746	16,141	1,148	17,289	690
Commercial Banking:	Commercial Banking:					
Commercial Banking:						
Commercial Banking:						
Commercial real estate loans						
Commercial real estate loans						
Commercial real estate loans	Commercial real estate loans	62,239	21,838	32,271	54,109	—
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	624	1,071	—	1,071	—
Commercial real estate loans - owner occupied						
Commercial real estate loans - owner occupied						
Commercial loans	Commercial loans	2,627	3,828	357	4,185	38
Commercial loans						
Commercial loans						
Total Commercial Banking						
Total Commercial Banking						
Total Commercial Banking	Total Commercial Banking	65,490	26,737	32,628	59,365	38
Total	Total	$ 81,236	42,878	33,776	76,654	728
Total						
Total						

During the three and nine months quarter ended September 30, 2023 March 31, 2024, we did not recognize any interest income on nonaccrual loans.

The following table presents the amortized cost of our loans on nonaccrual status as of the year ended December 31, 2022 December 31, 2023 (in thousands):

				December 31, 2023		
				December 31, 2023		
				December 31, 2023		
				December 31, 2022		
		Nonaccrual loans at January 1, 2022	Nonaccrual loans with an allowance	Nonaccrual loans with no allowance	Total nonaccrual loans at the end of the period	Loans 90 days past due and accruing
Personal Banking:	Personal Banking:					
Personal Banking:						
Personal Banking:						
Residential mortgage loans						

Residential mortgage loans						
Residential mortgage loans	Residential mortgage loans	$ 10,402	7,574	—	7,574	—
Home equity loans	Home equity loans	5,758	3,887	258	4,145	—
Home equity loans						
Home equity loans						
Vehicle loans						
Vehicle loans						
Vehicle loans	Vehicle loans	3,263	2,175	1,596	3,771	2
Consumer loans	Consumer loans	675	256	—	256	405
Consumer loans						
Consumer loans						
Total Personal Banking						
Total Personal Banking						
Total Personal Banking	Total Personal Banking	20,098	13,892	1,854	15,746	407
Commercial Banking:	Commercial Banking:					
Commercial Banking:						
Commercial Banking:						
Commercial real estate loans						
Commercial real estate loans						
Commercial real estate loans	Commercial real estate loans	129,666	22,182	40,057	62,239	—
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	1,233	624	—	624	—
Commercial real estate loans - owner occupied						
Commercial real estate loans - owner occupied						
Commercial loans	Commercial loans	7,474	2,024	603	2,627	337
Commercial loans						
Commercial loans						
Total Commercial Banking						
Total Commercial Banking						
Total Commercial Banking	Total Commercial Banking	138,373	24,830	40,660	65,490	337
Total	Total	$ 158,471	38,722	42,514	81,236	744
Total						
Total						

During the year ended December 31, 2022 December 31, 2023, we recognized $678,000 of did not recognize any interest income on nonaccrual and troubled debt restructuring loans.

A loan is considered to be collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. The following table presents the amortized cost basis of collateral-dependent loans by class of loans and collateral type as of September 30, 2023 as of March 31, 2024 (in thousands):

		Real estate	Total
Commercial Banking:	Commercial Banking:		
Commercial Banking:			
Commercial Banking:			

Commercial real estate loans			
Commercial real estate loans			
Commercial real estate loans	Commercial real estate loans	$ 51,402	51,402
Commercial loans	Commercial loans	160	160
Commercial loans			
Commercial loans			
Total Commercial Banking			
Total Commercial Banking			
Total Commercial Banking	Total Commercial Banking	51,562	51,562
Total	Total	$ 51,562	51,562
Total			
Total			

The following table presents the amortized cost basis of collateral-dependent loans by class of loans as of December 31, 2022 December 31, 2023 (in thousands):

		Real estate	Equipment	Total
Personal Banking:				
Residential mortgage loans		$ 569	—	569
Home equity loans		100	—	100
Total Personal Banking		669	—	669
Commercial Banking:				
Commercial Banking:				
Commercial Banking:	Commercial Banking:			
Commercial real estate loans	Commercial real estate loans	57,056	—	57,056
Commercial real estate loans				
Commercial real estate loans				
Commercial loans				
Commercial loans				
Commercial loans	Commercial loans	175	210	385
Total Commercial Banking	Total Commercial Banking	57,231	210	57,441
Total Commercial Banking				
Total Commercial Banking				
Total	Total	$ 57,900	210	58,110
Total				
Total				

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extensions, an other-than-insignificant payment delay, or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged off against the allowance for credit losses.

In some cases, the Company provides multiple types of concessions to one loan. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. For loans included in the "combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: a term extension, principal forgiveness, an other-than-insignificant payment delay, and/or an interest rate reduction.

The following table presents the amortized cost basis of loans as of September 30, 2023 for the periods indicated that were both experiencing financial difficulty and modified during the periods indicated, respective period, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financial receivable is also presented below (dollars in thousands).

	For the quarter ended September 30, 2023	For the nine months ended September 30, 2023

	Term extension	Combination term extension and interest rate reduction	Total class of financing receivable	Term extension	Combination term extension and interest rate reduction	Total class of financing receivable
	For the quarter ended March 31,					
	For the quarter ended March 31,					
	For the quarter ended March 31,					
	2024					
Payment delay						
Personal Banking:						
Residential mortgage loans	$ 192	—	0.01 %	450	—	0.01 %
Home equity loans	122	85	0.02 %	283	85	0.03 %
Consumer loans	—	—	— %	—	3	0.00 %
Total Personal Banking	314	85	0.01 %	733	88	0.01 %
Commercial Banking:						
Commercial real estate loans	—	—	— %	197	—	0.01 %
Commercial loans	15	—	0.00 %	663	—	0.04 %
Total Commercial Banking	15	—	— %	860	—	0.02 %
Total	$ 329	85	0.00 %	1,593	88	0.01 %

Personal Banking:									
Residential mortgage loans	$ 364	490	490	—	—	0.03	0.03 %		180
Home equity loans	—	552	552	84	84	0.05	0.05 %		110
Consumer loans								—	—
Total Personal Banking	364	1,042	1,042	86	86	0.02	0.02 %		290
Commercial Banking:									
Commercial real estate loans	28,877	243	243	—	—	1.09	1.09 %		242
Commercial loans	—	56	56	10	10	—	— %		765
Total Commercial Banking	28,877	299	299	10	10	0.61	0.61 %		1,007
Total								$29,241	1,341

The

As of March 31, 2024 and December 31, 2023, the Company has committed to lend additional amounts totaling $41,000 and $31,000, respectively, to the borrowers included in experiencing financial difficulty for which the previous table. terms of the loan have been modified.

The following table presents the effect of the loan modifications presented above to borrowers experiencing financial difficulty for the periods indicated:

		For the quarter ended March 31,			
		For the quarter ended March 31,			
		For the quarter ended March 31,			
		2024			
		2024			
		2024			
		For the quarter ended September 30, 2023		For the nine months ended September 30, 2023	
		Weighted-average interest rate reduction	Weighted-average term extension in months	Weighted-average interest rate reduction	Weighted-average term extension in months
Personal Banking:	Personal Banking:				
Personal Banking:					
Personal Banking:					
Residential mortgage loans	Residential mortgage loans	— %	169	—	149
Residential mortgage loans					
Residential mortgage loans					
Home equity loans					
Home equity loans					
Home equity loans	Home equity loans	5 %	112	5 %	96
Consumer loans	Consumer loans	— %	—	12 %	356
Consumer loans					
Consumer loans					
Total Personal Banking					
Total Personal Banking					
Total Personal Banking	Total Personal Banking	5 %	140	17 %	126
Commercial Banking:	Commercial Banking:				
Commercial Banking:					
Commercial Banking:					
Commercial real estate loans					
Commercial real estate loans					
Commercial real estate loans	Commercial real estate loans	— %	—	—	25
Commercial loans	Commercial loans	— %	23	—	9

Commercial loans					
Commercial loans					
Total Commercial Banking					
Total Commercial Banking					
Total Commercial Banking	Total Commercial Banking	— %	23	—	13
Total loans	Total loans	5 %	135	17 %	68
Total loans					
Total loans					

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of loans that such modified within the previous twelve months of March 31, 2024:

	Current	30-59 days delinquent	60-89 days delinquent	90 days or greater delinquent
Personal Banking:				
Residential mortgage loans	$ 406	84	—	364
Home equity loans	616	3	—	17
Consumer loans	2	—	—	—
Total Personal Banking	1,024	87	—	381
Commercial Banking:				
Commercial real estate loans	29,121	—	—	—
Commercial loans	10	9	47	—
Total Commercial Banking	29,131	9	47	—
Total loans	$ 30,155	96	47	381

All loans have been modified since the adoption of ASU 2022-02 (in thousands):

	Current	30-59 days delinquent	60-89 days delinquent	90 days or greater delinquent
Personal Banking:				
Residential mortgage loans	$ 450	—	—	—
Home equity loans	368	—	—	—
Consumer loans	3	—	—	—
Total Personal Banking	821	—	—	—
Commercial Banking:				
Commercial real estate loans	74	—	—	123
Commercial real estate loans - owner occupied	—	—	—	—
Commercial loans	—	15	—	648
Total Commercial Banking	74	15	—	771
Total loans	$ 895	15	—	771

were current on their payments as of March 31, 2023.

A modification is considered to be in default when the loan is 90 days or more past due. The following table provides the amortized cost basis of financing receivables that had a payment default during the period ended March 31, 2024and were modified since within the adoption of ASU 2022-02 previous twelve months to borrowers experiencing financial difficulty (in thousands):

		Term extension
Commercial Banking:		
Commercial real estate loans	$	123
Commercial loans		648
Total Commercial Banking		771
Total	$	771

	Term extension	Payment delay
Personal Banking:		
Residential mortgage loans	$ —	$ 364
Home equity loans	17	—
Total Personal Banking	17	364
Total	$ 17	$ 364

No loans modified since the adoption of ASU 2022-02 subsequently defaulted during the quarter ended March 31, 2023.

The modifications to borrowers experiencing financial distress are included in their respective portfolio segment and the current loan balance and updated loan terms are run through their respective ACL models to arrive at the quantitative portion of the ACL. Subsequent performance of the loans will be measured by delinquency status and will be captured through our ACL models or our qualitative factor assessment, as deemed appropriate. If we no longer believe the loan demonstrates similar risks to their respective portfolio segment an individual assessment will be performed. Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

The following tables provide a roll forward of troubled debt restructurings for the periods indicated, prior to the adoption of ASU 2022-02 (dollars in thousands):

	For the quarter ended September 30, 2022		For the nine months ended September 30, 2022	
	Number of Contracts	Amount	Number of Contracts	Amount
Beginning TDR balance:	128	$ 54,237	134	$ 30,288
New TDRs	6	221	8	25,626
Re-modified TDRs	4	977	10	1,178
Net paydowns	—	(810)	—	(1,609)
Charge-offs:				
Residential mortgage loans	—	—	1	(3)
Paid-off loans:				
Residential mortgage loans	1	(35)	2	(236)
Home equity loans	1	(11)	3	(88)
Commercial real estate loans	1	(3,349)	4	(3,718)
Commercial real estate loans - owner occupied	1	(44)	1	(44)
Commercial loans	3	(3,459)	4	(3,466)
Ending TDR balance:	127	$ 46,750	127	$ 46,750
Accruing TDRs		$ 16,344		$ 16,344
Nonaccrual TDRs		30,406		30,406

The following table provides information related to TDRs (including re-modified TDRs) by portfolio segment and by class of financing receivable during the periods indicated, prior to the adoption of ASU 2022-02 (dollars in thousands):

	For the quarter ended September 30, 2022	For the nine months ended September 30, 2022

	Number of contracts	Recorded investment at the time of modification	Current recorded investment	Current allowance	Number of contracts	Recorded investment at the time of modification	Current recorded investment	Current allowance
Personal Banking:								
Residential mortgage loans	2	$ 147	144	15	2	$ 147	144	15
Home equity loans	5	160	154	23	5	160	154	23
Total Personal Banking	7	307	298	38	7	307	298	38
Commercial Banking:								
Commercial real estate loans	1	$ 610	609	89	5	$ 34,295	26,212	102
Commercial loans	2	332	291	20	6	3,856	294	20
Total Commercial Banking	3	942	900	109	11	38,151	26,506	122
Total	10	$ 1,249	1,198	147	18	$ 38,458	26,804	160

The following table provides information as of September 30, 2022 for TDRs (including re-modified TDRs) by type of modification, by portfolio segment and class of financing receivable for modifications during the quarter ended September 30, 2022, prior to the adoption of ASU 2022-02 (dollars in thousands):

		Type of modification	
	Number of contracts	Maturity date	Total
Personal Banking:			
Residential mortgage loans	2	$ 144	144
Home equity loans	5	154	154
Total Personal Banking	7	298	298
Commercial Banking:			
Commercial real estate loans	1	$ 609	609
Commercial loans	2	291	291
Total Commercial Banking	3	900	900
Total	10	$ 1,198	1,198

The following table provides information as of September 30, 2022 for TDRs (including re-modified TDRs) by type of modification, by portfolio segment and class of financing receivable for modifications during the nine months ended September 30, 2022, prior to the adoption of ASU 2022-02 (dollars in thousands):

		Type of modification		
	Number of contracts	Rate	Maturity date	Total
Personal Banking:				
Residential mortgage loans	2	$ —	144	144
Home equity loans	5	—	154	154
Total Personal Banking	7	—	298	298
Commercial Banking:				
Commercial real estate loans	5	$ 4,166	22,046	26,212
Commercial loans	6	—	294	294
Total Commercial Banking	11	4,166	22,340	26,506
Total	18	$ 4,166	22,638	26,804

No TDRs modified within the previous twelve months of September 30, 2022 subsequently defaulted, prior to the adoption of ASU 2022-02.

The following table provides information related to the amortized cost basis of loan payment delinquencies at September 30, 2023 March 31, 2024 (in thousands):

		30-59 days delinquent	60-89 days delinquent	90 days or greater delinquent	Total delinquency	Current	Total loans receivable	90 days or greater delinquent and accruing	30-59 days delinquent	60-89 days delinquent	90 days or greater delinquent	Total delinquency	Current	Total loans receivable	90 days or greater delinquent and accruing
Personal Banking:	Personal Banking:														
Personal Banking:															
Personal Banking:															
Residential mortgage loans															
Residential mortgage loans															
Residential mortgage loans	Residential mortgage loans	$ 573	5,395	7,695	13,663	3,459,100	3,472,763	—							
Home equity loans	Home equity loans	4,707	1,341	2,206	8,254	1,250,511	1,258,765	133							
Vehicle loans	Vehicle loans	9,122	2,412	2,274	13,808	2,025,891	2,039,699	57							
Consumer loans	Consumer loans	752	295	746	1,793	113,627	115,420	500							
Total Personal Banking	Total Personal Banking	15,154	9,443	12,921	37,518	6,849,129	6,886,647	690							
Commercial Banking:	Commercial Banking:														
Commercial Banking:															
Commercial Banking:															
Commercial real estate loans															
Commercial real estate loans															
Commercial real estate loans	Commercial real estate loans	3,411	1,328	8,042	12,781	2,540,863	2,553,644	—							
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	—	260	374	634	368,739	369,373	—							
Commercial loans	Commercial loans	2,847	981	2,472	6,300	1,494,309	1,500,609	38							
Total Commercial Banking	Total Commercial Banking	6,258	2,569	10,888	19,715	4,403,911	4,423,626	38							
Total loans	Total loans	$ 21,412	12,012	23,809	57,233	11,253,040	11,310,273	728							

The following table provides information related to the amortized cost basis of loan payment delinquencies at December 31, 2022 December 31, 2023 (in thousands):

		30-59 days delinquent	60-89 days delinquent	90 days or greater delinquent	Total delinquency	Current	Total loans receivable	90 days or greater delinquent and accruing	30-59 days delinquent	60-89 days delinquent	90 days or greater delinquent	Total delinquency	Current	Total loans receivable	90 days or greater delinquent and accruing
Personal Banking:	Personal Banking:														
Personal Banking:															
Personal Banking:															
Residential mortgage loans															

Residential mortgage loans								
Residential mortgage loans	Residential mortgage loans	$ 29,487	5,563	5,574	40,624	3,457,975	3,498,599	—
Home equity loans	Home equity loans	6,657	975	2,257	9,889	1,287,785	1,297,674	—
Vehicle loans	Vehicle loans	8,677	2,770	2,471	13,918	2,042,865	2,056,783	2
Consumer loans	Consumer loans	758	300	608	1,666	110,206	111,872	405
Total Personal Banking	Total Personal Banking	45,579	9,608	10,910	66,097	6,898,831	6,964,928	407
Commercial Banking:								
Commercial Banking:								
Commercial Banking:	Commercial Banking:							
Commercial real estate loans	Commercial real estate loans	3,947	2,377	7,589	13,913	2,434,115	2,448,028	—
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied	61	—	278	339	375,188	375,527	—
Commercial loans	Commercial loans	2,648	1,115	1,829	5,592	1,126,377	1,131,969	337
Total Commercial Banking	Total Commercial Banking	6,656	3,492	9,696	19,844	3,935,680	3,955,524	337
Total originated loans	Total originated loans	$ 52,235	13,100	20,606	85,941	10,834,511	10,920,452	744

Credit Quality Indicators: For Commercial Banking we categorize loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. We analyze loans individually by classifying the loans by credit risk. Credit relationships greater than or equal to $1.0 million classified as special mention or substandard are reviewed quarterly for deterioration or improvement to determine if the loan is appropriately classified. We use the following definitions for risk ratings other than pass:

Special Mention — Loans designated as special mention have specific, well-defined risk issues, which create a high level of uncertainty regarding the long-term viability of the business. Loans in this class are considered to have high-risk characteristics. A special mention loan exhibits material negative financial trends due to company-specific or systemic conditions. If these potential weaknesses are not mitigated, they threaten the borrower’s capacity to meet its debt obligations. Special mention loans still demonstrate sufficient financial flexibility to react to and positively address the root cause of the adverse financial trends without significant deviations from their current business strategy. Their potential weaknesses deserve our close attention and warrant enhanced monitoring.

Substandard — Loans classified as substandard are inadequately protected by the current net worth and payment capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected.

Doubtful — Loans classified as doubtful have all the weaknesses inherent in those classified as substandard. In addition, those weaknesses make collection or liquidation in full highly questionable and improbable. A loan classified as doubtful exhibits discernible loss potential, but a complete loss seems very unlikely. The possibility of a loss on a doubtful loan is high, but because of certain important and reasonably specific pending factors that may strengthen the loan, its classification as an estimated loss is deferred until a more exact status can be determined.

Loss — Loans classified as loss are considered uncollectible and of such value that the continuance as a loan is not warranted. A loss classification does not mean that the loan has no recovery or salvage value; instead, it means that it is not practical or desirable to defer writing off all or a portion of a basically worthless loan even though partial recovery may be possible in the future.

For Personal Banking loans a pass risk rating is maintained until they are 90 days or greater past due, and risk rating reclassification is based primarily on past due status of the loan. The risk rating categories can generally be described by the following groupings:

Pass — Loans classified as pass are homogeneous loans that are less than 90 days past due from the required payment date at month-end.

Substandard — Loans classified as substandard are homogeneous loans that are greater than 90 days past due from the required payment date at month-end, or homogenous retail loans that are greater than 180 days past due from the required payment date at month-end that has been written down to the value of underlying collateral, less costs to sell.

Doubtful — Loans classified as doubtful are homogeneous loans that are greater than 180 days past due from the required payment date at month-end and not written down to the value of underlying collateral. These loans are generally charged-off in the month in which the 180 day period elapses.

