



Northwest Bank

We bring the bank to you.

Report to Shareholders

Condensed Balance Sheet

(unaudited, in thousands) As of:

	<u>Dec 31, 2009</u>	<u>Dec 31, 2008</u>	<u>Sept 30, 2009</u>
Assets:			
Cash	\$ 2,183	\$ 2,292	\$ 2,183
Investments *	17,176	19,897	18,430
Loans:			
Commercial	57,339	66,190	60,549
Real Estate	44,018	38,576	41,808
Other	885	2,168	1,058
Total Loans Gross	102,242	106,934	103,415
Loan Loss Reserve	(1,705)	(1,595)	(1,700)
Total Loans, Net of Loan Loss Reserve	100,537	105,339	101,715
Other Real Estate Owned	2,797	1,178	2,567
Deferred Tax Asset ***	4,268	2,570	3,974
Other Assets	1,911	1,098	949
Total Assets	\$ <u>128,872</u>	\$ <u>132,374</u>	\$ <u>129,818</u>
Liabilities:			
Deposits:			
Non-interest Bearing Deposits	\$ 25,326	\$ 11,935	\$ 20,597
Interest Bearing Demand Deposits	45,794	34,628	48,454
Certificates of Deposit - NonCore **	6,880	18,527	7,770
Certificates of Deposit - Core	32,773	47,499	35,509
Total Deposits	110,773	112,589	112,330
Short-Term Borrowings	-	-	-
Other Liabilities	535	1,251	1,084
Total Liabilities	111,308	113,840	113,414
Shareholders' Equity	17,564	18,534	16,404
Total Liabilities & Shareholders' Equity	\$ <u>128,872</u>	\$ <u>132,374</u>	\$ <u>129,818</u>
Leverage Capital Ratio			
(Required for "well-capitalized")	10.42%	12.71%	9.67%
	5%	5%	5%

* Fed Funds Sold, Money Market & Time CD Investments, Available for Sale Investment Securities

** Brokered and National Institution CDs, excludes reciprocal CDARs CDs of our local customers

*** Value pending finalization with accounting firm, valuation range will fall between \$0 and \$4,268



Northwest Bank

We bring the bank to you.

Condensed Statement of Operations (unaudited, in thousands except share data)	Year Ended		Quarter Ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Sept 30, 2009
Interest Income	\$ 6,262	\$ 6,861	\$ 1,557	\$ 1,500
Interest Expense	<u>1,650</u>	<u>2,703</u>	<u>322</u>	<u>374</u>
Net Interest Income	4,612	4,158	1,235	1,126
Provision for Loan Losses	<u>(3,104)</u>	<u>(2,367)</u>	<u>(825)</u>	<u>(450)</u>
Net Interest Income, Net of Provision for Loan Losses	1,508	1,791	410	676
Non-interest Revenue	290	189	67	61
Non-interest Expense:				
Salaries & Benefits	2,731*	2,687*	476*	719
Occupancy & Equipment	633	655	162	155
FDIC Insurance	355	78	79	76
Other Real Estate Owned Expense	1,288	432	208	2
Other Non-interest Expense	<u>1,255</u>	<u>1,110</u>	<u>322</u>	<u>344</u>
Total Non-interest Expense	<u>6,262</u>	<u>4,962</u>	<u>1,247</u>	<u>1,296</u>
Pre-Tax Income/(Loss)	(4,464)	(2,982)	(770)	(559)
Tax Provision/(Benefit)	<u>(1,694)</u>	<u>(1,127)</u>	<u>(290)</u>	<u>(212)</u>
Net Income/(Loss)	\$ <u>(2,770)</u>	\$ <u>(1,855)</u>	\$ <u>(480)</u>	\$ <u>(347)</u>
Net Interest Margin	3.71%	3.73%	3.96%	3.53%
Allowance for Loan Losses				
Beginning of the Period	\$ 1,595	\$ 1,231	\$ 1,700	\$ 2,461
Provision for Loan Losses	3,104	2,367	825	450
Recoveries	2	1,107	1	-
Charge-offs	<u>(2,996)</u>	<u>(3,110)</u>	<u>(821)</u>	<u>(1,211)</u>
Balance End of the Period	\$ <u>1,705</u>	\$ <u>1,595</u>	\$ <u>1,705</u>	\$ <u>1,700</u>
% of Loans Outstanding	1.67%	1.49%	1.67%	1.64%
Loans Past Due 30-89 Days	\$ 56	\$ 1,041	\$ 56	\$ 10
Past Due Loans to Total Loans	.05%	.97%	.05%	.01%
Loans Past Due 90+ Days	\$ 0	\$ 0	\$ 0	\$ 189
Nonaccrual Loans	<u>9,228</u>	<u>5,859</u>	<u>9,228</u>	<u>4,338</u>
Nonperforming Loans	9,228	5,859	9,228	4,527
OREO	<u>2,797</u>	<u>1,178</u>	<u>2,797</u>	<u>2,567</u>
Nonperforming Assets	\$ <u>12,025</u>	\$ <u>7,037</u>	\$ <u>12,025</u>	\$ <u>7,094</u>
Nonperforming Loans/Total Loans	9.03%	5.48%	9.03%	4.38%
Nonperforming Assets/ Total Assets	9.33%	5.32%	9.33%	5.46%
Texas Ratio	62.41%	34.96%	62.41%	39.18%
Book Value per Share	\$ 7.20	\$ 8.39	\$ 7.20	\$ 7.43
Period End Shares Outstanding	2,440,213	2,209,000	2,440,213	2,209,000

* Includes reversal of bonus accruals of \$246,000 in 2009 and \$198,000 in 2008. No Executive bonuses were paid for either year, and no discretionary bonuses were paid to non-executive staff in 2009.