

NORTHWEST BANCORPORATION INC
Form 10QSB
November 09, 2004
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended _____.

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from 7/1/04 to 9/30/04.

Commission file number 000-24151

NORTHWEST BANCORPORATION, INC.

(Exact name of small business issuer as specified in its charter)

Washington

91-1574174

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(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
identification No.)

421 West Riverside, Spokane, WA 99201-0403

(Address of principal executive offices)

(509) 456-8888

(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

APPLICABLE ONLY TO CORPORATE ISSUERS

The Registrant has a single class of common stock, of which there are 1,998,108 shares issued and outstanding as of September 30, 2004.

Transitional Small Business Disclosure Format: Yes No

Table of Contents

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Part I | |
| <u>Financial Information</u> | |
| Item 1. <u>Financial Statements</u> | |
| <u>Consolidated Statements of Condition – September 30, 2004 and December 31, 2003</u> | 1 |
| <u>Consolidated Statements of Income – Three-months and nine-months, year-to-date, ended September 30, 2004 and 2003</u> | 2 |
| <u>Consolidated Statements of Cash Flow – Nine-months, year-to-date ended September 30, 2004 and 2003</u> | 3 |
| <u>Consolidated Statements of Stockholders – Equity as of September 30, 2004 and 2003</u> | 4 |
| <u>Notes to Consolidated Financial Statements</u> | 6 |
| Item 2. <u>Management’s Discussion and Analysis or Plan of Operation</u> | 9 |
| Item 3. <u>Controls and Procedures</u> | 9 |
| Part II | |
| <u>Other Information</u> | |
| Item 6. <u>Exhibits and Reports on Form 8-K</u> | 9 |
| <u>Signatures</u> | 10 |
| Certifications | |

Table of Contents

Part I Financial Information

Item 1. Financial Statements

NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CONDITION

Unaudited

September 30, 2004 and December 31, 2003

(\$ in thousands)

| | September 30 | December 31 |
|--|-------------------|-------------------|
| | 2004 | 2003 |
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and due from banks | \$ 9,934 | \$ 7,466 |
| Federal funds sold/FHLB interest bearing balances | 1,366 | 10,118 |
| Securities held-to-maturity (Note 2) | 2,472 | 1,717 |
| Securities available-for-sale (Note 2) | 42,239 | 32,492 |
| Federal Home Loan Bank stock, at cost | 643 | 625 |
| Loans, net of allowance for loan losses of \$1,930 in 2004 and \$2,224 in 2003 (Notes 3 & 4) | 152,628 | 148,259 |
| Loans held for sale | 1,416 | 446 |
| Accrued interest receivable | 912 | 825 |
| Premises and equipment, net | 4,216 | 3,700 |
| Foreclosed real estate | 1,236 | 1,832 |
| Bank owned life insurance | 2,415 | 2,342 |
| Other assets | 619 | 540 |
| | <u> </u> | <u> </u> |
| TOTAL ASSETS | \$ 220,096 | \$ 210,362 |
| Liabilities | | |
| Noninterest bearing demand deposits | \$ 37,975 | \$ 34,552 |
| Money Market accounts | 54,286 | 47,260 |
| NOW accounts | 14,999 | 13,427 |
| Savings accounts | 7,542 | 5,988 |
| Time Certificates of Deposit, \$100,000 and over | 21,411 | 20,933 |
| Time Certificates of Deposit, under \$100,000 | 38,576 | 43,871 |
| | <u> </u> | <u> </u> |
| TOTAL DEPOSITS | 174,789 | 166,031 |
| Securities sold under agreement to repurchase | 19,021 | 17,206 |
| Borrowed funds (Note 5) | 5,313 | 7,604 |
| Borrowed funds, other (Note 5) | 247 | 258 |
| Accrued interest payable and other liabilities | 1,216 | 759 |
| | <u> </u> | <u> </u> |

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| | | |
|---|------------|------------|
| TOTAL OTHER LIABILITIES | 25,797 | 25,827 |
| TOTAL DEPOSITS & LIABILITIES | 200,586 | 191,858 |
| Stockholders Equity | | |
| Common stock, no par, 5,000,000 shares authorized; issued and outstanding 1,998,108 on September 30, 2004 and 1,993,711 on December 31, 2003 (Note 6) | | |
| | 16,894 | 15,332 |
| Retained earnings | 2,499 | 2,833 |
| Accumulated other comprehensive income, net of tax of \$61 for 2004 and \$175 for 2003 | 117 | 339 |
| TOTAL STOCKHOLDERS EQUITY | 19,510 | 18,504 |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY | \$ 220,096 | \$ 210,362 |

The accompanying Notes are an integral part of these condensed financial statements.