The following table presents the amortized cost basis of our loan portfolio by year of origination and credit quality indicator and the current period charge-offs by year of origination for each portfolio segment as of September 30, 2023 March 31, 2024 (in thousands):

		YTD September 30, 2023	2022	2021	2020	2019	Prior	Revolving loans
	YTD March 31, 2024							
Personal Banking:	Personal Banking:							
Residential mortgage loans	Residential mortgage loans							
Residential mortgage loans								
Residential mortgage loans								
Pass								
Pass								
Pass	Pass	$ 159,472	673,235	803,613	516,270	249,797	1,056,864	—
Substandard	Substandard	—	1,033	260	872	336	11,011	—
Total residential mortgage loans	Total residential mortgage loans	159,472	674,268	803,873	517,142	250,133	1,067,875	—
Residential mortgage current period charge-offs	Residential mortgage current period charge-offs	—	—	(5)	(130)	—	(788)	—
Home equity loans	Home equity loans							
Pass	Pass	65,795	104,272	110,823	153,431	98,062	210,273	469,459
Pass								
Pass								
Substandard	Substandard	—	—	—	—	149	1,783	1,050
Total home equity loans	Total home equity loans	65,795	104,272	110,823	153,431	98,211	212,056	470,509
Home equity current period charge-offs	Home equity current period charge-offs	—	(53)	(46)	—	(48)	(257)	(142)
Vehicle loans	Vehicle loans							
Pass								
Pass								
Pass	Pass	541,270	746,225	444,934	153,264	81,931	68,201	—
Substandard	Substandard	320	901	1,386	247	564	456	—
Total vehicle loans	Total vehicle loans	541,590	747,126	446,320	153,511	82,495	68,657	—
Vehicle current period charge-offs	Vehicle current period charge-offs	(324)	(1,385)	(1,425)	(416)	(497)	(684)	—
Consumer loans	Consumer loans							
Pass	Pass	20,061	13,137	6,361	2,485	1,727	6,201	63,801

Pass								
Pass								
Substandard	Substandard	45	57	31	8	14	1	506
Total consumer loans	Total consumer loans	20,106	13,194	6,392	2,493	1,741	6,202	64,307
Consumer loan current period charge-offs	Consumer loan current period charge-offs	(2,055)	(340)	(271)	(116)	(150)	(766)	(149)
Total Personal Banking	Total Personal Banking	786,963	1,538,860	1,367,408	826,577	432,580	1,354,790	534,816
Business Banking:								
Commercial Banking:								
Commercial real estate loans	Commercial real estate loans							
Pass								
Pass								
Pass	Pass	127,229	437,503	356,152	330,522	225,478	776,377	23,845
Special mention	Special mention	—	7,451	26,749	21,732	5,615	34,909	350
Substandard	Substandard	—	174	1,056	8,108	48,592	95,825	514
Total commercial real estate loans	Total commercial real estate loans	127,229	445,128	383,957	360,362	279,685	907,111	24,709
Total commercial real estate loans								
Total commercial real estate loans								
Commercial real estate current period charge-offs	Commercial real estate current period charge-offs	—	—	(492)	—	(51)	(1,013)	—
Commercial real estate loans - owner occupied	Commercial real estate loans - owner occupied							
Pass								
Pass								
Pass	Pass	17,830	50,716	48,567	14,845	44,834	148,778	2,237
Special mention	Special mention	—	17,631	—	1,690	—	7,808	—
Substandard	Substandard	—	—	122	1,344	4,736	5,308	—
Total commercial real estate loans - owner occupied	Total commercial real estate loans - owner occupied	17,830	68,347	48,689	17,879	49,570	161,894	2,237
Total commercial real estate loans - owner occupied								
Total commercial real estate loans - owner occupied								
Commercial real estate - owner occupied current period charge-offs	Commercial real estate - owner occupied current period charge-offs	—	—	—	—	—	(68)	—
Commercial loans	Commercial loans							
Pass								
Pass								
Pass	Pass	315,190	455,098	77,266	28,754	37,787	56,731	501,722
Special mention	Special mention	542	315	58	369	316	68	2,022

Substandard	Substandard		—	2,496	577	495	2,503	1,025	11,730
Total commercial loans	Total commercial loans		315,732	457,909	77,901	29,618	40,606	57,824	515,474
Total commercial loans									
Total commercial loans									
Commercial loans current period charge-offs	Commercial loans current period charge-offs		—	(1,526)	(517)	(430)	(110)	(715)	(60)
Total Business Banking			460,791	971,384	510,547	407,859	369,861	1,126,829	542,420
Total Commercial Banking									
Total loans	Total loans	$	1,247,754	2,510,244	1,877,955	1,234,436	802,441	2,481,619	1,077,236
Total loans									
Total loans									

For the nine months quarter ended September 30, 2023 March 31, 2024, $13.7 million $3 million of revolving loans were converted to term loans.

The following table presents the amortized cost basis of our loan portfolio by year of origination and credit quality indicator for each portfolio segment as of December 31, 2022 December 31, 2023 (in thousands):

			2022	2021	2020	2019	2018	Prior	Revolving loans	lo
			2023							
			2023							
			2023							
Personal Banking:										
Personal Banking:										
Personal Banking:	Personal Banking:									
Residential mortgage loans	Residential mortgage loans									
Residential mortgage loans										
Residential mortgage loans										
Pass										
Pass										
Pass	Pass	$	659,930	837,823	546,604	265,520	131,599	1,043,394	—	
Substandard	Substandard		422	187	474	796	531	11,319	—	
Substandard										
Substandard										
Total residential mortgage loans	Total residential mortgage loans		660,352	838,010	547,078	266,316	132,130	1,054,713	—	
Total residential mortgage loans										
Total residential mortgage loans										
Residential mortgage current period charge-offs										
Residential mortgage current period charge-offs										
Residential mortgage current period charge-offs										
Home equity loans										
Home equity loans										
Home equity loans	Home equity loans									
Pass	Pass		114,598	126,608	173,044	110,495	50,314	198,971	475,229	
Pass										

Pass								
Substandard								
Substandard								
Substandard	Substandard	—	46	—	127	324	3,066	683
Total home equity loans	Total home equity loans	114,598	126,654	173,044	110,622	50,638	202,037	475,912
Total home equity loans								
Total home equity loans								
Home equity current period charge-offs								
Home equity current period charge-offs								
Home equity current period charge-offs								
Vehicle loans								
Vehicle loans								
Vehicle loans	Vehicle loans							
Pass	Pass	966,432	611,310	227,897	135,134	70,071	42,166	—
Pass								
Pass								
Substandard								
Substandard								
Substandard	Substandard	292	1,096	667	689	657	372	—
Total vehicle loans	Total vehicle loans	966,724	612,406	228,564	135,823	70,728	42,538	—
Total vehicle loans								
Total vehicle loans								
Vehicle current period charge-offs								
Vehicle current period charge-offs								
Vehicle current period charge-offs								
Consumer loans								
Consumer loans								
Consumer loans	Consumer loans							
Pass	Pass	19,302	9,874	4,327	3,557	2,409	5,094	65,610
Pass								
Pass								
Substandard								
Substandard								
Substandard	Substandard	24	9	37	9	3	48	432
Total consumer loans	Total consumer loans	19,326	9,883	4,364	3,566	2,412	5,142	66,042
Total consumer loans								
Total consumer loans								
Consumer loan current period charge-offs								
Consumer loan current period charge-offs								
Consumer loan current period charge-offs								
Total Personal Banking	Total Personal Banking	1,761,000	1,586,953	953,050	516,327	255,908	1,304,430	541,954
Business Banking:								
Total Personal Banking								
Total Personal Banking								
Commercial Banking:								
Commercial Banking:								
Commercial Banking:								

Commercial real estate loans								
Commercial real estate loans								
Commercial real estate loans	Commercial real estate loans							
Pass	Pass	322,050	346,355	369,868	244,188	209,500	696,628	24,954
Special mention		—	17,216	16,782	87	1,000	15,887	157
Pass								
Pass								
Special Mention								
Special Mention								
Special Mention								
Substandard								
Substandard								
Substandard	Substandard	—	4,561	3,617	48,879	41,521	70,384	459
Total commercial real estate loans	Total commercial real estate loans	322,050	368,132	390,267	293,154	252,021	782,899	25,570
Commercial real estate - owner occupied								
Total commercial real estate loans								
Total commercial real estate loans								
Commercial real estate current period charge-offs								
Commercial real estate current period charge-offs								
Commercial real estate current period charge-offs								
Commercial real estate loans - owner occupied								
Commercial real estate loans - owner occupied								
Commercial real estate loans - owner occupied								
Pass	Pass	62,905	51,673	17,989	49,600	43,570	123,278	2,477
Special mention		126	—	18	—	2,297	1,106	385
Pass								
Pass								
Special Mention								
Special Mention								
Special Mention								
Substandard								
Substandard								
Substandard	Substandard	—	—	—	5,085	2,440	9,250	—
Total commercial real estate - owner occupied loans		63,031	51,673	18,007	54,685	48,307	133,634	2,862
Total commercial real estate loans - owner occupied								
Total commercial real estate loans - owner occupied								
Total commercial real estate loans - owner occupied								
Commercial real estate - owner occupied current period charge-offs								

Commercial real estate - owner occupied current period charge-offs								
Commercial real estate - owner occupied current period charge-offs								
Commercial loans								
Commercial loans								
Commercial loans	Commercial loans							
Pass	Pass	481,797	90,320	52,833	46,966	17,250	53,107	354,402
Special mention		628	2,190	506	1,704	227	—	2,129
Pass								
Pass								
Special Mention								
Special Mention								
Special Mention								
Substandard								
Substandard								
Substandard	Substandard	1,833	603	908	2,097	1,605	735	12,941
Total commercial loans	Total commercial loans	484,258	93,113	54,247	50,767	19,082	53,842	369,472
Total Business Banking		869,339	512,918	462,521	398,606	319,410	970,375	397,904
Total commercial loans								
Total commercial loans								
Commercial loans current period charge-offs								
Commercial loans current period charge-offs								
Commercial loans current period charge-offs								
Total Commercial Banking								
Total Commercial Banking								
Total Commercial Banking								
Total loans	Total loans	$ 2,630,339	2,099,871	1,415,571	914,933	575,318	2,274,805	939,858
Total loans								
Total loans								

For the year ended December 31, 2022 December 31, 2023, $20.7 million $19 million of revolving loans were converted to term loans.

(4) Goodwill and Other Intangible Assets

The following table provides information for intangible assets subject to amortization at the dates indicated (in thousands):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Amortizable intangible assets:	Amortizable intangible assets:			Amortizable intangible assets:	
Core deposit intangibles - gross	Core deposit intangibles - gross	$ 74,899	74,899		
Less: accumulated amortization	Less: accumulated amortization	(68,886)	(66,367)		

Less: accumulated amortization			
Less: accumulated amortization			
Core deposit intangibles - net	Core deposit intangibles - net	$ 6,013	8,532
Customer and Contract intangible assets - gross		$ 12,775	12,775
Less: accumulated amortization		(12,775)	(12,747)
Customer and Contract intangible assets - net		—	28
Total intangible assets - net	Total intangible assets - net	$ 6,013	8,560
Total intangible assets - net			
Total intangible assets - net			

The following table shows the actual aggregate amortization expense for the quarters ended September 30, 2023 March 31, 2024 and 2022, 2023, as well as the estimated aggregate amortization expense, based upon current levels of intangible assets, for the current fiscal year and each of the five succeeding fiscal years until the intangible assets are fully amortized (in thousands):

For the quarter ended September 30, 2023 March 31, 2024	$	795 701
For the quarter ended September 30, 2022 March 31, 2023		1,047 909
For the year ending December 31, 2023		3,270
For the year ending December 31, 2024		2,452
For the year ending December 31, 2025		1,662
For the year ending December 31, 2026		871
For the year ending December 31, 2027		305

The following table provides information for the changes in the carrying amount of goodwill (in thousands):

		Total
Balance at December 31, 2022 December 31, 2023	$	380,997
Balance at September 30, 2023 March 31, 2024	$	380,997

We performed our annual goodwill impairment test as of June 30, 2023 in accordance with ASC 350, *Intangibles - Goodwill and Other,* and concluded that goodwill was not impaired.

(5) Borrowed Funds

(a) Borrowings

Borrowed funds at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are presented in the following table:

	September 30, 2023		December 31, 2022	
	Amount	Average rate	Amount	Average rate

March 31, 2024	March 31, 2024		December 31, 2023	
Amount	Amount	Average rate	Amount	Average rate

Term notes payable to the FHLB of Pittsburgh, due within one year	Term notes payable to the FHLB of Pittsburgh, due within one year	$375,400	5.65 %	$500,000	4.55 %	Term notes payable to the FHLB of Pittsburgh, due within one year	$275,000	5.65	5.65 %	$175,000	5.71	5.71 %
Notes payable to the FHLB of Pittsburgh, due within one year	Notes payable to the FHLB of Pittsburgh, due within one year	119,000	5.68 %	51,300	4.45 %	Notes payable to the FHLB of Pittsburgh, due within one year	55,600	5.67	5.67 %	163,500	5.70	5.70 %
Collateralized borrowings, due within one year	Collateralized borrowings, due within one year	48,587	1.52 %	105,766	0.27 %							
Collateralized borrowings, due within one year												
Collateralized borrowings, due within one year							29,882		1.62 %	35,495		1.72 %
Collateral received, due within one year	Collateral received, due within one year	61,600	5.16 %	24,100	4.17 %	Collateral received, due within one year	40,301	5.08	5.08 %	24,900	5.26	5.26 %
Total borrowed funds	Total borrowed funds	$604,587		$681,166								

Borrowings from the Federal Home Loan Bank ("FHLB") of Pittsburgh, if any, are secured by our residential first mortgage and other qualifying loans. At September 30, 2023 March 31, 2024, the carrying value of these loans was $6.049 billion. $6.0 billion. Certain of these borrowings are subject to restrictions or penalties in the event of prepayment.

The revolving line of credit with the FHLB of Pittsburgh carries a commitment of $250.0 million $250 million. The rate is adjusted daily by the FHLB of Pittsburgh, and any borrowings on this line may be repaid at any time without penalty. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the balance of the revolving line of credit was $119.0 million $56 million and $51.3 million $164 million, respectively.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, collateralized borrowings due within one year were $48.6 million $30 million and $105.8 million, $35 million, respectively. These borrowings are collateralized by cash or various various securities held in safekeeping by the FHLB. At September 30, 2023 March 31, 2024, the carrying value of the cash and securities used as collateral was $89.3 million. $50 million.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, collateral received was $61.6 $40 million and $24.1 million, $25 million, respectively. This represents collateral posted to us from our derivative counterparties.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, term notes payable to the FHLB of Pittsburgh due within one year were $375.4 million $275 million and $500.0 $175 million, respectively. The September 30, 2023 March 31, 2024 total is made up of ten eight advances: 400,000 $100 million at 5.72% 5.68% maturing October 2, 2023 April 5, 2024; $100.0 $25 million at 5.63% maturing April 26, 2024; $25 million at 5.61% maturing April 30, 2024; $25 million at 5.65% maturing October 6, 2023 May 9, 2024; $100.0 $25 million at 5.65% 5.64% maturing October 13, 2023 May 13, 2024; $25.0 $25 million at 5.64% maturing May 13, 2024; $25 million at 5.63% maturing October 26, 2023 May 20, 2024; $25.0 million at 5.66% maturing October 31, 2023; $25.0 $25 million at 5.63% maturing November 9, 2023; $25.0 million at 5.65% maturing November 13, 2023; $25.0 million at 5.62% maturing November 14, 2023; $25.0 million at 5.63% maturing November 21, 2023; and $25.0 million at 5.65% maturing November 30, 2023 May 31, 2024.

On September 9, 2020, the Company issued $125.0 $125 million of 4.00% fixed-to-floating rate subordinated notes with a maturity date of September 15, 2030. The subordinated notes, which qualify as Tier 2 capital, bear interest at an annual rate of 4.00%, payable semi-annually in arrears commencing on March 15, 2021, and a floating rate of interest equivalent to the 3-month Secured Overnight Financing Rate ("SOFR") plus 3.89% payable quarterly in arrears commencing on December 15, 2025. During the year-ended December 31, 2022 December 31, 2023 the Company repurchased $10.2 $10 million of subordinated notes leaving $114.8 $115 million of subordinated notes outstanding. The subordinated debt issuance costs of approximately $1.8 $2 million are being amortized over five years on a straight-line basis into interest expense. At September 30, 2023 March

31, 2024 and December 31, 2022 December 31, 2023, subordinated debentures, net of issuance costs, were $114.1 million $114 million. For the three months ended March 31, 2024 and $113.8 million, respectively. March 31, 2023 total interest expense paid on the subordinate notes was $1.2 million.

(b) Trust Preferred Securities

The Company has seven statutory business trusts: Northwest Bancorp Capital Trust III, a Delaware statutory business trust, Northwest Bancorp Statutory Trust IV, a Connecticut statutory business trust, LNB Trust II, a Delaware statutory business trust, Union National Capital Trust I ("UNCT I"), a Delaware statutory business trust, Union National Capital Trust II ("UNCT II"), a Delaware statutory business trust, MFBC Statutory Trust I, a Delaware statutory trust, and Universal Preferred Trust, a Delaware statutory trust (the "Trusts"). The Trusts exist solely to issue preferred securities to third parties for cash, issue common securities to the Company in exchange for capitalization of the Trusts, invest the proceeds from the sale of trust securities in an equivalent amount of debentures of the Company, and engage in other activities that are incidental to those previously listed.

The Trusts have invested the proceeds of the offerings in junior subordinated deferrable interest debentures issued by the Company. The structure of these debentures mirrors the structure of the trust-preferred securities. These subordinated debentures are the sole assets of the Trusts. As the shareholders of the trust preferred securities are the primary beneficiaries of the Trusts, the Trusts are not consolidated in our financial statements.

The following table sets forth a summary of the cumulative trust preferred securities and the junior subordinated debt held by the Trust as of the date listed (dollars in thousands).

		Maturity date	Interest rate	Capital debt securities	September 30, 2023	December 31, 2022				
		Maturity date								
		Maturity date								
		Maturity date					Interest rate	Capital debt securities	March 31, 2024	December 31, 2023
Northwest Bancorp Capital Trust III	Northwest Bancorp Capital Trust III	December 30, 2035	3-month SOFR plus 1.38%	$ 50,000	$ 51,547	51,547				
Northwest Bancorp Statutory Trust IV	Northwest Bancorp Statutory Trust IV	December 15, 2035	3-month SOFR plus 1.38%	50,000	51,547	51,547				
LNB Trust II	LNB Trust II	June 15, 2037	3-month SOFR plus 1.48%	7,875	8,119	8,119				
Union National Capital Trust I (1)	Union National Capital Trust I (1)	January 23, 2034	3-month SOFR plus 2.85%	8,000	7,993	7,975				
Union National Capital Trust II (1)	Union National Capital Trust II (1)	November 23, 2034	3-month SOFR plus 2.00%	3,000	2,789	2,768				
MFBC Statutory Trust I (1)	MFBC Statutory Trust I (1)	September 15, 2035	3-month SOFR plus 1.70%	5,000	3,762	3,684				
Universal Preferred Trust (1)	Universal Preferred Trust (1)	October 7, 2035	3-month SOFR plus 1.69%	5,000	3,752	3,674				
					$ 129,509	129,314				
				$						

(1) Net of discounts due to the fair value adjustment made at the time of acquisition.

Cash distributions on the trust securities are made on a quarterly basis to the extent interest on the debentures is received by the Trusts. We have the right to defer payment of interest on the subordinated debentures at any time, or from time-to-time, for periods not exceeding five years. If interest payments on the subordinated debentures are deferred, the distributions on the trust securities also are deferred. To date there have been no interest deferrals. Interest on the subordinated debentures and distributions on the trust securities is cumulative. Our obligation constitutes a full, irrevocable, and unconditional guarantee on a subordinated basis of the obligations of the trust under the preferred securities. For each of the three month periods ended March 31, 2024 and March 31, 2023 total interest expense paid on trust preferred securities was $2 million.

The Trusts must redeem the preferred securities when the debentures are paid at maturity or upon an earlier redemption of the debentures to the extent the debentures are redeemed. All or part of the debentures may be redeemed at any time. Also, the debentures may be redeemed at any time if existing laws or regulations, or the interpretation or application of these laws or regulations, change causing:

- the interest on the debentures to no longer be deductible by the Company for federal income tax purposes;

- the trusts to become subject to federal income tax or to certain other taxes or governmental charges;
- the trusts to register as an investment company; or
- the preferred securities to no longer qualify as Tier I capital.

We may, at any time, dissolve any of the Trusts and distribute the debentures to the trust security holders, subject to receipt of any required regulatory approvals.

(6) Guarantees

We issue standby letters of credit in the normal course of business. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of the underlying contract with the third party. We are required to perform under a standby letter of credit when drawn upon by the guaranteed third party in the case of nonperformance by our customer. The credit risk associated with standby letters of credit is essentially the same as that involved in extending loans to customers and is subject to normal loan underwriting procedures. Collateral may be obtained based on management’s credit assessment of the customer. At September 30, 2023 March 31, 2024, the maximum potential amount of future payments we could be required to make under these non-recourse standby letters of credit was $45.9 million $60 million, of which $28.7 $43 million is fully collateralized. At September 30, 2023 March 31, 2024, we had a liability which represents deferred income of $1.0 million $1 million related to the standby letters of credit.

In addition, we maintain a $5.0 million $10 million unsecured line of credit with a correspondent bank for private label credit card facilities for certain existing commercial clients of the Bank, of which $3.4 million $9 million in notional value of credit cards have been issued. These issued credit cards had an outstanding balance of $578,000 $1 million at September 30, 2023 March 31, 2024. The clients of the Bank are responsible for repaying any balances due on these credit cards directly to the correspondent bank; however, if the customer fails to repay their balance, the Bank could be required to satisfy the obligation to correspondent bank and initiate collection from our customer as part of the existing credit facility of that customer.

(7) Earnings Per Share

Basic earnings per common share (“EPS”) is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period, without considering any dilutive items. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company.

The following table sets forth the computation of basic and diluted EPS (in thousands, except share data and per share amounts):

		Quarter ended March 31, Quarter ended March 31, Quarter ended March 31,			
		Quarter ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Net income	Net income	$ 39,220	37,304	105,943	99,017
Net income					
Net income					
Less: Dividends and undistributed earnings allocated to participating securities	Less: Dividends and undistributed earnings allocated to participating securities	99	166	267	441
Less: Dividends and undistributed earnings allocated to participating securities					
Less: Dividends and undistributed earnings allocated to participating securities					
Net income available to common shareholders					

Net income available to common shareholders						
Net income available to common shareholders	Net income available to common shareholders	$	39,121	37,138	105,676	98,576
Weighted average common shares outstanding	Weighted average common shares outstanding		126,767,507	126,320,706	126,629,786	126,082,217
Add: Participating shares outstanding			320,177	565,729	320,177	565,729
Weighted average common shares outstanding						
Weighted average common shares outstanding						
Add: Effect of common share options and other stock awards						
Add: Effect of common share options and other stock awards						
Add: Effect of common share options and other stock awards						
Total weighted average common shares and dilutive potential shares						
Total weighted average common shares and dilutive potential shares						
Total weighted average common shares and dilutive potential shares	Total weighted average common shares and dilutive potential shares		127,087,684	126,886,435	126,949,963	126,647,946
Basic earnings per share	Basic earnings per share	$	0.31	0.29	0.83	0.78
Basic earnings per share						
Basic earnings per share						
Diluted earnings per share	Diluted earnings per share	$	0.31	0.29	0.83	0.78
Diluted earnings per share						
Diluted earnings per share						

(8) Pension and Other Post-Retirement Benefits

The following table sets forth the net periodic costs for the defined benefit pension plans and post-retirement healthcare plans for the periods indicated (in thousands):

	Quarter ended September 30,			
	Pension benefits		Other post-retirement benefits	
	2023	2022	2023	2022
Service cost	$ 1,560	2,599	—	—
Interest cost	2,245	1,671	7	10
Expected return on plan assets	(3,479)	(3,864)	—	—
Amortization of prior service cost	(564)	(564)	—	—
Amortization of the net loss	20	381	10	2
Net periodic cost	$ (218)	223	17	12

	Nine months ended September 30,			
	Pension benefits		Other post-retirement benefits	
	2023	2022	2023	2022
Service cost	$ 4,680	7,797	—	—
Interest cost	6,735	5,013	21	30

Expected return on plan assets		(10,437)	(11,592)	—	—
Amortization of prior service cost		(1,692)	(1,692)	—	—
Amortization of the net loss		60	1,143	30	6
Net periodic cost	$	(654)	669	51	36

		Quarter ended March 31,			
		Pension benefits		Other post-retirement benefits	
		2024	2023	2024	2023
Service cost	$	1,425	1,560	—	—
Interest cost		2,205	2,245	15	7
Expected return on plan assets		(3,776)	(3,479)	—	—
Amortization of prior service cost		(563)	(564)	—	—
Amortization of the net loss		18	20	10	10
Net periodic cost	$	(691)	(218)	25	17

Because of the current funding status, we do not anticipate a funding requirement during the year ending December 31, 2023 December 31, 2024.

(9) Disclosures About Fair Value of Financial Instruments

We are required to disclose fair value information about financial instruments whether or not recognized in the Consolidated Statement of Financial Condition. Fair value information of certain financial instruments and all nonfinancial instruments is not required to be disclosed. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

Financial assets and liabilities recognized or disclosed at fair value on a recurring basis and certain financial assets and liabilities on a non-recurring basis are accounted for using a three-level hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. This hierarchy gives the highest priority to quoted prices with readily available independent data in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable market inputs (Level 3). When various inputs for measurement fall within different levels of the fair value hierarchy, the lowest level input that has a significant impact on fair value measurement is used.

Financial assets and liabilities are categorized based upon the following characteristics or inputs to the valuation techniques:

- Level 1 - Financial assets and liabilities for which inputs are observable and are obtained from reliable quoted prices for identical assets or liabilities in actively traded markets. This is the most reliable fair value measurement and includes, for example, active exchange-traded equity securities.
- Level 2 - Financial assets and liabilities for which values are based on quoted prices in markets that are not active or for which values are based on similar assets or liabilities that are actively traded. Level 2 also includes pricing models in which the inputs are corroborated by market data, for example, matrix pricing.
- Level 3 - Financial assets and liabilities for which values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Level 3 inputs include the following:
  - Quotes from brokers or other external sources that are not considered binding;
  - Quotes from brokers or other external sources where it cannot be determined that market participants would in fact transact for the asset or liability at the quoted price; and
  - Quotes and other information from brokers or other external sources where the inputs are not deemed observable.

We are responsible for the valuation process and as part of this process may use data from outside sources in establishing fair value. We perform due diligence to understand the inputs used or how the data was calculated or derived. We also corroborate the reasonableness of external inputs in the valuation process.

The carrying amounts reported in the Consolidated Statement of Financial Condition approximate fair value for the following financial instruments: cash and cash equivalents, marketable securities available-for-sale, residential mortgage loans held-for-sale, accrued interest receivable, interest rate lock commitments, forward commitments, interest rate swaps, savings and checking deposits, foreign exchange swaps, risk participation agreements, and accrued interest payable.

Marketable Securities

Where available, market values are based on quoted market prices, dealer quotes, and prices obtained from independent pricing services.

Debt Securities — available-for-sale - Generally, debt securities are valued using pricing for similar securities, recently executed transactions and other pricing models utilizing observable inputs. The valuation for most debt securities is classified as Level 2. Securities within Level 2 include corporate bonds, municipal bonds, mortgage-backed securities and U.S. government obligations. Certain debt securities which were AAA rated at purchase do not have an active market, and as such we have used an alternative method to determine the fair value of these securities. The fair value has been determined using a discounted cash flow model using market assumptions, which generally include cash flow, collateral and other market assumptions. As such, securities which otherwise would have been classified as Level 2 securities if an active market for those assets or similar assets existed are included herein as Level 3 assets.

Debt Securities — held-to-maturity - The fair value of debt securities held-to-maturity is determined in the same manner as debt securities available-for-sale.

Loans Receivable

Loans with comparable characteristics including collateral and re-pricing structures are segregated for valuation purposes. Each loan pool is separately valued utilizing a discounted cash flow analysis. Projected monthly cash flows are discounted to present value using a market rate for comparable loans, which is not considered an exit price. Characteristics of comparable loans include remaining term, coupon interest, and estimated prepayment speeds. Delinquent loans are separately evaluated given the impact delinquency has on the projected future cash flow of the loan including the approximate discount or market rate, which is not considered an exit price.

Loans Held-for-Sale

The estimated fair value of loans held-for-sale is based on market bids obtained from potential buyers.

FHLB Stock

Due to the restrictions placed on transferability of FHLB stock, it is not practical to determine the fair value. FHLB stock is recorded at cost.

Deposit Liabilities

The estimated fair value of deposits with no stated maturity, which includes demand deposits, money market, and other savings accounts, is the amount payable on demand. Although market premiums paid for depository institutions reflect an additional value for these low-cost deposits, adjusting fair value for any value expected to be derived from retaining those deposits for a future period of time or from the benefit that results from the ability to fund interest-earning assets with these deposit liabilities is prohibited. The fair value estimates of deposit liabilities do not include the benefit that results from the low-cost funding provided by these deposits compared to the cost of borrowing funds in the market. Fair values for time deposits are estimated using a discounted cash flow calculation that applies contractual cost currently being offered in the existing portfolio to current market rates being offered locally for deposits of similar remaining maturities. The valuation adjustment for the portfolio consists of the present value of the difference of these two cash flows, discounted at the assumed market rate of the corresponding maturity.

Borrowed Funds

Fixed rate advances are valued by comparing their contractual cost to the prevailing market cost. The carrying amount of repurchase agreements approximates their fair value.

Subordinated Debentures

The fair value of our subordinated debentures is calculated using the discounted cash flows at rates observable for other similarly traded liabilities.

Junior Subordinated Debentures

The fair value of junior subordinated debentures is calculated using the discounted cash flows at the prevailing rate of interest.

Interest Rate Lock Commitments and Forward Commitments

The fair value of interest rate lock commitments is based on the value of underlying loans held-for-sale which is based on quoted prices for similar loans in the secondary market. This value is then adjusted based on the probability of the loan closing (i.e., the "pull-through" amount, a significant unobservable input). The fair value of forward sale commitments is based on quoted prices from the secondary market based on the settlement date of the contracts.

Cash Flow Hedges, Interest Rate and Foreign Exchange Swap Agreements and Risk Participation Agreements

The fair value of interest rate swaps is based upon the present value of the expected future cash flows using the SOFR discount curve, the basis for the underlying interest rate. To price interest rate swaps, cash flows are first projected for each payment date using the fixed rate for the fixed side of the swap and the forward rates for the floating side of the swap. These swap cash flows are then discounted to time zero using SOFR zero-coupon interest rates. The sum of the present value of both legs is the fair market value of the interest rate swap. These valuations have been derived from our third party vendor's proprietary models rather than actual market quotations. The proprietary models are based upon financial principles and assumptions that we believe to be reasonable. The fair value of the foreign exchange swap is derived from proprietary models rather than actual market quotations. The proprietary models are based upon financial principles and assumptions that we believe to be reasonable. Risk participation agreements are entered into when Northwest purchases a portion of a commercial loan that has an interest rate swap. Northwest assumes credit risk on its portion of the interest rate swap should the borrower fail to pay as agreed. The value of risk participation agreements is determined based on the value of the swap after considering the credit quality, probability of default, and loss given default of the borrower.

Off-Balance Sheet Financial Instruments

These financial instruments generally are not sold or traded, and estimated fair values are not readily available. However, the fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements. Commitments to extend credit are generally short-term in nature and, if drawn upon, are issued under current market terms. At September 30, 2023March 31, 2024 and December 31, 2022December 31, 2023, there was no significant unrealized appreciation or depreciation on these financial instruments.

The following table sets forth the carrying amount and estimated fair value of our financial instruments included in the Consolidated Statement of Financial Condition at September 30, 2023March 31, 2024 (in thousands):

		Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
	Carrying amount					
Financial assets:	Financial assets:					
Cash and cash equivalents	Cash and cash equivalents	$ 161,995	161,995	161,995	—	—
Securities available-for-sale	Securities available-for-sale	1,010,076	1,010,076	—	1,010,076	—
Securities held-to-maturity	Securities held-to-maturity	830,106	682,681	—	682,681	—
Loans receivable, net	Loans receivable, net	11,174,840	10,031,968	—	—	10,031,968
Loans held-for-sale	Loans held-for-sale	10,592	10,592	—	—	10,592
Accrued interest receivable	Accrued interest receivable	42,624	42,624	42,624	—	—
Interest rate lock commitments	Interest rate lock commitments	664	664	—	—	664
Forward commitments						
Foreign exchange swaps	Foreign exchange swaps	203	203	—	203	—
Interest rate swaps designated as hedging instruments	Interest rate swaps designated as hedging instruments	4,603	4,603	—	4,603	—
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments	57,249	57,249	—	57,249	—

	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
Financial assets:					

		Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
FHLB stock	FHLB stock	40,404	40,404	—	—	—
Total financial assets	Total financial assets	$13,333,356	12,043,059	204,619	1,754,812	10,043,224
Financial liabilities:	Financial liabilities:					
Financial liabilities:						
Financial liabilities:						
Savings and checking deposits	Savings and checking deposits	$ 9,531,544	9,531,544	9,531,544	—	—
Time deposits	Time deposits	2,258,338	2,250,768	—	—	2,250,768
Borrowed funds	Borrowed funds	604,587	617,832	617,832	—	—
Borrowed funds						
Borrowed funds						
Subordinated debt	Subordinated debt	114,102	102,456	—	102,456	—
Junior subordinated debentures	Junior subordinated debentures	129,509	136,461	—	—	136,461
Forward commitments		23	23	—	23	—
Foreign exchange swaps		10	10	—	10	—
Interest rate swaps not designated as hedging instruments						
Interest rate swaps not designated as hedging instruments						
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments	57,275	57,275	—	57,275	—
Risk participation agreements	Risk participation agreements	17	17	—	17	—
Accrued interest payable	Accrued interest payable	7,915	7,915	7,915	—	—
Total financial liabilities	Total financial liabilities	$12,703,320	12,704,301	10,157,291	159,781	2,387,229

The following table sets forth the carrying amount and estimated fair value of our financial instruments included in the Consolidated Statement of Financial Condition at December 31, 2022 December 31, 2023 (in thousands):

	Carrying amount	Estimated fair value	Level 1	Level 2	Level 3
Financial assets:					

Cash and cash equivalents	Cash and cash equivalents	$ 139,365	139,365	139,365	—	—
Securities available-for-sale	Securities available-for-sale	1,218,108	1,218,108	—	1,218,108	—
Securities held-to-maturity	Securities held-to-maturity	881,249	751,384	—	751,384	—
Loans receivable, net	Loans receivable, net	10,792,503	9,910,852	—	—	9,910,852
Residential mortgage loans held-for-sale	Residential mortgage loans held-for-sale	9,913	9,913	—	—	9,913
Accrued interest receivable	Accrued interest receivable	35,528	35,528	35,528	—	—
Interest rate lock commitments	Interest rate lock commitments	559	559	—	—	559
Forward commitments	Forward commitments	128	128	—	128	—
Interest rate swaps designated as hedging instruments						
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments	26,642	26,642	—	26,642	—
FHLB stock	FHLB stock	40,143	40,143	—	—	—
Total financial assets	Total financial assets	$13,144,138	12,132,622	174,893	1,996,262	9,921,324
Financial liabilities:						
Financial liabilities:						
Financial liabilities:	Financial liabilities:					
Savings and checking accounts	Savings and checking accounts	$10,412,263	10,412,263	10,412,263	—	—
Time deposits	Time deposits	1,052,285	1,059,790	—	—	1,059,790
Borrowed funds	Borrowed funds	681,166	680,996	680,996	—	—
Subordinated debt	Subordinated debt	113,840	102,554	—	102,554	—
Junior subordinated debentures	Junior subordinated debentures	129,314	133,546	—	—	133,546
Foreign exchange swaps	Foreign exchange swaps	23	23	—	23	—

Interest rate swaps designated as hedging instruments						
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments	45,464	45,464	—	45,464	—
Risk participation agreements	Risk participation agreements	18	18	—	18	—
Accrued interest payable	Accrued interest payable	3,231	3,231	3,231	—	—
Total financial liabilities	Total financial liabilities	$ 12,437,604	12,437,885	11,096,490	148,059	1,193,336

Fair value estimates are made at a point-in-time, based on relevant market data and information about the instrument. The methods and assumptions detailed above were used in estimating the fair value of financial instruments at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

The following table represents assets and liabilities measured at fair value on a recurring basis at September 30, 2023 March 31, 2024 (in thousands):

		Level 1				Level 1	Level 2
		Level 1	Level 2	Level 3	Total assets at fair value		
Debt securities:							
Debt securities:							
Debt securities:	Debt securities:						
U.S. government and agencies	U.S. government and agencies	$ —	56,526	—	56,526		
Government-sponsored enterprises	Government-sponsored enterprises	—	38,906	—	38,906		
States and political subdivisions	States and political subdivisions	—	68,071	—	68,071		
Corporate	Corporate	—	7,464	—	7,464		
Total debt securities	Total debt securities	—	170,967	—	170,967		
Residential mortgage-backed securities:							
Residential mortgage-backed securities:							
Residential mortgage-backed securities:	Residential mortgage-backed securities:						
GNMA	GNMA	—	17,073	—	17,073		
FNMA	FNMA	—	99,874	—	99,874		
FHLMC	FHLMC	—	68,926	—	68,926		
Non-agency	Non-agency	—	5	—	5		

Collateralized mortgage obligations:	Collateralized mortgage obligations:					Collateralized mortgage obligations:
GNMA	GNMA		—	318,652	—	318,652
FNMA	FNMA		—	148,389	—	148,389
FHLMC	FHLMC		—	186,190	—	186,190
Total mortgage-backed securities	Total mortgage-backed securities		—	839,109	—	839,109
Total mortgage-backed securities						
Total mortgage-backed securities						
Interest rate lock commitments	Interest rate lock commitments		—	—	664	664
Interest rate lock commitments						
Interest rate lock commitments						
Forward commitments						
Foreign exchange swaps	Foreign exchange swaps		—	203	—	203
Interest rate swaps designated as hedging instruments	Interest rate swaps designated as hedging instruments		—	4,603	—	4,603
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments		—	57,249	—	57,249
Total assets	Total assets	$	—	1,072,131	664	1,072,795
Forward commitments		$	—	23	—	23
Foreign exchange swaps			—	10	—	10
Interest rate swaps not designated as hedging instruments						
Interest rate swaps not designated as hedging instruments						
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments		—	57,275	—	57,275
Risk participation agreements	Risk participation agreements		—	17	—	17
Total liabilities	Total liabilities	$	—	57,325	—	57,325

The following table represents assets and liabilities measured at fair value on a recurring basis at December 31, 2022 December 31, 2023 (in thousands):

	Level 1				**Level 1**	**Level 2**	**Level 3**	**Total assets at fair value**
	Level 1	**Level 2**	**Level 3**	**Total assets at fair value**				
Debt securities:								
Debt securities:								
Debt securities:	Debt securities:							

U.S. government and agencies	U.S. government and agencies	$ —	60,592	—	60,592
Government-sponsored enterprises	Government-sponsored enterprises	—	39,201	—	39,201
States and political subdivisions	States and political subdivisions	—	111,766	—	111,766
Corporate	Corporate	—	12,978	—	12,978
Total debt securities	Total debt securities	—	224,537	—	224,537
Residential mortgage-backed securities:					
Residential mortgage-backed securities:					
Residential mortgage-backed securities:	Residential mortgage-backed securities:				
GNMA	GNMA	—	12,434	—	12,434
FNMA	FNMA	—	117,218	—	117,218
FHLMC	FHLMC	—	74,991	—	74,991
Non-agency	Non-agency	—	6	—	6
Collateralized mortgage obligations:	Collateralized mortgage obligations:	Collateralized mortgage obligations:			
GNMA	GNMA	—	364,553	—	364,553
FNMA	FNMA	—	185,588	—	185,588
FHLMC	FHLMC	—	238,781	—	238,781
Total mortgage-backed securities	Total mortgage-backed securities	—	993,571	—	993,571
Total mortgage-backed securities					
Total mortgage-backed securities					
Interest rate lock commitments					
Interest rate lock commitments					
Interest rate lock commitments	Interest rate lock commitments	—	—	559	559
Forward commitments	Forward commitments	—	128	—	128
Interest rate swaps designated as hedging instruments					
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments	—	26,642	—	26,642

Total assets	Total assets	$	—	1,244,878	559	1,245,437
Foreign exchange swaps	Foreign exchange swaps	$	—	23	—	23
Foreign exchange swaps						
Foreign exchange swaps						
Interest rate swaps designated as hedging instruments						
Interest rate swaps not designated as hedging instruments	Interest rate swaps not designated as hedging instruments		—	45,464	—	45,464
Risk participation agreements	Risk participation agreements		—	18	—	18
Total liabilities	Total liabilities	$	—	45,505	—	45,505

The following table presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis (in thousands):

		For the quarter ended March 31,			
		For the quarter ended March 31,			
		For the quarter ended March 31,			
		2024			
		2024			
		2024			
Beginning balance,					
Beginning balance,					
Beginning balance,					
		For the quarter ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
Beginning balance,		$ 761	1,520	559	1,684
Interest rate lock commitments:					
Interest rate lock commitments:					
Interest rate lock commitments:	Interest rate lock commitments:				
Net activity	Net activity	(97)	(457)	105	(621)
Net activity					
Net activity					
Ending balance	Ending balance	$ 664	1,063	664	1,063
Ending balance					
Ending balance					

Certain assets and liabilities are measured at fair value on a nonrecurring basis after initial recognition such as loans held-for-sale, loans individually assessed, real estate owned, and mortgage servicing rights.