Table of Contents

NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

Unaudited

Three months and nine months, year-to-date, ended September 30, 2004 and 2003

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

| | Quarter ended September 30 | | Nine-months, year-to-date | |
|--|----------------------------|---------------|---------------------------|-----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Interest Income | | | | |
| Interest and fees on loans | \$ 2,431 | \$ 2,459 | \$ 7,179 | \$ 7,283 |
| Interest on securities | 471 | 409 | 1,246 | 1,433 |
| Interest on federal funds sold | 26 | 8 | 74 | 64 |
| TOTAL INTEREST INCOME | 2,928 | 2,876 | 8,499 | 8,780 |
| Interest Expense | | | | |
| Interest on deposits | 605 | 605 | 1,787 | 2,029 |
| Interest on securities sold under agreement to repurchase | 36 | 20 | 79 | 72 |
| Interest on borrowed funds | 80 | 79 | 251 | 234 |
| TOTAL INTEREST EXPENSE | 721 | 704 | 2,117 | 2,335 |
| NET INTEREST INCOME | 2,207 | 2,172 | 6,382 | 6,445 |
| Provision for loan losses | 40 | 150 | 160 | 563 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 2,167 | 2,022 | 6,222 | 5,882 |
| Noninterest Income | | | | |
| Fees and service charges | 276 | 256 | 776 | 771 |
| Net gain from sale of loans | 137 | 277 | 363 | 677 |
| Gain on sale of securities | 0 | 0 | 37 | 32 |
| Other noninterest income | 143 | 158 | 348 | 399 |
| TOTAL NONINTEREST INCOME | 556 | 691 | 1,524 | 1,879 |
| Noninterest Expense | | | | |
| Salaries and employee benefits | 1,104 | 1,221 | 3,346 | 3,569 |
| Occupancy, furniture, fixture & equipment expense | 200 | 179 | 581 | 548 |
| Depreciation and amortization expense | 110 | 123 | 333 | 360 |
| Other operating expense | 460 | 420 | 1,354 | 1,345 |
| TOTAL NONINTEREST EXPENSE | 1,874 | 1,943 | 5,614 | 5,822 |
| INCOME BEFORE TAXES | 849 | 770 | 2,132 | 1,939 |
| Income tax expense | 292 | 264 | 732 | 656 |
| NET INCOME | \$ 557 | \$ 506 | \$ 1,400 | \$ 1,283 |

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| | Quarter ended September 30 | | Nine-months, year-to-date | |
|---|-------------------------------|-----------|---------------------------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| Weighted average shares outstanding (Note 6) | 1,998,108 | 1,994,607 | 1,996,029 | 1,994,566 |
| Basic earnings per share | \$ 0.28 | \$ 0.25 | \$ 0.70 | \$ 0.64 |
| Weighted average shares outstanding (Note 6) | 1,998,108 | 1,994,607 | 1,996,029 | 1,994,566 |
| Effect of dilutive securities | 28,611 | 21,544 | 30,620 | 15,017 |
| Weighted average shares outstanding, adjusted for dilutive securities | 2,026,719 | 2,016,151 | 2,026,649 | 2,009,583 |
| Earnings per share assuming full dilution | \$ 0.27 | \$ 0.25 | \$ 0.69 | \$ 0.64 |

The accompanying Notes are an integral part of these condensed financial statements.