The following table represents the fair market measurement for only those nonrecurring assets that had a fair market value below the carrying amount as of September 30, 2023 March 31, 2024 (in thousands):

		Level 1	Level 2	Level 3	Total assets at fair value
	Level 1	Level 1	Level 2	Level 3	Total assets at fair value
Loans individually assessed	Loans individually assessed	$ —	—	13,467	13,467
Mortgage servicing rights	Mortgage servicing rights	—	—	198	198
Real estate owned, net	Real estate owned, net	—	—	363	363
Total assets	Total assets	$ —	—	14,028	14,028

The following table represents the fair market measurement for only those nonrecurring assets that had a fair market value below the carrying amount as of December 31, 2022 December 31, 2023 (in thousands):

		Level 1	Level 2	Level 3	Total assets at fair value
	Level 1	Level 1	Level 2	Level 3	Total assets at fair value
Loans individually assessed	Loans individually assessed	$ —	—	15,416	15,416
Mortgage servicing rights	Mortgage servicing rights	—	—	95	95
Real estate owned, net	Real estate owned, net	—	—	413	413
Total assets	Total assets	$ —	—	15,924	15,924

Individually Assessed Loans - A loan is considered to be individually assessed as described in Note 1(f) of the Notes to the Consolidated Financial Statements in Item 8 of Part II of our 2022 2023 Annual Report on Form 10-K. We classify loans individually assessed as nonrecurring Level 3.

Mortgage servicing rights - Mortgage servicing rights represent the value of servicing residential mortgage loans, when the mortgage loans have been sold into the secondary market and the associated servicing has been retained. The value is determined through a discounted cash flow analysis, which uses interest rates, prepayment speeds and delinquency rate assumptions as inputs. All of these assumptions require a significant degree of management judgment. Servicing rights and the related mortgage loans are segregated into categories or homogeneous pools based upon common characteristics. Adjustments are only made when the estimated discounted future cash flows are less than the carrying value, as determined by individual pool. As such, mortgage servicing rights are classified as nonrecurring Level 3.

Real Estate Owned - Real estate owned is comprised of property acquired through foreclosure or voluntarily conveyed by borrowers. These assets are recorded on the date acquired at the lower of the related loan balance or fair value, less estimated disposition costs, with the fair value being determined by appraisal. Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or fair value, less estimated disposition costs. We classify real estate owned as nonrecurring Level 3.

The following table presents additional quantitative information about assets measured at fair value on a recurring and nonrecurring basis and for which we have utilized Level 3 inputs to determine fair value at September 30, 2023 March 31, 2024 (in thousands):

	Fair value	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Loans individually assessed				
Loans individually assessed				

Loans individually assessed	Loans individually assessed	$ 13,467	Appraisal value (1)	Estimated cost to sell	10.0%
Mortgage servicing rights	Mortgage servicing rights	198	Discounted cash flow	Annual service cost	$90
				Prepayment rate	6.6% to 15.0% (9.9%)
				Expected life (months)	53.1 to 103.5 (75.8)
Mortgage servicing rights					
				Option adjusted spread	720 basis points
				Forward yield curve	5.44% to 5.60%
Mortgage servicing rights					
				Prepayment rate	
				Prepayment rate	
				Prepayment rate	
				Expected life (months)	
				Expected life (months)	
				Expected life (months)	
				Option adjusted spread	
				Option adjusted spread	
				Option adjusted spread	
				Forward yield curve	
				Forward yield curve	
				Forward yield curve	
Real estate owned, net					
Real estate owned, net					
Real estate owned, net	Real estate owned, net	363	Appraisal value (1)	Estimated cost to sell	15.0%
Loans held for sale	Loans held for sale	10,592	Quoted prices for similar loans in active markets adjusted by an expected pull-through rate	Estimated pull-through rate	100.0%
Loans held for sale					
Loans held for sale					

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which may include Level 3 inputs that are not identifiable, or by using the discounted cash flow method if the loan is not collateral dependent.

(10) Derivative Financial Instruments

We are a party to derivative financial instruments in the normal course of business to manage our own exposure to fluctuations in interest rates and to meet the needs of our customers. The primary derivatives that we use are interest rate swaps and caps and foreign exchange contracts, which are entered into with counterparties that meet established credit standards. We believe that the credit risk inherent in all of our derivative contracts is minimal based on our credit standards and the netting and collateral provisions of the interest rate swap agreements.

Derivatives Designated as Hedging Instruments

As of September 30, 2023 During the year-ended December 31, 2023, the Company has entered into seven separate pay-fixed interest rate swaps in order to synthetically convert short-term three month FHLB advances to fixed-rate term funding with an aggregate value of $175 million with maturities ranging from three to five years. Our risk management objective and strategy for these interest rate swaps at such time was to reduce our exposure to variability in interest-related cash outflows attributable to changes in the USD-SOFR swap rate, the designated benchmark interest rate being hedged. Based upon our contemporaneous quantitative analysis at the inception of the interest rate swaps, we have determined these interest rate swaps qualify for hedge accounting in accordance with ASC 815, *Derivatives and Hedging*. Our cash flow hedges are recorded within other assets on the Consolidated Statement of Financial Condition at their estimated fair value.

As long as the hedge remains highly effective, the changes in the fair value of derivatives designated, and that qualify, as cash flow hedges are recorded in accumulated other comprehensive income and are subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. A hedging relationship that is determined to not be highly effective no longer qualifies for hedge accounting and any gain or loss is recognized immediately into earnings. Amount reclassified into earnings are included in interest expense in the Consolidated Statement of Income.

Derivatives Not Designated as Hedging Instruments

We act as an interest rate or foreign exchange swap counterparty for certain commercial borrowers in the normal course of servicing our customers, which are accounted for at fair value. We manage our exposure to such interest rate or foreign exchange swaps by entering into corresponding and offsetting interest rate swaps with third parties that mirror the terms of the swaps we have with the commercial borrowers. These positions (referred to as "customer swaps") directly offset each other and our exposure is the fair value of the derivatives due to changes in credit risk of our commercial borrowers and third parties. Customer swaps are recorded within other assets or other liabilities on the consolidated statement Consolidated Statement of financial condition Financial Condition at their estimated fair value. Changes to the fair value of assets and liabilities arising from these derivatives are included, net, in other operating income in the Consolidated Statement of Income.

We enter into interest rate lock commitments for residential mortgage loans which commit us to lend funds to a potential borrower at a specific interest rate within a specified period of time. Interest rate lock commitments that relate to the origination of mortgage loans that will be held-for-sale are considered derivative financial instruments under applicable accounting guidance. Interest rate lock commitments on loans held-for-sale are carried at fair value in other assets on the consolidated statement Consolidated Statement of financial condition. Financial Condition. Northwest sells loans to the secondary market on a mandatory or best efforts basis. The loans sold on a mandatory basis commit us to deliver a specific principal amount of mortgage loans to an investor at a specified price, by a specified date, or the commitment must be paired off. These forward commitments entered into on a mandatory delivery basis meet the definition of a derivative financial instrument. All closed loans to be sold on a mandatory delivery basis are classified as held-for-sale on the Consolidated Statement of Financial Condition. Changes to the fair value of the interest rate lock commitments and the forward commitments are recorded in mortgage banking income in the Consolidated Statements of Income.

We enter into risk participation agreements with financial institution counterparties for interest rate swaps related to loans in which we are a participant. The risk participation agreements provide credit protection to the financial institution should the borrower fail to perform on its interest rate derivative contract with the financial institution. These risk participation agreements are recorded within other liabilities on the Consolidated Statement of Financial Condition at their estimated fair value. Changes to the fair value of the the risk participation agreements are included in other operating income in the Consolidated Statement of Income.

The following table presents information regarding our derivative financial instruments for the periods indicated (in thousands):

			Asset derivatives		Liability derivatives	
			Notional amount	Fair value	Notional amount	Fair value
At September 30, 2023						
	Asset derivatives		Asset derivatives		Liability derivatives	
	Notional amount		Notional amount	Fair value	Notional amount	Fair value
At March 31, 2024						
Derivatives designated as hedging instruments:						
Derivatives designated as hedging instruments:						
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:					
Interest rate swap agreements	Interest rate swap agreements	$	175,000	4,603	—	—
Interest rate swap agreements						
Interest rate swap agreements						
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:					
Interest rate swap agreements						
Interest rate swap agreements						

Interest rate swap agreements	Interest rate swap agreements		673,255	57,249	673,255	57,275
Foreign exchange swap agreements	Foreign exchange swap agreements		7,393	203	760	10
Interest rate lock commitments	Interest rate lock commitments		35,272	664	—	—
Forward commitments	Forward commitments		—	—	6,772	23
Risk participation agreements	Risk participation agreements		—	—	102,385	17
Total Derivatives	Total Derivatives	$	890,920	62,719	783,172	57,325
At December 31, 2022						
At December 31, 2023						
At December 31, 2023						
At December 31, 2023						
Derivatives designated as hedging instruments:						
Derivatives designated as hedging instruments:						
Derivatives designated as hedging instruments:						
Interest rate swap agreements						
Interest rate swap agreements						
Interest rate swap agreements						
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:					
Interest rate swap agreements						
Interest rate swap agreements						
Interest rate swap agreements	Interest rate swap agreements	$	651,114	26,642	651,114	45,464
Foreign exchange swap agreements	Foreign exchange swap agreements		—	—	2,328	23
Interest rate lock commitments	Interest rate lock commitments		19,727	559	—	—
Forward commitments	Forward commitments		4,909	128	—	—
Risk participation agreements	Risk participation agreements		—	—	114,159	18
Total derivatives	Total derivatives	$	675,750	27,329	767,601	45,505

The following table presents income or expense recognized on derivatives for the periods indicated (in thousands):

	For the quarter ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	For the quarter ended March 31,			
	For the quarter ended March 31,			

		For the quarter ended March 31,			
		2024			
		2024			
		2024			
Hedging derivatives:	Hedging derivatives:				
Hedging derivatives:					
Hedging derivatives:					
Decrease in interest expense					
Decrease in interest expense					
Decrease in interest expense	Decrease in interest expense	$ 627	—	831	—
Non-hedging swap derivatives:	Non-hedging swap derivatives:				
Non-hedging swap derivatives:					
Non-hedging swap derivatives:					
Increase/(decrease) in other income	Increase/(decrease) in other income	$ 203	93	(127)	207
(Decrease)/increase in mortgage banking income		$ (221)	809	(46)	1,131
Increase/(decrease) in other income					
Increase/(decrease) in other income					
Decrease in mortgage banking income					
Decrease in mortgage banking income					
Decrease in mortgage banking income					

The following table presents information regarding our derivative financial instruments designated as hedging for the quarter ended September 30, 2023 March 31, 2024 (in thousands):

		Notional amount	Effective rate	Estimated decrease to interest expense in the next twelve months	Maturity date	Remaining term (in months)		Notional amount	Effective rate	Estimated decrease to interest expense in the next twelve months	Maturity date	Remaining term (in months)
	Notional amount											
Interest rate products:	Interest rate products:											
Issued May 11, 2023												
Issued May 11, 2023												
Issued May 11, 2023	Issued May 11, 2023	$ 25,000	3.52 %	$ (540)	5/11/2027	43	$ 25,000	3.50	3.50 %	$(546)	5/11/2027	5/11/2027 37
Issued May 12, 2023	Issued May 12, 2023	25,000	3.54 %	(528)	5/12/2028	55	Issued May 12, 2023 25,000	3.55	3.55 %	(534)	5/12/2028	5/12/2028 49
Issued May 19, 2023	Issued May 19, 2023	25,000	3.84 %	(454)	11/19/2027	50	Issued May 19, 2023 25,000	3.83	3.83 %	(460)	11/19/2027	11/19/2027 44

Issued May 31, 2023	Issued May 31, 2023	25,000	4.08 %	(400)	11/30/2026	38	Issued May 31, 2023	25,000	4.03	4.03 %	(406)	11/30/2026	11/30/2026	32
Issued July 26, 2023	Issued July 26, 2023	25,000	4.24 %	(348)	7/26/2028	58	Issued July 26, 2023	25,000	4.22	4.22 %	(359)	7/26/2028	7/26/2028	52
Issued July 31, 2023	Issued July 31, 2023	25,000	4.36 %	(330)	1/31/2028	52	Issued July 31, 2023	25,000	4.30	4.30 %	(336)	1/31/2028	1/31/2028	46
Issued August 9, 2023	Issued August 9, 2023	25,000	4.32 %	(333)	8/9/2027	46	Issued August 9, 2023	25,000	4.32	4.32 %	(339)	8/9/2027	8/9/2027	40
Total	Total	$175,000		$ (2,933)										

(11) Legal Proceedings

We establish accruals for legal proceedings when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated. As of September 30, 2023 March 31, 2024, we do not anticipate that the aggregate ultimate liability arising out of any pending or threatened legal proceedings will be material to our Consolidated Financial Statements. Any such accruals are adjusted thereafter as appropriate to reflect changes in circumstances. Due to the inherent subjectivity of assessments and unpredictability of outcomes of legal proceedings, any amounts accrued may not represent the ultimate loss to us from legal proceedings.

(12) Changes in Accumulated Other Comprehensive Income

The following tables show the changes in accumulated other comprehensive income by component for the periods indicated (in thousands):

		For the quarter ended September 30, 2023				For the quarter ended March 31, 2024			
		Unrealized losses on securities available-for-sale	Change in fair value of interest rate swaps	Change in defined benefit pension plans	Total	Unrealized losses on securities available-for-sale	Change in fair value of interest rate swaps	Change in defined benefit pension plans	Total
Balance as of June 30, 2023		$ (163,272)	1,737	(7,716)	(169,251)				
Balance as of December 31, 2023									
Other comprehensive (loss)/income before reclassification adjustments (1) (2)									
Other comprehensive (loss)/income before reclassification adjustments (1) (2)									
Other comprehensive (loss)/income before reclassification adjustments (1) (2)	Other comprehensive (loss)/income before reclassification adjustments (1) (2)	(29,715)	1,825	—	(27,890)				

Amounts reclassified from accumulated other comprehensive income (3)	Amounts reclassified from accumulated other comprehensive income (3)	—	—	(382)	(382)
Net other comprehensive (loss)/income	Net other comprehensive (loss)/income	(29,715)	1,825	(382)	(28,272)
Net other comprehensive (loss)/income					
Net other comprehensive (loss)/income					
Balance as of September 30, 2023	$	(192,987)	3,562	(8,098)	(197,523)
Balance as of March 31, 2024					
Balance as of March 31, 2024					
Balance as of March 31, 2024					

	For the quarter ended September 30, 2022		
	Unrealized losses on securities available-for-sale	Change in defined benefit pension plans	Total
Balance as of June 30, 2022	$ (117,056)	(25,574)	(142,630)
Other comprehensive loss before reclassification adjustments (4)	(48,387)	—	(48,387)
Amounts reclassified from accumulated other comprehensive income (5)	—	(131)	(131)
Net other comprehensive loss	(48,387)	(131)	(48,518)
Balance as of September 30, 2022	$ (165,443)	(25,705)	(191,148)

	For the quarter ended March 31, 2023		
	Unrealized losses on securities available-for-sale	Change in defined benefit pension plans	Total
Balance as of December 31, 2022	$ (164,206)	(6,952)	(171,158)
Other comprehensive income before reclassification adjustments (4)	13,017	—	13,017
Amounts reclassified from accumulated other comprehensive income (5)	—	(382)	(382)
Net other comprehensive income/(loss)	13,017	(382)	12,635
Balance as of March 31, 2023	$ (151,189)	(7,334)	(158,523)

(1) Consists of unrealized holding losses, net of tax of $9,140. $1,758.

(2) Change in fair value of interest rate swaps, net of tax ($533) 630).

(3) Consists of realized gains, net of tax of $152. $147.

(4) Consists of unrealized holding losses, gains, net of tax $14,705. of ($3,308).

(5) Consists of realized gains, net of tax of $50. $152.

	For the nine months ended September 30, 2023

	Unrealized losses on securities available-for-sale		Change in fair value of interest rate swaps	Change in defined benefit pension plans	Total
Balance as of December 31, 2022	$	(164,206)	—	(6,952)	(171,158)
Other comprehensive (loss)/income before reclassification adjustments (1) (3)		(34,417)	3,562	—	(30,855)
Amounts reclassified from accumulated other comprehensive income (2) (4)		5,636	—	(1,146)	4,490
Net other comprehensive income/(loss)		(28,781)	3,562	(1,146)	(26,365)
Balance as of September 30, 2023	$	(192,987)	3,562	(8,098)	(197,523)

(13) Subsequent Events

	For the nine months ended September 30, 2022			
	Unrealized losses on securities available-for-sale		Change in defined benefit pension plans	Total
Balance as of December 31, 2021	$	(12,317)	(25,312)	(37,629)
Other comprehensive loss before reclassification adjustments (5)		(153,124)	—	(153,124)
Amounts reclassified from accumulated other comprehensive income (6) (7)		(2)	(393)	(395)
Net other comprehensive loss		(153,126)	(393)	(153,519)
Balance as of September 30, 2022	$	(165,443)	(25,705)	(191,148)

In April 2024, the Company approved and announced its intention to pursue a limited, strategic repositioning of the securities portfolio to optimize its balance sheet by liquidating lower-yielding securities in an effort to generate additional future earnings. This initiative will be accomplished through the sale of up to 15% of the Company's available-for-sale investment securities portfolio. The securities losses recognized will be limited to $40 million, equivalent to approximately $30 million after tax. The Company expects a yield gain of 375 to 400 basis points from the repositioning and will attempt to manage the payback period so that it will be approximately three years. The characteristics of investment securities to be sold have an average yield less than 2.00% with a remaining maturity of greater than four years. The proceeds will be used to reduce borrowings in the short term while also opportunistically reinvesting into securities with similar risk, maturity and duration characteristics.

(1) Consists of unrealized holding losses, net of tax of $9,603.

(2) Consists of realized losses, net of tax of ($1,731).

(3) Change in fair value of interest rate swaps, net of tax ($1,041).

(4) Consists of realized gains, net of tax of $456.

(5) Consists of unrealized holding losses, net of tax $45,555.

(6) Consists of realized losses, net of tax $0.

(7) Consists of realized gains, net of tax of $151.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

In addition to historical information, this document may contain certain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, as they reflect management's analysis only as of the date of this report. We have no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date of this report.

Important factors that might cause such a difference include, but are not limited to:

- inflation and changes in the interest rate environment that reduce our margins, our loan origination, or the fair value of financial instruments;
- changes in asset quality, including increases in default rates on loans and higher levels of nonperforming loans and loan charge-offs generally;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;
- changes in federal, state, or local tax laws and tax rates;
- general economic conditions, either nationally or in our market areas, that are different than expected; expected, including inflationary or recessionary pressures;
- adverse changes in the securities and credit markets;
- cyber-security concerns, including an interruption or breach in the security of our website or other information systems;
- technological changes that may be more difficult or expensive than expected;

- changes in liquidity, including the size and composition of our deposit portfolio, and the percentage of uninsured deposits in the portfolio;
- the ability of third-party providers to perform their obligations to us;
- competition among depository and other financial institutions, including with respect to deposit gathering, service charges and fees;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- our ability to manage our internal growth and our ability to successfully integrate acquired entities, businesses or branch offices;
- changes in consumer spending, borrowing and savings habits;
- our ability to continue to increase and manage our commercial and personal loans;
- possible impairments of securities held by us, including those issued by government entities and government sponsored enterprises;
- changes in the value of our goodwill or other intangible assets;
- the impact of the economy on our loan portfolio (including cash flow and collateral values), investment portfolio, customers and capital market activities;
- our ability to receive regulatory approvals for proposed transactions or new lines of business;
- the effects of any federal government shutdown or the inability of the federal government to manage debt limits;
- changes in the financial performance and/or condition of our borrowers;
- the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Securities and Exchange Commission, the Public Company Accounting Oversight Board, the Financial Accounting Standards Board ("FASB") and other accounting standard setters;
- changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses;
- our ability to access cost-effective funding;
- the effect of global or national war, conflict, or terrorism;
- our ability to manage market risk, credit risk and operational risk;
- the disruption to local, regional, national and global economic activity caused by infectious disease outbreaks, and the significant impact that any such outbreaks may have on our growth, operations and earnings;
- the effects of natural disasters and extreme weather events;
- changes in our ability to continue to pay dividends, either at current rates or at all;
- our ability to retain key employees; and
- our compensation expense associated with equity allocated or awarded to our employees.

Overview of Critical Accounting Policies Involving Estimates

Please refer to Note 1 of the Notes to Consolidated Financial Statements in Item 8 of Part II of our 2022 2023 Annual Report on Form 10-K.

Recently Issued Accounting Standards

The following Accounting Standard Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB") have not yet been adopted.

In October 2023, the FASB issued ASU No. 2023-06, "Disclosure Improvements." This ASU includes amendments on several subtopics in the FASB Accounting Standards Codification ("Codification") to incorporate certain disclosures and presentation requirements currently residing in SEC Regulations S-X and S-K. The adoption of this ASU may lead to certain disclosure being relocated into the financial statements. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. These amendments are to be applied prospectively. If the SEC has not removed the applicable requirements from Regulation S-X or Regulation S-K by June 30, 2027, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. We do not believe this guidance will have a material impact on the Company's financial statements.

In December 2023, the FASB issued ASU No. 2023-09, "Improvements to Income Tax Disclosures." This ASU requires additional disaggregated disclosures on entity's effective tax rate reconciliation and additional details on income taxes paid. This guidance is effective for annual periods beginning after December 15, 2025, with early adoption permitted. This ASU is applied prospectively with the option to apply the ASU retrospectively. We do not believe this guidance will have a material impact on the Company's financial statements.

Comparison of Financial Condition

Total assets at September 30, 2023 March 31, 2024 were $14.362 billion $14.5 billion, an increase of $248.9 million $91 million, or 1.8% 1%, from $14.113 billion $14.4 billion at December 31, 2022 December 31, 2023. This increase in assets was primarily driven by an increase increases in loans receivable partially offset by a decrease in and marketable securities. A discussion of significant changes follows.

Total marketable securities decreased by $259.2 million remained consistent at $1.9 billion at March 31, 2024, an increase of $37 million, or 12.3% 2%, to $1.840 billion at September 30, 2023 from $2.099 billion at December 31, 2022 December 31, 2023. Available-for-sale securities decreased $208.0 million increased by $51 million, and driven by securities purchases during the current period, while held-to-maturity securities decreased $51.1 million. These decreases were $14 million, driven by the maturity and regular monthly cash flows, in addition to the sale of approximately $110.0 million of available-for-sale securities during the year in order to reallocate these funds into higher interest-earning products. flows.

Gross loans receivable increased by $389.8 million $86 million, or 3.6% 1%, to $11.310 billion $11.5 billion at September 30, 2023 March 31, 2024, from $10.920 billion $11.4 billion at December 31, 2022 December 31, 2023. This increase was attributable to organic loan growth. Our commercial loan banking portfolio increased by $368.6 $170 million, or 32.6% 4%, to $1.501 $4.8 billion at September 30, 2023 March 31, 2024, from $1.132 $4.6 billion at December 31, 2022 December 31, 2023, primarily as a result of the new commercial lending verticals that we recently implemented. Our implemented during the prior year. Specifically, our commercial real estate and industrial (C&I) loan portfolio increased by $99.5 $116 million, or 3.5%, to $2.923 billion at September 30, 2023, from $2.824 billion at December 31, 2022 7%. These increases The increase in our total business commercial banking loans were slightly was partially offset by a decrease in our personal banking loans of $78.3 loan portfolio by $84 million, or 1.1% 1%, to

$6.887 $6.7 billion at September 30, 2023 compared to $6.965 March 31, 2024 from $6.8 billion at December 31, 2022 December 31, 2023. This included a $38.9 million, or 3.0%, decrease Cash flows from our personal banking portfolio were redirected to partially fund commercial banking growth.

The following table provides the various loan sectors in our home equity commercial real estate portfolio and a $25.8 million, or 0.7%, decrease in at March 31, 2024:

Property type	Percent of portfolio
5 or more unit dwelling	15.2 %
Nursing home	12.8
Retail building	11.8
Commercial office building - non-owner occupied	9.1
Manufacturing & industrial building	5.0
Residential acquisition & development - 1-4 family, townhouses and apartments	4.3
Multi-use building - commercial, retail and residential	4.1
Warehouse/storage building	3.9
Multi-use building - office and warehouse	3.3
Commercial office building - owner occupied	3.3
Other medical facility	3.1
Single family dwelling	2.7
Student housing	2.2
Hotel/motel	2.1
Agricultural real estate	2.0
2-4 family	2.0
All other	13.1
Total	100.0 %

The following table describes the collateral of our mortgage commercial real estate portfolio as demand for these products has been impacted by the higher market interest rates. state at March 31, 2024:

State	Percent of portfolio
New York	33.0 %
Pennsylvania	30.2
Ohio	20.3
Indiana	8.1
All other	8.4
Total	100.0 %

Total deposits increased by $325.3 million $92 million, or 2.8% 1%, to $11.790 billion $12.1 billion at September 30, 2023 March 31, 2024 from $11.465 billion $12.0 billion at December 31, 2022 December 31, 2023. This increase was driven by a $1.206 billion $184 million, or 114.6% 7%, increase in time deposits due to customer preferences for this fixed maturity product. as we continued competitively positioning our deposit products, and a $51 million, or 2%, increase in savings deposits. Partially offsetting this increase were decreases was a decrease in savings and money market deposits totaling $573.4 million, or 12.1%, due to customers choosing higher yielding product alternatives. In addition, demand deposit accounts decreased by $307.3 million $127 million, or 5.4% 2%, as customers shifted balances into higher yielding time deposit accounts.

As of March 31, 2024, we believe customers used funds during this period had $449 million of higher inflationary costs. brokered deposits, which made up 16% of our time deposits and 4.0% of our total deposit balance at year end. The balance carried an average all-in cost of 5.43% and an average original term of 12 months. These deposits were purchased through a registered broker, as part of an Asset/Liability Committee (“ALCO”) strategy to increase and diversify funding sources.

In addition, at quarter end we had $527 million of deposits through our participation in the Intrafi Network Deposits and FIS Insured Deposit programs. These deposits are part of a reciprocal program that allows our depositors to receive expanded FDIC coverage by placing multiple interest-bearing demand accounts at other member banks and Northwest receives an equal amount of deposits from other member banks. The balance carried an average cost of 3.88%.

At March 31, 2024 and December 31, 2023, we had total deposits in excess of $250,000 (the limit for FDIC insurance) of $1.8 billion. At those dates, we had no deposits that were uninsured for any other reason. The following table presents details regarding the Company's uninsured deposits portfolio:

	As of March 31, 2024

	Balance	Percent of total deposits	Number of relationships
Uninsured deposits per the Call Report (1)	$2,806,650	23.25 %	4,965
Less intercompany deposit accounts	1,019,792	8.45 %	12
Less collateralized deposit accounts	408,083	3.38 %	255
Uninsured deposits excluding intercompany and collateralized accounts	$1,378,775	11.42 %	4,698

(1) Uninsured deposits presented may be different from actual amounts due to titling of accounts.

Our largest uninsured depositor, excluding intercompany and collateralized deposit accounts, had an aggregate uninsured deposit balance of $19 million, or 0.16% of total deposits, as of March 31, 2024. Our top ten largest uninsured depositors, excluding intercompany and collateralized deposit accounts, had an aggregate uninsured deposit balance of $103 million, or 0.85% of total deposits, as of March 31, 2024. The average uninsured deposit account balance, excluding intercompany and collateralized accounts, was $293,000 as of March 31, 2024.

Total shareholders' equity remained steady at September 30, 2023 was $1.498 billion $1.6 billion, or $11.79 per share, an increase of $6.9 million, or 0.5%, from $1.491 billion, or $11.74 $12.20 per share, at December 31, 2022. both March 31, 2024 and December 31, 2023, increasing by $1 million in the current quarter. This increase was the result of year-to-date earnings of $105.9 million, $29 million, partially offset by $76.2 $25 million of cash dividend payments for the nine months quarter ended September 30, 2023 March 31, 2024, as well as a change in accumulated other comprehensive loss of $26.4 $4 million, or 15.4% 3%, primarily due to an increase in unrealized loss on our available-for-sale investment portfolio as a result of higher market interest rates.

Regulatory Capital

Financial institutions and their holding companies are subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by the regulators that, if undertaken, could have a direct, material effect on a company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, financial institutions must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting guidelines. Capital amounts and classifications are also subject to qualitative judgments made by the regulators about components, risk-weighting and other factors.

Applicable rules limit an organization's capital distributions and certain discretionary bonus payments if the organization does not hold a "capital conservation buffer" consisting of 2.5% of Total, Tier 1 and Common Equity Tier 1 ("CET1") capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements.

Quantitative measures, established by regulation to ensure capital adequacy, require financial institutions to maintain minimum amounts and ratios (set forth in the table below) of Total, CET1 and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined). Capital requirements are presented in the tables below (dollars in thousands).

		At September 30, 2023					
		Actual		Minimum capital requirements (1)		Well capitalized requirements	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk weighted assets)	Total capital (to risk weighted assets)						
Northwest Bancshares, Inc.	Northwest Bancshares, Inc.	$1,789,604	16.114 %	$1,166,094	10.500 %	$1,110,566	10.000 %
Northwest Bank	Northwest Bank	1,514,889	13.652 %	1,165,115	10.500 %	1,109,634	10.000 %
Tier 1 capital (to risk weighted assets)	Tier 1 capital (to risk weighted assets)						

	At March 31, 2024								
	Actual			Minimum capital requirements (1)			Well capitalized requirements		
	Amount		Ratio	Amount		Ratio	Amount		Ratio
Total capital (to risk weighted assets)									
Northwest Bancshares, Inc.	$1,805,374	15.951	15.951 %	$1,188,406	10.500	10.500 %	$ 1,131,815	10.000	10.0
Northwest Bank	1,529,840	13.529	13.529 %	1,187,335	10.500	10.500 %	1,130,795	10.000	10.0
Tier 1 capital (to risk weighted assets)									

Tier 1 capital (to risk weighted assets)																	
Northwest Bancshares, Inc.	Northwest Bancshares, Inc.	1,548,121	13.940 %	943,981	8.500 %	888,453	8.000 %	Northwest Bancshares, Inc.	1,555,043	13.739	13.739 %	962,043	8.500	8.500 %	905,452	8.000	8.0
Northwest Bank	Northwest Bank	1,387,508	12.504 %	943,189	8.500 %	887,707	8.000 %	Northwest Bank	1,393,786	12.326	12.326 %	961,176	8.500	8.500 %	904,636	8.000	8.0
CET1 capital (to risk weighted assets)																	
CET1 capital (to risk weighted assets)																	
CET1 capital (to risk weighted assets)	CET1 capital (to risk weighted assets)																
Northwest Bancshares, Inc.	Northwest Bancshares, Inc.	1,422,601	12.810 %	777,396	7.000 %	721,868	6.500 %	Northwest Bancshares, Inc.	1,429,393	12.629	12.629 %	792,270	7.000	7.000 %	735,680	6.500	6.5
Northwest Bank	Northwest Bank	1,387,508	12.504 %	776,744	7.000 %	721,262	6.500 %	Northwest Bank	1,393,786	12.326	12.326 %	791,557	7.000	7.000 %	735,017	6.500	6.5
Tier 1 capital (leverage) (to average assets)	Tier 1 capital (leverage) (to average assets)																
Tier 1 capital (leverage) (to average assets)																	
Tier 1 capital (leverage) (to average assets)																	
Northwest Bancshares, Inc.	Northwest Bancshares, Inc.	1,548,121	10.773 %	574,801	4.000 %	718,501	5.000 %	Northwest Bancshares, Inc.	1,555,043	10.828	10.828 %	574,453	4.000	4.000 %	718,066	5.000	5.0
Northwest Bank	Northwest Bank	1,387,508	9.656 %	574,776	4.000 %	718,471	5.000 %	Northwest Bank	1,393,786	9.712	9.712 %	574,060	4.000	4.000 %	717,575	5.000	5.0

(1) Amounts and ratios include the capital conservation buffer of 2.5%, which does not apply to Tier 1 capital to average assets (leverage ratio).

	At December 31, 2022					
	Actual		Minimum capital requirements (1)		Well capitalized requirements	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk weighted assets)						
Northwest Bancshares, Inc.	$ 1,745,701	16.363 %	$ 1,120,216	10.500 %	$ 1,066,872	10.000 %
Northwest Bank	1,568,202	14.712 %	1,119,214	10.500 %	1,065,918	10.000 %
Tier I capital (to risk weighted assets)						
Northwest Bancshares, Inc.	1,516,621	14.216 %	906,841	8.500 %	853,498	8.000 %
Northwest Bank	1,452,962	13.631 %	906,030	8.500 %	852,734	8.000 %
CET1 capital (to risk weighted assets)						
Northwest Bancshares, Inc.	1,391,296	13.041 %	746,810	7.000 %	693,467	6.500 %
Northwest Bank	1,452,962	13.631 %	746,143	7.000 %	692,847	6.500 %
Tier I capital (leverage) (to average assets)						
Northwest Bancshares, Inc.	1,516,621	10.817 %	560,816	4.000 %	701,020	5.000 %
Northwest Bank	1,452,962	10.365 %	560,706	4.000 %	700,882	5.000 %

	At December 31, 2023					
	Actual		Minimum capital requirements (1)		Well capitalized requirements	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk weighted assets)						
Northwest Bancshares, Inc.	$ 1,799,883	16.040 %	$ 1,178,234	10.500 %	$ 1,122,128	10.000 %
Northwest Bank	1,520,736	13.564 %	1,177,257	10.500 %	1,121,197	10.000 %
Tier I capital (to risk weighted assets)						
Northwest Bancshares, Inc.	1,553,766	13.847 %	953,809	8.500 %	897,702	8.000 %
Northwest Bank	1,388,808	12.387 %	953,018	8.500 %	896,958	8.000 %
CET1 capital (to risk weighted assets)						
Northwest Bancshares, Inc.	1,428,181	12.727 %	785,489	7.000 %	729,383	6.500 %
Northwest Bank	1,388,808	12.387 %	784,838	7.000 %	728,778	6.500 %
Tier I capital (leverage) (to average assets)						
Northwest Bancshares, Inc.	1,553,766	10.841 %	573,290	4.000 %	716,612	5.000 %
Northwest Bank	1,388,808	9.697 %	572,903	4.000 %	716,128	5.000 %

(1) Amounts and ratios include the capital conservation buffer of 2.5%, which does not apply to Tier 1 capital to average assets (leverage ratio).

Liquidity

We are required to maintain a sufficient level of liquid assets, as determined by management and reviewed for adequacy by the FDIC and the Pennsylvania Department of Banking and Securities during their regular examinations. Northwest frequently monitors its liquidity position primarily using the ratio of unencumbered available-for-sale liquid assets as a percentage of deposits and borrowings ("liquidity ratio"). Northwest Bank's liquidity ratio at September 30, 2023 March 31, 2024 was 9.66% 9.77%. We adjust liquidity levels in order to meet funding needs for deposit outflows, payment of real estate taxes and insurance on mortgage loan escrow accounts, repayment of borrowings and loan commitments. At September 30, 2023 March 31, 2024, Northwest had $3.119 billion $3.3 billion of additional borrowing capacity available with the FHLB, including $250.0 million $250 million on an overnight line of credit, which had a drawn balance of $119.0 million $56 million at September 30, 2023 March 31, 2024, as well as $302.4 million $264 million of borrowing capacity available with the Federal Reserve Bank and $105.0 million $105 million with two correspondent banks.

Dividends

We paid $25.4 million $25 million in cash dividends during the quarters ended September 30, 2023 March 31, 2024 and 2022. 2023. The common stock dividend payout ratio (dividends declared per share divided by net income per diluted share) for September 30, 2023 March 31, 2024 and 2022 2023 was 64.5% 87.0% and 69.0% 76.9% on dividends of $0.20 per share. On October 18, 2023 April 17, 2024, the Board of Directors declared a cash dividend of $0.20 per share payable on November 14, 2023 May 15, 2024 to shareholders of record as of November 2, 2023 May 2, 2024. This represents the 116 118th consecutive quarter we have paid a cash dividend.

Nonperforming Assets

The following table sets forth information with respect to nonperforming assets. Nonaccrual loans are those loans on which the accrual of interest has ceased. Generally, when a loan is 90 days past due, we fully reverse all accrued interest thereon and cease to accrue interest thereafter. Exceptions are made for loans that have contractually matured, are in the process of being modified to extend the maturity date and are otherwise current as to principal and interest, and well-secured loans that are in the process of collection. Loans may also be placed on nonaccrual before they reach 90 days past due if conditions exist that call into question our ability to collect all contractual interest. Other nonperforming assets represent property acquired through foreclosure or repossession. Foreclosed property is carried at the lower of its fair value less estimated costs to sell or the principal balance of the related loan.

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
		(in thousands)		(in thousands)	
Loans 90 days or more past due:	Loans 90 days or more past due:		Loans 90 days or more past due:		

Residential mortgage loans	Residential mortgage loans	$ 7,695	5,574			
Home equity loans	Home equity loans	2,206	2,257			
Vehicle loans	Vehicle loans	2,274	2,471			
Other consumer loans	Other consumer loans	746	608			
Commercial real estate loans	Commercial real estate loans	8,042	7,589			
Commercial real estate - owner occupied	Commercial real estate - owner occupied	374	278			
Commercial loans	Commercial loans	2,472	1,829			
Total loans 90 days or more past due	Total loans 90 days or more past due	$ 23,809	20,606			
Total real estate owned (REO)	Total real estate owned (REO)	$ 363	413			
Total loans 90 days or more past due and REO	Total loans 90 days or more past due and REO	24,172	21,019			
Total loans 90 days or more past due to net loans receivable	Total loans 90 days or more past due to net loans receivable	0.21 %	0.19 %	Total loans 90 days or more past due to net loans receivable	0.20 %	0.22 %
Total loans 90 days or more past due and REO to total assets	Total loans 90 days or more past due and REO to total assets	0.17 %	0.15 %	Total loans 90 days or more past due and REO to total assets	0.15 %	0.17 %
Nonperforming assets:	Nonperforming assets:					
Nonaccrual loans - loans 90 days or more past due	Nonaccrual loans - loans 90 days or more past due	23,082	19,861			
Nonaccrual loans - loans 90 days or more past due						
Nonaccrual loans - loans 90 days or more past due						
Nonaccrual loans - loans less than 90 days past due	Nonaccrual loans - loans less than 90 days past due	53,572	61,375			

Loans 90 days or more past due still accruing	Loans 90 days or more past due still accruing	728	744			
Total nonperforming loans	Total nonperforming loans	77,382	81,980			
Total nonperforming assets	Total nonperforming assets	$ 77,745	82,393			
Total nonaccrual loans to total loans	Total nonaccrual loans to total loans	0.68 %	0.74 %	Total nonaccrual loans to total loans	0.83 %	0.83 %

Allowance for Credit Losses

On an ongoing basis, the Credit Administration department, as well as loan officers branch managers and department heads, review and monitor the loan portfolio for problem loans. This portfolio monitoring includes a review of the monthly delinquency reports as well as historical comparisons and trend analysis. Personal and small business commercial loans are classified primarily by delinquency status. In addition, a meeting is held every quarter with each region vertical to monitor the performance and status of commercial loans on an internal watch list. On an on-going basis, the loan officer, in conjunction with a portfolio manager, grades or classifies problem commercial loans or potential problem commercial loans based upon their knowledge of the lending relationship and other information previously accumulated. This rating is also reviewed independently by our Loan Review department on a periodic basis. Our loan grading system for problem commercial loans is consistent with industry regulatory guidelines which classifies loans as “substandard”, “doubtful” or “loss”. Loans that do not expose us to risk sufficient to warrant classification in one of the previous categories, but which possess some weaknesses, are designated as “special mention”. A “substandard” loan is any loan that is 90 days or more contractually delinquent or is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as “doubtful” have all the weaknesses inherent in those classified as “substandard” with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions or values, highly questionable and improbable. Loans classified as “loss” have all the weakness inherent in those classified as “doubtful” and are considered uncollectible.

Credit relationships that have been classified as substandard or doubtful and are greater than or equal to $1.0 million are reviewed by the Credit Administration department to determine if they no longer continue to demonstrate similar risk characteristics to their loan pool. If a loan no longer demonstrates similar risk characteristics to their loan pool they are removed from the pool and an individual assessment will be performed.

If it is determined that a loan needs to be individually assessed, the Credit Administration department determines the proper measure of fair value for each loan based on one of three methods: (1) the present value of expected future cash flows discounted at the loan’s effective interest rate; (2) the loan’s observable market price; or (3) the fair value of the collateral if the loan is collateral dependent, less costs of sale or disposal. If the measurement of the fair value of the loan is more or less than the amortized cost basis of the loan, the Credit Administration department adjusts the specific allowance associated with that individual loan accordingly.

If a substandard or doubtful loan is not individually assessed, it is grouped with other loans that possess common characteristics for credit losses and analysis. For the purpose of calculating reserves, we have grouped our loans into seven segments: residential mortgage loans, home equity loans, vehicle loans, consumer loans, commercial real estate loans, commercial real estate loans - owner occupied and commercial loans. The allowance for credit losses is measured using a combination of statistical models and qualitative assessments. We use a twenty four month forecasting period and revert to historical average loss rates thereafter. Reversion to average loss rates takes place over twelve months. Historical average loss rates are calculated using historical data beginning in October 2009 through the current period.

The credit losses for individually assessed loans along with the estimated loss for each homogeneous pool are consolidated into one summary document. This summary schedule along with the support documentation used to establish this schedule is presented to management’s Allowance for Credit Losses Committee (“ACL Committee”) monthly. The ACL Committee reviews and approves the processes and ACL documentation presented. Based on this review and discussion, the appropriate amount of ACL is estimated and any adjustments to reconcile the actual ACL with this estimate are determined. The ACL Committee also considers if any changes to the methodology are needed. In addition to the ACL Committee’s review and approval, a review is performed by the Risk Management Committee of the Board of Directors on a quarterly basis and annually by internal audit.

In addition to the reviews by management’s ACL Committee and the Board of Directors’ Risk Management Committee, regulators from either the FDIC and/or the Pennsylvania Department of Banking and Securities perform an extensive review on at least an annual basis for the adequacy of the ACL and its conformity with regulatory guidelines and pronouncements. Any recommendations or enhancements from these independent parties are considered by management and the ACL Committee and implemented accordingly.

We acknowledge that this is a dynamic process and consists of factors, many of which are external and out of our control that can change frequently, rapidly and substantially. The adequacy of the ACL is based upon estimates using all the information previously discussed as well as current and known circumstances and events. There is no assurance that actual portfolio losses will not be substantially different than those that were estimated.

We utilize a structured methodology each period when analyzing the adequacy of the allowance for credit losses and the related provision for credit losses, which the ACL Committee assesses regularly for appropriateness. As part of the analysis as of September 30, 2023 March 31, 2024, we considered the most recent economic conditions and forecasts available which incorporated the impact of material recent economic events. In addition, we considered the overall trends in asset quality, reserves on individually assessed loans, historical loss rates and collateral valuations. The ACL increased decreased by $6.8 million $346,000 to $125 million, or 5.8%, to $124.8 million 1.09% of total loans at March 31, 2024 from $125 million, or 1.10% of total loans, at September 30, 2023 from $118.0 million, or 1.08% of total loans, at December 31, 2022 December 31, 2023. This increase decrease was primarily the result of attributable to changes within our personal banking loan portfolio driven by improvements in economic forecasts, which was offset by growth within our commercial loan portfolio during the year, as well as forecasted economic deterioration in our allowance for credit loss models. year.

Total classified loans decreased $27.6 million, or 11.7%, remain low with a slight increase to $208.6 million $229 million at September 30, 2023 March 31, 2024 from $236.2 $218 million at December 31, 2022 December 31, 2023. This decrease increase was primarily driven by upgrades and payoffs of loans in within our commercial real estate portfolio during the current year. portfolio.

We also consider how the levels of nonaccrual loans and historical charge-offs have influenced the required amount of allowance for credit losses. Nonaccrual loans of $76.7 million $95 million at March 31, 2024, remained steady, increasing by $1 million, or 0.68% 1%, from $94 million at December 31, 2023, or 0.83% of total loans receivable at September 30, 2023, decreased by $4.6 million, or 5.6%, from $81.2 million, or 0.74% as of total loans receivable at December 31, 2022. This decrease primarily related to classification upgrades of loans within our commercial real estate portfolio. both period ends. As a percentage of average loans, annualized net charge-offs increased slightly to 0.13% 0.16% for the quarter ended September 30, 2023 March 31, 2024 compared to 0.02% 0.11% for the year ended December 31, 2022 due to several large recoveries during 2022. December 31, 2023.

Comparison of Operating Results for the Quarters Ended September 30, 2023 March 31, 2024 and 2022 2023

Net income for the quarter ended September 30, 2023 March 31, 2024 was $39.2 million $29 million, or $0.31 $0.23 per diluted share, an increase a decrease of $1.9 million $5 million, or 5.1% 13%, from net income of $37.3 million $34 million, or $0.29 $0.26 per diluted share, for the quarter ended September 30, 2022 March 31, 2023. The increase decrease in net income resulted primarily from a decrease in provision for credit losses and an increase in noninterest income. The provision for credit losses decreased $10.3 million, or 91.1%, and noninterest net interest income, increased $4.1 million, or 15.2%. These changes were partially offset by an increase in noninterest expense of $8.6 million income. Net interest income decreased by $9 million, or 10.9% 8%, and a decrease in net interest noninterest income of $4.4 million increased $4 million, or 3.9% 17%. Net income for the quarter ended September 30, 2023 March 31, 2024 represents annualized returns on average equity and average assets of 10.27% 7.57% and 1.08% 0.81%, respectively, compared to 9.84% 9.11% and 1.05% 0.97% for the same quarter last year. A further discussion of notable changes follows.

To make it easier to compare both the results across several periods and the yields on various types of earning assets (some taxable, some not), we present net interest income in the discussion below on a fully taxable equivalent “FTE basis” (i.e., as if all income were taxable and at the same rate). For example, $100 of tax-exempt income would be presented as $126, an amount that, if taxed at the statutory federal income tax rate of 21%, would yield $100. See the "Average Balance Sheet" for information regarding tax-equivalent adjustments and GAAP results.

Net Interest Income

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Net interest income increased by $33.0 million, or 27.8%, to $151.6 million (FTE) was $104 million for the quarter ended September 30, 2023 March 31, 2024 and net interest margin was 3.10%. Compared to the same quarter of the prior year, net interest income (FTE) decreased $9 million and net interest margin decreased by 36 basis points. The decrease in net interest income (FTE) and the net interest margin reflects higher interest-bearing deposit costs and a shift in funding mix to higher cost deposits and borrowings due to the higher interest rate environment. Partly offsetting the decline in net interest income and the net interest margin were higher earning asset balances and yields.

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Average loans receivable increased 4% from $118.6 million for the quarter ended September 30, 2022. This increase is attributable to increases in both the average yield and average balance of interest-earning assets. The average yield earned on interest-earning assets increased to 4.49% for the quarter ended September 30, 2023 from 3.58% for the quarter ended September 30, 2022 due to the continued rising interest rate environment. The average balance of interest-earning assets increased $249.0 million, or 1.9%, to $13.405 billion for the quarter ended September 30, 2023 from $13.156 billion for the quarter ended September 30, 2022, primarily March 31, 2023 driven by a $710.4 million increase in the average balance of commercial loans, receivable, offset partially which grew by a $238.7 million decrease in the average balance of mortgage-backed securities and a $193.8 million decrease in the average balance of other interest-earning deposits. These changes are described further below.

$553 million, as we have continued to build-out our commercial lending verticals. Interest income on loans receivable increased by $33.7 million $26 million, or 31.5% 21%, to $140.7 million for from the same quarter ended September 30, 2023 compared to $106.9 million for the quarter ended September 30, 2022. This increase in interest income was prior year as the result of increases in both the average yield and the average balance on loans receivable. The average yield on loans receivable increased to 4.99% 5.33% for the quarter ended September 30, 2023 from 4.05% for the quarter ended September 30, 2022, March 31, 2024 due to the increase in elevated market interest rates as well as a change in mix to higher yielding yield loan products. The average balance of loans receivable increased $710.4 million, or 6.8%, to $11.191 billion for the quarter ended September 30, 2023 from $10.481 billion for the quarter ended September 30, 2022, due to organic loan growth in our commercial, residential mortgage, consumer, and commercial real estate portfolios. Additionally contributing to loan growth were purchases of loan pools during 2022, including $182.8 million in small business equipment finance loans and $188.3 million of one- to four-family jumbo mortgage loans.

Interest income on mortgage-backed securities decreased by $611,000, or 7.0%, to $8.1 million for Average investments declined 11% from the first quarter ended September 30, 2023 compared to $8.7 million for the quarter ended September 30, 2022. This decrease was of 2023 driven by a $238.7 million, or 11.8%, decrease in the average balance of mortgage-backed securities to $1.781 billion for the quarter ended September 30, 2023 from $2.020 billion for the quarter ended September 30, 2022 due to the sale of lower yielding available-for-sale investment securities during the current prior year along coupled with scheduled principal payments and maturities. Slightly offsetting this decrease was an increase in the average yield on mortgage-backed securities to 1.81% for the quarter ended September 30, 2023 from 1.72% for the quarter ended September 30, 2022 due to the purchase of higher yielding mortgage-backed securities in the prior year.

Interest income on investment securities decreased by $270,000, $1 million, or 17.5% 8%, to $1.3 million for from the quarter ended September 30, 2023 March 31, 2023.

Average deposits grew 4% from $1.5 million for the quarter ended September 30, 2022. This decrease was attributable to decreases in both the average yield and the average balance of investment securities. The average yield decreased to 1.52% for the quarter ended September 30, 2023 from 1.59% for the quarter ended September 30, 2022, and the average balance of investment securities decreased by $52.6 million, or 13.5%, to $336.1 million for the quarter ended September 30, 2023 from $388.8 million for the quarter ended September 30, 2022 as cash flows have been redirected to the higher yield loan portfolio.

Dividends on FHLB stock increased by $520,000, or 351.4%, to $668,000 for the quarter ended September 30, 2023 from $148,000 for the quarter ended September 30, 2022. This increase was due to increases in both the average balance and the average yield on FHLB stock. The average balance of FHLB stock increased by $23.7 million, or 168.9%, to $37.7 million for the quarter ended September 30, 2023 from $14.0 million for the quarter ended September 30, 2022. Required FHLB stock holdings fluctuate with, among other things, the utilization of our borrowing capacity as well as capital requirements established by the FHLB. In addition, the average yield increased to 7.03% for the quarter ended September 30, 2023 from 4.19% for the quarter ended September 30, 2022 due to increases in market interest rates.

Interest income on interest-earning deposits decreased by $381,000, or 29.4%, to $914,000 for the quarter ended September 30, 2023 from $1.3 million for the quarter ended September 30, 2022, March 31, 2023 driven by a decrease in the average balance of interest-earning deposits of $193.8 million, or 76.5%, to $59.4 million for the quarter ended September 30, 2023 from $253.2 million for the quarter ended September 30, 2022 as the Bank redeployed these funds into higher yielding loans and investments. Offsetting this decrease in average balance was an $1.4 billion increase in the our average yield on interest-earning deposits to 6.11% for the quarter ended September 30, 2023 from 2.00% for the quarter ended September 30, 2022, due to the aggressive campaign by the Federal Reserve Board over the last year to raise targeted short-term interest rates to combat inflation.

Interest Expense

Interest expense increased by $37.4 million, or 636.8%, to $43.2 million for the quarter ended September 30, 2023 from $5.9 million for the quarter ended September 30, 2022 due to increases in both the average balance and average cost of interest-bearing liabilities. The average balance of interest-bearing liabilities increased $603.5 million, or 6.53%, to $9.850 billion for the quarter ended September 30, 2023 from $9.246 billion for the quarter ended September 30, 2022 while the average balance of noninterest-bearing demand deposits decreased by $336.4 million, or 10.9%, to $2.757 billion at September 30, 2023 from $3.093 billion at September 30, 2022. We believe customers utilized funds in their demand deposit accounts for both higher yielding products as well as higher inflationary cost of goods. The increase in average balance of interest-bearing liabilities was driven by an increase in average borrowed funds of $516.4 million, or 406.4%, which were used to fund loan growth. Additionally, the average balance of interest-bearing deposits increased by $86.4 million, or 1.0%, specifically driven by an increase in time deposits due to customer preferences for this fixed maturity product type. The average cost of interest-bearing liabilities This increase was partially offset by a decrease in money market balances as customers shifted balances into higher yielding time deposit accounts. Interest expense on deposits increased to 1.74% for the quarter ended September 30, 2023 from 0.25% for the quarter ended September 30, 2022, by $36 million primarily attributable to increases in the interest rates paid on deposit accounts and borrowed funds in response to increases in market interest rates, as we continued competitively positioning our deposit products, as well as a change in mix to higher cost products.

Net Interest Income

Net interest income decreased by $4.4 million, or 3.9%, Compared to $108.4 million for the quarter ended September 30, 2023 from $112.7 million for the quarter ended September 30, 2022. This decrease is March 31, 2023, average borrowings saw a 37% reduction, primarily attributable to the factors discussed above. Our interest rate spread decreased to 2.75% for the quarter ended September 30, 2023 from 3.33% for the quarter ended September 30, 2022 and our net interest margin decreased to 3.21% for the quarter ended September 30, 2023 from 3.40% for the quarter ended September 30, 2022 due to the strategic pay-down of wholesale borrowings. This decrease was made possible by a substantial increase in our cost of interest bearing liabilities.

Provision for Credit Losses

The provision for credit losses decreased by $10.3 million, or 91.1%, to $1.0 million for the quarter ended September 30, 2023 compared to $11.3 million for the quarter ended September 30, 2022. The current period provision for credit losses includes $4.0 million for credit losses - loans and cash reserves, resulting from a provision release of $3.0 million for credit losses - unfunded commitments. The prior period provision for credit losses included $7.7 million for credit losses - loans and $3.6 million for credit losses - unfunded commitments. The $3.7 million decrease in the provision for credit losses - loans can be attributed to changes in the economic forecasts reflected in our allowance for credit loss models, as well continued decreases in classified loans. While economic forecasts have continued to deteriorate in the current year, our current allowance reflects such that deterioration was slower during the current period as compared to the same period last year. Classified assets decreased by $29.1 million, or 12.2%, to $208.6 million, or 1.84% of total loans, at September 30, 2023 from $237.7 million, or 2.21% of total loans, at September 30, 2022. The $6.6 million decrease in our provision for credit losses - unfunded commitments was related to the timing of the origination of loans with current off-balance sheet exposure.

In determining the amount of the current period provision, we considered current and forecasted economic conditions, including but not limited to improvements in unemployment levels, expected economic growth, bankruptcy filings, and changes in real estate values and the impact of these factors on the quality of our loan portfolio and historical loss experience. We analyze the allowance for credit losses as described in the section entitled “Allowance for Credit Losses.” The provision that is recorded is sufficient, in our judgment, to bring this reserve to a level that reflects the current expected lifetime losses in our loan portfolio relative to loan mix, a reasonable and supportable economic forecast period and historical loss experience at September 30, 2023.

Noninterest Income

Noninterest income increased by $4.1 million, or 15.2%, to $30.9 million for the quarter ended September 30, 2023 from $26.8 million for the quarter ended September 30, 2022. This increase was driven by a $3.1 million, or 209.2%, increase in income from bank-owned life insurance to $4.6 million for the quarter ended September 30, 2023 from $1.5 million for the quarter ended September 30, 2022 due to death benefits received in the current period. In addition, service charges and fees increased $947,000, or 6.6%, to $15.3 million for the quarter ended September 30, 2023 from $14.3 million for the quarter ended September 30, 2022 driven by deposit related fees based on customer activity in the current quarter.

Noninterest Expense

Noninterest expense increased by $8.6 million, or 10.9%, to $87.6 million for the quarter ended September 30, 2023 from $79.0 million for the quarter ended September 30, 2022. This increase was primarily attributable to increases in compensation and employee benefits, other expenses, processing expenses, and FDIC insurance premiums. Compensation and employee benefits expense increased $4.5 million, or 9.7%, to $51.2 million for the quarter ended September 30, 2023, from $46.7 million for the quarter ended September 30, 2022 primarily as a result of additional talent and expertise to propel the organization to higher performance levels, in particular commercial and small business lending as well as risk management and back office support and infrastructure. Other expenses increased $1.7 million to $2.0 million for the quarter ended September 30, 2023, from $321,000 for the quarter ended September 30, 2022 due to an increase in employee relocation and other expenses. Processing expenses increased $1.3 million, or 9.4%, to $14.7 million for the quarter ended September 30, 2023, from $13.4 million for the quarter ended September 30, 2022 due to the implementation of additional third-party software programs. Lastly, FDIC insurance premiums increased $1.1 million, or 95.1%, to $2.3 million for the quarter ended September 30, 2023 from $1.2 million for the quarter ended September 30, 2022 due to an increase in the deposit insurance assessment rate beginning in the first quarter of 2023.

Income Taxes

The provision for income taxes decreased by $522,000, or 4.4%, to $11.5 million for the quarter ended September 30, 2023 from $12.0 million for the quarter ended September 30, 2022. This decrease in income taxes was due primarily to a decrease in our effective tax rate in the current year related to bank-owned life insurance tax benefits. We anticipate our effective tax rate to be between 22.5% and 24.5% for the year ending December 31, 2023.

Comparison of Operating Results for the Nine Months Ended September 30, 2023 and 2022

Net income for the nine months ended September 30, 2023 was $105.9 million, or $0.83 per diluted share, an increase of $6.9 million, or 7.0%, from $99.0 million, or $0.78 per diluted share, for the nine months ended September 30, 2022. The increase in net income resulted from an increase in net interest income of $25.7 million, or 8.5%, a decrease in provision for credit losses of $2.5 million, or 14.3%, and an increase in noninterest income of $1.7 million, or 2.0%. These changes were partially offset by an increase of $20.1 million, or 8.4%, in noninterest expense and an increase in income tax expense of $2.8 million, or 9.6%. Net income for the nine months ended September 30, 2023 represents annualized returns on average equity and average assets of 9.37% and 0.99%, respectively, compared to 8.61% and 0.93% for the nine months ended September 30, 2022. A further discussion of notable changes follows.

Interest Income

Total interest income increased by $109.6 million, or 34.1%, to $430.5 million for the nine months ended September 30, 2023 from $320.9 million for the nine months ended September 30, 2022. This increase is the result of increases in both the average yield and average balance of interest-earning assets. The average yield on interest-earning assets increased to 4.31% for the nine months ended September 30, 2023 from 3.23% for the nine months ended September 30, 2022. This increase in average yield is attributed to the increased interest rate environment. The average balance of interest-earning assets increased $67.7 million, or 0.5%, to $13.369 billion for the nine months ended September 30, 2023 from $13.301 billion for the nine months ended September 30, 2022 driven by an increase rise in the average balance of loans receivable, offset deposits, which also decreased interest expense on borrowings by a decrease in the average balance of other interest-earning deposits, described further below.

Interest income on loans receivable increased by $106.4 million, or 36.6%, to $397.1 million for the nine months ended September 30, 2023 from $290.7 million for the nine months ended September 30, 2022. This increase is attributed to increases in both the average yield and the average balance of loans receivable. The average yield on loans receivable increased to 4.81% for the nine months ended September 30, 2023 from 3.82% for the nine months ended September 30, 2022 due to the increase in market interest rates. The average balance of loans receivable increased $867.5 million, or 8.5%, to $11.049 billion for the nine months ended September 30, 2023 from $10.182 billion for the nine months ended September 30, 2022 due to organic loan growth in our commercial, residential mortgage, and consumer portfolios. Additionally contributing to loan growth were purchases of loan pools during 2022 of small business equipment finance loans and one- to four-family jumbo mortgage loans.

Interest income on mortgage-backed securities increased by $2.7 million, or 12.3%, to $24.9 million for the nine months ended September 30, 2023 from $22.2 million for the nine months ended September 30, 2022. This increase is attributed to an increase in the average yield on mortgage-backed securities to 1.80% for the nine months ended September 30, 2023 from 1.50% for the nine months ended September 30, 2022 due to the purchase of higher yielding mortgage-backed securities in the prior year. Partially offsetting this increase was a decrease in the average balance of mortgage-backed securities of $123.1 million, or 6.2%, to $1.850 billion for the nine months ended September 30, 2023 from $1.973 billion for the nine months ended September 30, 2022 due to the sale of available-for-sale securities during the year coupled with regularly scheduled payments and maturities.

Interest income on investment securities remained relatively flat, increasing by $34,000, or 0.8%, to $4.3 million for the nine months ended September 30, 2023. This increase is attributable to an increase in the average yield on investment securities. The average yield on investment securities increased to 1.58% for the nine months ended September 30, 2023 from 1.51% for the nine months ended September 30, 2022. Slightly offsetting this increase in average yield was a decrease in the average balance of investment securities by $14.9 million, or 3.9%, to $365.0 million for the nine months ended September 30, 2023 from $379.9 million for the nine months ended September 30, 2022 $2 million.

Dividends on FHLB stock increased by $1.9 million, or 608.0%, to $2.2 million for the nine months ended September 30, 2023 from $311,000 for the nine months ended September 30, 2022. This increase was due to increases in both the average balance and the average yield of FHLB stock. The average balance of FHLB stock increased $27.2 million, or 197.2%, to $40.9 million for the nine months ended September 30, 2023 from $13.8 million for the nine months ended September 30, 2022. Required FHLB stock holdings fluctuate with, among other things, the utilization of our borrowing capacity as well as capital requirements established by the FHLB. Additionally, the average yield increased to 7.19% for the nine months ended September 30, 2023 from 3.02% for the nine months ended September 30, 2022, due to increases in market interest rates.

Interest income on interest-earning deposits decreased by $1.5 million, or 44.0%, to $1.9 million for the nine months ended September 30, 2023 from $3.4 million for the nine months ended September 30, 2022. This decrease is attributable to a decrease in the average balance of interest-earning deposits by $688.9 million, or 91.4%, to $64.6 million for the nine months ended September 30, 2023 from $753.5 million for the nine months ended September 30, 2022 as the Bank redeployed these funds into higher yielding loans and investments. Partially offsetting this decrease in average balance was an increase in the average yield on interest-earning deposits to 4.00% for the nine months ended September 30, 2023 from 0.60% for the nine months ended September 30, 2022, due to the campaign by the Federal Reserve Board over the last year to raise targeted short-term interest rates to combat inflation.

Interest Expense

Interest expense increased by $83.8 million, or 484.4%, to $101.2 million for the nine months ended September 30, 2023 from $17.3 million for the nine months ended September 30, 2022. This increase in interest expense was due to increases in the average cost of interest-bearing liabilities and the average balance of interest-bearing liabilities as well as the change in liability mix. The average cost of interest-bearing liabilities increased to 1.40% for the nine months ended September 30, 2023 from 0.25% for the nine months ended September 30, 2022 resulting primarily from the rising interest rate environment. The average balance of interest-bearing liabilities increased by $252.0 million, or 2.7%, to $9.677 billion for the nine months ended September 30, 2023 from $9.425 billion for the nine months ended September 30, 2022 driven by an increase in average borrowed funds by $608.6 million, or 463.3%. Wholesale borrowings were utilized to fund loan growth as well as replace the decrease in the average balance of interest-bearing deposits which declined by $351.9 million, or 3.9%. In addition, noninterest-bearing demand deposits decreased by $259.5 million, or 8.4%, as we believe customers used funds during a period of higher inflationary costs and searched for higher yield alternatives.

Net Interest Income

Net interest income increased by $25.7 million, or 8.5%, to $329.4 million for the nine months ended September 30, 2023 from $303.6 million for the nine months ended September 30, 2022. This increase is attributable to the factors discussed above. Our interest rate spread decreased to 2.91% for the nine months ended September 30, 2023 from 2.98% for the nine months ended September 30, 2022 and our net interest margin increased to 3.29% for the nine months ended September 30, 2023 from 3.05% for the nine months ended September 30, 2022 due to the change in market rates as well as the change in our interest-earning asset and funding mix.

Provision for Credit Losses

The provision for credit losses decreased by $2.5 million, or 14.3%, to $14.9 million for the nine months ended September 30, 2023 from $17.4 million for the nine months ended September 30, 2022. The current period provision for credit losses includes $14.9 million for credit losses - loans and $65,000 for credit losses - unfunded commitments. The prior period provision for credit losses includes $8.8 million for credit losses - loans and $8.6 million for credit losses - unfunded commitments. The $6.0 million increase in the provision for credit losses - loans was driven by continued growth within our loan portfolio, as well as forecasted economic deterioration reflected in our allowance for credit loss models. This was partially offset by an $8.5 million decrease in our provision for credit losses - unfunded commitments compared to the same period last year based on the timing of the origination of loans with current off-balance sheet exposure.

Annualized net charge-offs to average loans increased to 0.10% for the nine months ended September 30, 2023 from 0.02% for the nine months ended September 30, 2022 due to several large recoveries during 2022. Additionally, classified assets declined by $29.1 million, or 12.2%, to $208.6 million, or 1.84% of loans outstanding at September 30, 2023 from $237.7 million, or 2.21% of loans outstanding at September 30, 2022 resulting primarily from upgrades and payoffs within our commercial real estate portfolio.

In determining the amount of the current period provision, we considered current economic conditions, including but not limited to unemployment levels, bankruptcy filings, and changes in real estate values and the impact of these factors on the quality of our loan portfolio and historical loss experience. We analyze the allowance for credit losses as described in the section entitled "Allowance for Credit Losses." The provision that is recorded is sufficient, in our judgment, to bring this reserve to a level that reflects the current expected lifetime losses in our loan portfolio relative to loan mix, a reasonable and supportable economic forecast period and historical loss experience at September 30, 2023.

Noninterest Income

Noninterest income increased by $1.7 million, or 2.0%, to $84.7 million for the nine months ended September 30, 2023 from $83.0 million for the nine months ended September 30, 2022. This increase was primarily due to increases in service charges and fees, income from bank-owned life insurance, and a gain on the sale of Small Business Administration (SBA) loans. Service charges and fees increased by $2.2 million, or 5.4%, to $43.3 million for the nine months ended September 30, 2023 from $41.1 million for the nine months ended September 30, 2022driven primarily by commercial loan fees and an increase in deposit related fees based on customer activity in the current year. In addition, income from bank-owned life insurance increased $1.7 million, or 30.5%, to $7.1 million for the nine months ended September 30, 2023 from $5.5 million for the nine months ended September 30, 2022 due to death benefits recognized in the current period. We also recognized a $1.4 million gain on the sale of SBA loans during the nine months ended September 30, 2023 due to this newly launched lending vertical. Partially offsetting these increases to income was a decrease in mortgage banking income of $2.2 million, or 50.2%, to $2.2 million for the nine months ended September 30, 2023 from $4.4 million for the nine months ended September 30, 2022 due to the volatile interest rate environment causing less favorable pricing in the secondary market, as well as a decrease in mortgage volumes primarily due to higher market interest rates.

In addition, during the nine months ended September 30, 2023, we recognized an $8.3 million gain on the sale of the servicing rights for a $1.3 billion one- to four- family mortgage portfolio. We tried to maximize our profit in the current interest rate environment as we pivot towards a commercial bank, and it also enabled us to accelerate the cash flow from our investment portfolio by selling approximately $110.0 million of investment securities yielding 2.0% for an equivalent $8.3 million loss and reinvesting these proceeds into commercial loans yielding over 7.0%.

Noninterest Expense

Noninterest expense increased by $20.1 million, or 8.4%, to $260.9 million for the nine months ended September 30, 2023, from $240.7 million for the nine months ended September 30, 2022. This increase was due to increases in almost all expense categories due to both inflationary costs as well as the continued build out of talent and infrastructure necessary to propel the organization to a higher level of performance. In particular, processing expenses increased by $4.8 million, or 12.2%, to $43.7 million for the nine months ended September 30, 2023, from $38.9 million for the nine months ended September 30, 2022 due to the implementation of third party software programs. Compensation and employee benefits increased by $3.8 million, or 2.7%, to $145.5 million for the nine months ended September 30, 2023 from $141.7 million for the nine months ended September 30, 2022 driven by increases in commercial lending, small business lending, risk management and internal audit salaries and benefits over the past twelve months. FDIC insurance premiums increased $3.2 million, or 91.6%, to $6.6 million for the nine months ended September 30, 2023, from $3.5 million for the nine months ended September 30, 2022 due to an increase in the deposit insurance assessment rate beginning in the first quarter of 2023. Merger, asset disposition and restructuring expense increased $3.0 million, or 219.9%, to $4.4 million for the nine months ended September 30, 2023, from $1.4 million for the nine months ended September 30, 2022 due to the severance and fixed asset charges related to the branch optimization and personnel reductions previously announced. Other expenses increased by $2.4 million, or 83.3%, to $5.4 million for the nine months ended September 30, 2023, from $2.9 million for the nine months ended September 30, 2022 due to an increase in employee relocation and other expenses. Additionally, professional service expense increased by $2.3 million, or 24.8%, to $11.6 million for the nine months ended September 30, 2023, from $9.3 million for the nine months ended September 30, 2022 due to the use of third-party consulting and staffing support. Lastly, marketing expenses increased by $1.8 million, or 28.6%, to $8.1 million for the nine months ended September 30, 2023, from $6.3 million for the nine months ended September 30, 2022 due primarily to deposit marketing campaigns.

Income Taxes

The provision for income taxes increased by $2.8 million, or 9.6%, to $32.3 million for the nine months ended September 30, 2023 from $29.5 million for the nine months ended September 30, 2022. This increase was primarily due to the increase in income before tax of $9.8 million, or 7.6%. We anticipate our effective tax rate to be between 22.5% and 24.5% for the year ending December 31, 2023.

Average Balance Sheet
(in thousands)

The following table sets forth certain information relating to the Company's average balance sheet and reflects the average yield on interest-earning assets and average cost of interest-bearing liabilities for the periods indicated. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods presented. Average balances are calculated using daily averages.

		Quarter ended September 30,					
		2023			2022		
	Average balance	Average balance	Interest	Avg. yield/ cost (h)	Average balance	Interest	Avg. yield/ cost (h)
Assets	Assets						
Interest-earning assets:	Interest-earning assets:						
Residential mortgage loans	Residential mortgage loans	$ 3,476,446	32,596	3.75 %	$ 3,331,173	29,414	3.53 %
Home equity loans	Home equity loans	1,264,134	17,435	5.47 %	1,274,918	13,658	4.25 %
Consumer loans	Consumer loans	2,092,023	23,521	4.46 %	1,981,754	17,256	3.45 %
Commercial real estate loans	Commercial real estate loans	2,911,145	41,611	5.67 %	2,842,597	34,158	4.70 %
Commercial loans	Commercial loans	1,447,211	26,239	7.19 %	1,050,124	12,978	4.84 %

	Quarter ended March 31,					
	2024					2023
	Average balance	Interest		Avg. yield/ cost (h)		
Assets						
Interest-earning assets:						
Residential mortgage loans	$ 3,392,524	32,674	32,674	3.85	3.85 %	$ 3,493
Home equity loans	1,205,273	17,294	17,294	5.77	5.77 %	1,284
Consumer loans	2,033,620	25,033	25,033	4.95	4.95 %	2,123
Commercial real estate loans						
Commercial real estate loans	2,999,224	43,425		5.73	%	2,824,120
Commercial loans	1,714,667	31,857	31,857	7.35	7.35 %	1,161

Loans receivable (a) (b) (d) (includes FTE adjustments of $735 and $521, respectively)		11,190,959	141,402	5.01 %	10,480,566	107,464	4.07 %								
Loans receivable (a) (b) (d) (includes FTE adjustments of $712 and $576, respectively)								Loans receivable (a) (b) (d) (includes FTE adjustments of $712 and $576, respectively)	11,345,308		150,283	5.33	%	10,887,132	
Mortgage-backed securities (c)	Mortgage-backed securities (c)	1,781,010	8,072	1.81 %	2,019,715	8,683	1.72 %	Mortgage-backed securities (c)	1,717,306	7,944	7,944	1.85	1.85 %		1,90
Investment securities (c) (d) (includes FTE adjustments of $154 and $215, respectively)		336,125	1,431	1.70 %	388,755	1,762	1.81 %								
Investment securities (c) (d) (includes FTE adjustments of $145 and $216, respectively)								Investment securities (c) (d) (includes FTE adjustments of $145 and $216, respectively)	333,752		1,430	1.71	%	384,717	
FHLB stock, at cost	FHLB stock, at cost	37,722	668	7.03 %	14,028	148	4.19 %	FHLB stock, at cost	32,249	607	607	7.57	7.57 %		39
Other interest-earning deposits	Other interest-earning deposits	59,433	915	6.11 %	253,192	1,295	2.00 %	Other interest-earning deposits	61,666	832	832	5.34	5.34 %		38
Total interest-earning assets (includes FTE adjustments of $889 and $736, respectively)		13,405,249	152,488	4.51 %	13,156,256	119,352	3.60 %								
Total interest-earning assets (includes FTE adjustments of $857 and $792, respectively)								Total interest-earning assets (includes FTE adjustments of $857 and $792, respectively)	13,490,281		161,096	4.80	%	13,259,480	
Noninterest-earning assets (e)	Noninterest-earning assets (e)	974,074			896,663										
Total assets	Total assets	$14,379,323			$14,052,919										
Total assets															
Total assets									$14,408,612					$14,121,496	
Liabilities and shareholders' equity															
Liabilities and shareholders' equity															
Liabilities and shareholders' equity	Liabilities and shareholders' equity														
Interest-bearing liabilities:	Interest-bearing liabilities:							Interest-bearing liabilities:							
Savings deposits (g)	Savings deposits (g)	$ 2,116,759	2,695	0.51 %	$ 2,350,248	594	0.10 %	Savings deposits (g)	$ 2,122,035	5,036	5,036	0.95	0.95 %		$2,198

Interest-bearing demand deposits (g)	Interest-bearing demand deposits (g)	2,569,229	4,086	0.63 %	2,794,338	360	0.05 %	Interest-bearing demand deposits (g)	2,538,823	5,402	5,402	0.86	0.86 %	2,612
Money market deposit accounts (g)	Money market deposit accounts (g)	2,112,228	6,772	1.27 %	2,620,850	692	0.10 %	Money market deposit accounts (g)	1,961,332	7,913	7,913	1.62	1.62 %	2,408
Time deposits (g)	Time deposits (g)	2,164,559	18,136	3.32 %	1,110,906	1,511	0.54 %	Time deposits (g)	2,697,983	29,335	29,335	4.37	4.37 %	1,293
Borrowed funds (f)	Borrowed funds (f)	643,518	7,937	4.89 %	127,073	239	0.75 %	Borrowed funds (f)	469,697	5,708	5,708	4.89	4.89 %	740
Subordinated debentures	Subordinated debentures	114,045	1,148	4.03 %	113,695	1,149	4.04 %	Subordinated debentures	114,225	1,148	1,148	4.02	4.02 %	113
Junior subordinated debentures	Junior subordinated debentures	129,466	2,456	7.42 %	129,207	1,322	4.00 %	Junior subordinated debentures	129,597	2,459	2,459	7.51	7.51 %	129
Total interest-bearing liabilities	Total interest-bearing liabilities	9,849,804	43,230	1.74 %	9,246,317	5,867	0.25 %	Total interest-bearing liabilities	10,033,692	57,001	57,001	2.28	2.28 %	9,497
Noninterest-bearing demand deposits (g)	Noninterest-bearing demand deposits (g)	2,757,091			3,093,490									
Noninterest-bearing liabilities	Noninterest-bearing liabilities	257,141			209,486									
Noninterest-bearing liabilities														
Noninterest-bearing liabilities														
Total liabilities	Total liabilities	12,864,036			12,549,293									
Total liabilities														
Total liabilities														
Shareholders' equity														
Shareholders' equity														
Shareholders' equity	Shareholders' equity	1,515,287			1,503,626				1,549,870			1,498,825		
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$14,379,323			$14,052,919			Total liabilities and shareholders' equity	$14,408,612					$14,121,496
Net interest income/Interest rate spread	Net interest income/Interest rate spread		109,258	2.77 %		113,485	3.35 %	Net interest income/Interest rate spread			104,095	2.52	2.52 %	
Net interest-earning assets/Net interest margin	Net interest-earning assets/Net interest margin	$ 3,555,445		3.23 %	$ 3,909,939		3.42 %	Net interest-earning assets/Net interest margin	$ 3,456,589				3.10 %	$3,761
Ratio of interest-earning assets to interest- bearing liabilities	Ratio of interest-earning assets to interest- bearing liabilities	1.36X			1.42X			Ratio of interest-earning assets to interest- bearing liabilities	1.34X				1.40X	

(a) Average gross loans includes loans held as available-for-sale and loans placed on nonaccrual status.

(b) Interest income includes accretion/amortization of deferred loan fees/expenses, which were not material.

(c) Average balances do not include the effect of unrealized gains or losses on securities held as available-for-sale.

(d) Interest income on tax-free investment securities and tax-free loans are presented on a fully taxable equivalent ("FTE") FTE basis.

(e) Average balances include the effect of unrealized gains or losses on securities held as available-for-sale.

(f) Average balances include FHLB borrowings and collateralized borrowings.

(g) Average cost of deposits were 1.07% 1.61% and 0.11% 0.40%, respectively, average cost of interest-bearing deposits were 1.40% 2.06% and 0.14% 0.54%, respectively .

(h) Annualized. Shown on a FTE basis. The FTE basis adjusts for the tax benefit of income on certain tax exempt loans and investments using the federal statutory rate applicable to each period presented. We believe this measure to be the preferred industry measurement of net interest income and provides relevant comparison between taxable and non-taxable amounts. GAAP basis yields were: loans — 4.99% 5.30% and 4.05% 4.61%, respectively; investment securities — 1.52% 1.54% and

1.59% 1.61%, respectively; interest-earning assets — 4.49% 4.78% and 3.58% 4.13%, respectively. GAAP basis net interest rate spreads were 2.75% 2.49% and 3.33% 3.17%, respectively; and GAAP basis net interest margins were 3.21% 3.08% and 3.40% 3.44%, respectively.

Rate/Volume Analysis
(in thousands)

The following table represents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected interest income and interest expense during the periods indicated. Information is provided in each category with respect to (i) changes attributable to changes in volume (changes in volume multiplied by prior rate), (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume), and (iii) net change. Changes that cannot be attributed to either rate or volume have been allocated to both rate and volume.

		For the quarter ended September 30, 2023 vs. 2022		
		Increase/(decrease) due to		**Total increase/(decrease)**
		Rate	**Volume**	
	For the quarter ended March 31, 2024 vs. 2023			**For the quarter ended March 31, 2024 vs. 2023**
	Increase/(decrease) due to		**Increase/(decrease) due to**	**Total increase/(decrease)**
	Rate			
Interest-earning assets:				
Interest-earning assets:				
Interest-earning assets:	Interest-earning assets:			
Loans receivable	Loans receivable	$ 24,962	8,976	33,938
Mortgage-backed securities	Mortgage-backed securities	470	(1,081)	(611)
Investment securities	Investment securities	(107)	(224)	(331)
FHLB stock, at cost	FHLB stock, at cost	104	416	520
Other interest-earning deposits	Other interest-earning deposits	2,578	(2,958)	(380)
Total interest-earning assets	Total interest-earning assets	28,007	5,129	33,136
Interest-bearing liabilities:				
Interest-bearing liabilities:				
Interest-bearing liabilities:	Interest-bearing liabilities:			
Savings deposits	Savings deposits	2,398	(297)	2,101
Interest-bearing demand deposits	Interest-bearing demand deposits	4,084	(358)	3,726
Money market deposit accounts	Money market deposit accounts	7,711	(1,631)	6,080
Time deposits	Time deposits	7,797	8,828	16,625

Borrowed funds	Borrowed funds	1,328	6,370	7,698
Subordinated debt	Subordinated debt	(4)	3	(1)
Junior subordinated debentures	Junior subordinated debentures	1,129	5	1,134
Total interest-bearing liabilities	Total interest-bearing liabilities	24,443	12,920	37,363
Net change in net interest income	Net change in net interest income	$ 3,564	(7,791)	(4,227)

Net change in net interest income

Net change in net interest income

Provision for Credit Losses

	1Q23	2Q23	3Q23	4Q23	1Q24
Provision for credit losses - loans (in thousands)	$4,870	6,010	3,983	3,801	4,234
Provision for credit losses - unfunded commitments (in thousands)	126	2,920	(2,981)	4,145	(799)
Annualized net charge-offs to average loans	0.08 %	0.10 %	0.13 %	0.12 %	0.16 %

The provision for credit losses decreased by $2 million, or 31%, from the quarter ended March 31, 2023. This decrease included a $1 million decrease in the provision for credit losses - loans driven by changes in the economic forecasts reflected in our allowance for credit loss models, as well as a $1 million decrease in the provision for credit losses - unfunded commitments driven by the timing of origination and funding of commercial construction loans and lines of credit. Classified assets continue to remain low at $229 million, at March 31, 2024 from $209 million at March 31, 2023, or 2% of total loans as of both periods.

In determining the amount of the current period provision, we considered current and forecasted economic conditions, including but not limited to improvements in unemployment levels, expected economic growth, bankruptcy filings, and changes in real estate values and the impact of these factors on the quality of our loan portfolio and historical loss experience. We analyze the allowance for credit losses as described in the section entitled “Allowance for Credit Losses.” The provision that is recorded is sufficient, in our judgment, to bring this reserve to a level that reflects the current expected lifetime losses in our loan portfolio relative to loan mix, a reasonable and supportable economic forecast period and historical loss experience at March 31, 2024.

Average Balance Sheet Noninterest Income

8246337218791 2748779081247

(a) Other noninterest income includes the gain on sale of SBA loans, net gain on real estate owned, mortgage banking income, and other operating income. See the "Consolidated Statements of Income" in thousands) Item 1. Financial Statements of this report.

The following table sets forth certain information relating Noninterest income increased by $4 million, or 17%, from the quarter ended March 31, 2023. This increase was primarily due to a $2 million, or 18%, increase in service charges and fees to $16 million for the quarter ended March 31, 2024 from $13 million for the quarter ended March 31, 2023 driven by commercial loan fees and deposit related fees based on customer activity in the current quarter as well as gain on sale of SBA loans and improvements in trust and other financial services income.

Noninterest Expense

6047313963231 6047313963222

(a) Other noninterest expense includes office operations, collections expense, marketing expense, FDIC insurance expense, amortization of intangible assets, real estate owned expense, merger, asset disposition and restructuring expense, and other expenses. See the "Consolidated Statements of Income" in Item 1. Financial Statements of this report.

Noninterest expense increased by $3 million, or 3%, from the quarter ended March 31, 2023. This increase was primarily attributable to an increase in compensation and employee benefits expense of $5 million, or 11%, to $52 million for the quarter ended March 31, 2024, from $47 million for the quarter ended March 31, 2023 driven primarily by the build out of the commercial business and related credit, risk management, and internal audit support functions. Partially offsetting this increase was a decrease in non-personnel expense related to a decline in merger, asset disposition and restructuring expense of $2 million, or 66%, as a result of the severance and fixed asset charges related to the Company's average balance sheet branch optimization and reflects personnel reduction incurred during the average yield on interest-earning assets and average cost first quarter of interest-bearing liabilities for the periods indicated. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods presented. Average balances are calculated using daily averages.

	Nine months ended September 30,							
	2023				2022			
	Average balance		Interest	Avg. yield/ cost (i)	Average balance		Interest	Avg. yield/ cost (i)
Assets								
Interest-earning assets:								
Residential mortgage loans	$	3,485,130	97,090	3.71 %	$	3,162,758	82,282	3.47 %
Home equity loans		1,273,878	50,467	5.30 %		1,282,045	37,443	3.90 %
Consumer loans		2,119,717	66,977	4.22 %		1,887,843	47,588	3.37 %
Commercial real estate loans		2,857,555	117,074	5.48 %		2,918,940	95,813	4.33 %
Commercial loans		1,312,750	67,465	6.87 %		929,942	28,981	4.11 %
Loans receivable (a) (b) (d) (includes FTE adjustments of $1,937 and $1,416, respectively)		11,049,030	399,073	4.83 %		10,181,528	292,107	3.84 %
Mortgage-backed securities (c)		1,849,567	24,935	1.80 %		1,972,694	22,201	1.50 %
Investment securities (c) (d) (includes FTE adjustments of $579 and $627, respectively)		364,956	4,909	1.79 %		379,850	4,923	1.73 %
FHLB stock, at cost		40,945	2,202	7.19 %		13,776	311	3.02 %
Other interest-earning deposits		64,560	1,931	4.00 %		753,482	3,447	0.60 %
Total interest-earning assets (includes FTE adjustments of $2,516 and $2,043, respectively)		13,369,058	433,050	4.33 %		13,301,330	322,989	3.25 %
Noninterest-earning assets (e)		880,799				941,947		
Total assets	$	14,249,857			$	14,243,277		
Liabilities and shareholders' equity								
Interest-bearing liabilities:								
Savings deposits (h)	$	2,163,564	4,777	0.30 %	$	2,348,944	1,758	0.10 %
Interest-bearing demand deposits (h)		2,550,433	6,684	0.35 %		2,842,071	1,008	0.05 %
Money market deposit accounts (h)		2,246,422	17,289	1.03 %		2,647,301	2,067	0.10 %
Time deposits (h)		1,733,428	35,993	2.78 %		1,207,444	5,416	0.60 %
Borrowed funds (f)		740,011	26,077	4.71 %		131,368	563	0.57 %
Subordinated debentures (g)		113,958	3,444	4.03 %		118,919	3,603	4.04 %
Junior subordinated debentures		129,401	6,889	7.02 %		129,142	2,893	2.95 %
Total interest-bearing liabilities		9,677,217	101,153	1.40 %		9,425,189	17,308	0.25 %
Noninterest-bearing demand deposits (h)		2,822,178				3,081,640		
Noninterest-bearing liabilities		239,034				199,742		
Total liabilities		12,738,429				12,706,571		
Shareholders' equity		1,511,428				1,536,706		
Total liabilities and shareholders' equity	$	14,249,857			$	14,243,277		
Net interest income/Interest rate spread			331,897	2.93 %			305,681	3.00 %
Net interest-earning assets/Net interest margin	$	3,691,841		3.32 %	$	3,876,141		3.07 %
Ratio of interest-earning assets to interest-bearing liabilities		1.38X				1.41X		

(a) Average gross loans includes loans held as available-for-sale and loans placed on nonaccrual status.

(b) Interest income includes accretion/amortization of deferred loan fees/expenses, which were not material.

(c) Average balances do not include the effect of unrealized gains or losses on securities held as available-for-sale.

(d) Interest income on tax-free investment securities and tax-free loans are presented on a fully taxable equivalent ("FTE") basis.

(e) Average balances include the effect of unrealized gains or losses on securities held as available-for-sale.

(f) Average balances include FHLB borrowings and collateralized borrowings.

(g) On September 9, 2020, the Company issued $125.0 million of 4.00% fixed-to-floating rate subordinated notes with a maturity of September 15, 2030.

(h) Average cost of deposits were 0.75% and 0.11%, respectively and average cost of Interest-bearing deposits were 1.00% and0.15%, respectively.

(i) Annualized. Shown on a FTE basis. The FTE basis adjusts for the tax benefit of income on certain tax exempt loans and investments using the federal statutory rate applicable to each period presented. We believe this measure to be the preferred industry measurement of net interest income and provides relevant comparison between taxable and non-taxable amounts. GAAP basis yields were: loans — 4.81% and 3.82%, respectively; investment securities — 1.58% and 1.51%, respectively; interest-earning assets — 4.31% and 3.23%, respectively. GAAP basis net interest rate spreads were 2.91% and 2.98%, respectively; and GAAP basis net interest margins were 3.29% and 3.05%, respectively. prior year.

Rate/Volume Analysis
(in thousands) Income Taxes

The following table represents provision for income taxes decreased by $1.7 million, or 17%, to $8.6 million for the extent quarter ended March 31, 2024 from $10.3 million for the quarter ended March 31, 2023. This decrease in income taxes was due primarily to which changes a decrease in interest rates and changes our income before taxes in the volume of interest-earning assets current year. We anticipate our effective tax rate to be between 22.0% and interest-bearing liabilities have affected interest income and interest expense during 24.0% for the periods indicated. Information is provided in each category with respect to (i) changes attributable to changes in volume (changes in volume multiplied by prior rate), (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume), and (iii) net change. Changes that cannot be attributed to either rate or volume have been allocated to both rate and volume.

	For the nine months ended September 30, 2023 vs. 2022		
	Increase/(decrease) due to		Total increase/(decrease)
	Rate	Volume	
Interest-earning assets:			
Loans receivable	$ 75,633	31,333	106,966
Mortgage-backed securities	4,394	(1,660)	2,734
Investment securities	186	(200)	(14)
FHLB stock, at cost	426	1,465	1,891
Other interest-earning deposits	19,094	(20,610)	(1,516)
Total interest-earning assets	99,733	10,328	110,061
Interest-bearing liabilities:			
Savings deposits	3,428	(409)	3,019
Interest-bearing demand deposits	6,440	(764)	5,676
Money market deposit accounts	18,307	(3,085)	15,222
Time deposits	19,655	10,922	30,577
Borrowed funds	4,066	21,448	25,514
Subordinated debt	(8)	(151)	(159)
Junior subordinated debentures	3,982	14	3,996
Total interest-bearing liabilities	55,870	27,975	83,845
Net change in net interest income	$ 43,863	(17,647)	26,216

year ending December 31, 2024.

Item 3. **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As the holding company for a savings bank, one of our primary market risks is interest rate risk. Interest rate risk is the sensitivity of net interest income to variations in interest rates over a specified time period. The sensitivity results from differences in the time periods in which interest rate sensitive assets and liabilities mature or re-price. We attempt to control interest rate risk by matching, within acceptable limits, the re-pricing periods of assets and liabilities. We have attempted to limit our exposure to interest sensitivity by increasing core deposits, enticing customers to extend certificates of deposit maturities, borrowing funds with fixed-rates and longer maturities and by shortening the maturities of our assets by emphasizing the origination of more short-term fixed rate loans and adjustable rate loans. We also have the ability to sell a portion of the long-term, fixed-rate mortgage loans that we originate. In addition, we purchase shorter term or adjustable-rate investment securities and mortgage-backed securities.

We have an Asset/Liability Committee consisting of members of management which meets monthly to review market interest rates, economic conditions, the pricing of interest-earning assets and interest-bearing liabilities and the balance sheet structure. On a quarterly basis, this Committee also reviews the interest rate risk position and cash flow projections.

The Board of Directors has a Risk Management Committee which meets quarterly and reviews interest rate risk and trends, our interest sensitivity position, the liquidity position and the market risk inherent in the investment portfolio.

In an effort to assess interest rate risk and market risk, we utilize a simulation model to determine the effect of immediate incremental increases and decreases in interest rates on net income and the market value of equity. Certain assumptions are made regarding loan prepayments and decay rates of savings and interest-bearing demand accounts. Because it is difficult to accurately project the market reaction of depositors and borrowers, the effect of actual changes in interest rates on these assumptions may differ from simulated results. We have established the following guidelines for assessing interest rate risk:

Net interest income simulation. Given a parallel shift of 100 basis points ("bps"), 200 bps and 300 bps in interest rates, the estimated net income may not decrease by more than 5%, 10% and 15%, respectively, within a one-year period.

Net income simulation. Given a parallel shift of 100 bps, 200 bps and 300 bps in interest rates, the estimated net income may not decrease by more than 10%, 20% and 30%, respectively, within a one-year period.

Market value of equity simulation. The market value of equity is the present value of assets and liabilities. Given a parallel shift of 100 bps, 200 bps and 300 bps in interest rates, the market value of equity may not decrease by more than 15%, 30% and 35%, respectively, from the computed economic value at current interest rate levels.

The following table illustrates the simulated impact of a 100 bps, 200 bps or 300 bps upward or a 100 bps, 200 bps or 300 bps downward movement in interest rates on net income, return on average equity, earnings per share and market value of equity. This analysis was prepared assuming that interest-earning asset and interest-bearing liability levels at September 30, 2023 March 31, 2024 remain constant. The impact of the rate movements was computed by simulating the effect of an immediate and sustained shift in interest rates over a twelve-month period from September 30, 2023 March 31, 2024 levels.

		Increase			Decrease				Increase			Decrease		
Parallel shift in interest rates over the next 12 months	**Parallel shift in interest rates over the next 12 months**	**100 bps**	**200 bps**	**300 bps**	**100 bps**	**200 bps**	**300 bps**	**Parallel shift in interest rates over the next 12 months**	**100 bps**	**200 bps**	**300 bps**	**100 bps**	**200 bps**	**300 bps**
Projected percentage increase/(decrease) in net interest income	Projected percentage increase/(decrease) in net interest income	(0.1) %	(1.3) %	(3.8) %	(0.7 %)	(5.7 %)	(10.8 %)	Projected percentage increase/(decrease) in net interest income	(1.7) %	(3.7) %	(5.7) %	(1.4 %)	(6.2 %)	(11.6 %)
Projected percentage increase/(decrease) in net income	Projected percentage increase/(decrease) in net income	(0.2) %	(2.6) %	(7.5) %	(1.7 %)	(12.2 %)	(23.2 %)	Projected percentage increase/(decrease) in net income	(4.0) %	(8.9) %	(13.8) %	(3.4 %)	(15.1 %)	(28.4 %)
Projected increase/(decrease) in return on average equity	Projected increase/(decrease) in return on average equity	(0.1) %	(2.4) %	(7.1) %	(1.5 %)	(11.6 %)	(22.2 %)	Projected increase/(decrease) in return on average equity	(3.9) %	(8.5) %	(13.3) %	(3.2 %)	(14.5 %)	(27.4 %)
Projected increase/(decrease) in earnings per share	Projected increase/(decrease) in earnings per share	$(0.01)	$(0.04)	$(0.10)	$(0.03)	$(0.16)	$(0.30)							
Projected percentage increase/(decrease) in market value of equity	Projected percentage increase/(decrease) in market value of equity	(8.8 %)	(19.0 %)	(33.3 %)	10.4 %	18.2 %	25.7 %	Projected percentage increase/(decrease) in market value of equity	(8.1 %)	(16.5 %)	(24.5 %)	6.6 %	8.7 %	8.1 %

The figures included in the table above represent projections that were computed based upon certain assumptions including prepayment rates and decay rates. These assumptions are inherently uncertain and, as a result, cannot precisely predict the impact of changes in interest rates. Actual results may differ significantly due to timing, magnitude and frequency of interest rate changes and changes in market conditions, and actions that may be taken by management in response to interest rate changes.

Item 4. CONTROLS AND PROCEDURES

Under the supervision of and with the participation of management, including the Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the Evaluation Date, these disclosure controls and procedures were effective.

There were no changes in the internal controls over financial reporting during the period covered by this report or in other factors that have materially affected, or are reasonably likely to materially affect the internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are subject to a number of asserted and unasserted claims encountered in the normal course of business. We believe that any additional liability, other than that which has already been accrued, that may result from such potential litigation will not have a material adverse effect on the financial statements. However, we cannot presently determine whether or not any claims against us will have a material adverse effect on our results of operations in any future reporting period. Refer to Note 11.

Item 1A. RISK FACTORS

Except as reported in Quarterly Reports on Form 10-Q we have filed during the year ended December 31, 2023, previously disclosed, there have been no material updates or additions to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission. Additional risks not presently known to us, or that we currently deem immaterial, may also adversely affect our business, financial condition or results of operations.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

a) Not applicable.
b) Not applicable.
c) On December 13, 2012, the Board of Directors approved a program that authorizes the repurchase of approximately 5,000,000 shares of common stock. This program does not have an expiration date. During the quarter ended September 30, 2023 March 31, 2024, there were no shares of common stock repurchased and there are a maximum of 2,261,130 remaining shares that can be purchased under the current repurchase program.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

During the three months ended September 30, 2023 March 31, 2024, no directors or executive officers of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and/or any “Rule 10b5-1 trading arrangement.”

Item 6. EXHIBITS

10.1	Employment Agreement by and between Northwest Bank, Northwest Bancshares, Inc. and Douglas M. Schosser
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-15 or 15d-15 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-15 or 15d-15 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page of this Quarterly Report on Form 10-Q, formatted in inline XBRL.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

NORTHWEST BANCSHARES, INC.

(Registrant)

Date:	November May 3, 2023 2024	By:	/s/ Louis J. Torchio
			Louis J. Torchio
			President and Chief Executive Officer
			(Duly Authorized Officer)
Date:	November May 3, 2023 2024	By:	/s/ Jeffrey J. Maddigan
			Jeffrey J. Maddigan
			Executive Vice President, Finance, Accounting and Corporate Treasurer
			(Principal Accounting Officer)

63 52

Exhibit 31.1

Certification

I, Louis J. Torchio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Northwest Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November May 3, 2023 2024	/s/ Louis J. Torchio
Date	Louis J. Torchio
	President and Chief Executive Officer

Exhibit 31.2

Certification

I, William W. Harvey, Jr., Douglas M. Schosser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Northwest Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November May 3, 2023 2024	/s/ William W. Harvey, Jr. Douglas M. Schosser
Date	William W. Harvey, Jr. Douglas M. Schosser
	Senior Executive Vice President, Chief Operating Officer and Chief Financial Officer

Exhibit 32.1

Certification by the Chief Executive Officer and Chief Financial Officer

The undersigned officers of Northwest Bancshares, Inc. (the "Company") hereby certify that, to the best of their knowledge:

1. The Company's quarterly report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November May 3, 2023 2024	/s/ Louis J. Torchio
Date	Louis J. Torchio
	President and Chief Executive Officer

November May 3, 2023 2024	/s/ William W. Harvey, Jr. Douglas M. Schosser
Date	William W. Harvey, Jr. Douglas M. Schosser
	Senior Executive Vice President, Chief Operating Officer and Chief Financial Officer

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002.

A signed original of this written statement required by Section 906 has been provided to Northwest Bancshares, Inc. and will be retained by Northwest Bancshares, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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