Table of Contents

NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOW

Unaudited

nine months, year-to-date, ended September 30, 2004 and 2003

(\$ in thousands)

| | Nine months, year-to-date | |
|---|---------------------------|-----------------|
| | 2004 | 2003 |
| Net income | \$ 1,400 | \$ 1,283 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Provision for loan losses | 160 | 563 |
| Depreciation and amortization | 333 | 360 |
| Change in assets and liabilities: | | |
| Accrued interest receivable | (87) | 216 |
| Net increase in loans held for sale | (970) | (1,472) |
| Net increase in bank owned life insurance, net of purchases/premium paid | (73) | (66) |
| Other assets | 35 | 481 |
| Accrued interest payable & other liabilities | 457 | (11) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,255 | 1,354 |
| Cash flows from investing activities: | | |
| Net decrease in federal funds sold/FHLB interest bearing balances | 8,752 | 539 |
| Net (increase)/decrease in investment securities | (10,856) | 17,650 |
| Net increase in loans | (4,529) | (10,790) |
| Purchase of premises and equipment net of gain or loss on asset disposal | (849) | (449) |
| Purchase of bank owned life insurance | | (1,000) |
| Foreclosed real estate activity (net) | 596 | (324) |
| NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES | (6,886) | 5,626 |
| Cash flows from financing activities: | | |
| Net increase/(decrease) in deposits | 8,758 | (8,428) |
| Net increase/(decrease) in securities sold under agreement to repurchase | 1,815 | (4,178) |
| Net proceeds/(payments) from borrowed funds | (2,302) | 4,514 |
| Cash received from stock sales (net of stock repurchases) | 60 | 5 |
| Cash dividend paid/purchase partial shares created by stock dividend | (232) | (184) |
| NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES | 8,099 | (8,271) |
| Net increase/(decrease) in cash and cash equivalents | 2,468 | (1,291) |
| Cash and due from banks, beginning of year | 7,466 | 10,233 |
| CASH AND DUE FROM BANKS, END OF QUARTER | \$ 9,934 | \$ 8,942 |

The accompanying Notes are an integral part of these condensed financial statements.

Table of Contents

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

Unaudited

In thousands

As of September 30, 2004

| | <u>Total</u> | <u>Common Stock</u> | <u>Retained Earnings</u> | <u>Accumulated Comprehensive Income</u> | <u>Comprehensive Income</u> |
|--|--------------|-------------------------|------------------------------|---|---------------------------------|
| Balance, December 31, 2002 | \$ 17,382 | \$ 14,325 | \$ 2,273 | \$ 784 | |
| Net income 2003 | 1,746 | | 1,746 | | \$ 1,746 |
| Unrealized losses on available for sale securities | (445) | | | (445) | (445) |
| Comprehensive income | | | | | 1,301 |
| Proceeds from issuance of common stock | 31 | 31 | | | |
| Repurchase of common stock | (27) | (27) | | | |
| Fractional shares, issued in cash | (183) | | (183) | | |
| Transfers | | 1,003 | (1,003) | | |
| Balance December 31, 2003 | 18,504 | 15,332 | 2,833 | 339 | |
| Net income, 2004, year-to-date | 1,400 | | 1,400 | | 1,400 |
| Unrealized losses on available for sale securities | (222) | | | (222) | (222) |
| Comprehensive income | | | | | \$ 1,178 |
| Proceeds from issuance of common stock | 60 | 60 | | | |
| Repurchase of common stock | | | | | |
| Cash dividend paid | (232) | | (232) | | |
| Transfers | | 1,502 | (1,502) | | |
| Balance, end-of-quarter, September 30, 2004 | \$ 19,510 | \$ 16,894 | \$ 2,499 | \$ 117 | |
| Disclosure of 2004 reclassification amount: | | | | | |
| Unrealized holding loss on available for sale securities | \$ (299) | | | | |
| Reclassification adjustment for gains realized in income | \$ (37) | | | | |
| Net unrealized loss | \$ (336) | | | | |
| Tax effect | (114) | | | | |
| Net of tax amount | \$ (222) | | | | |

The accompanying Notes are an integral part of these condensed financial statements.

Table of Contents

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

Unaudited

In thousands

As of September 30, 2003

| | <u>Total</u> | <u>Common Stock</u> | <u>Retained Earnings</u> | <u>Accumulated Comprehensive Income</u> | <u>Comprehensive Income</u> |
|--|------------------|-------------------------|------------------------------|---|---------------------------------|
| Balance, December 31, 2001 | \$ 15,579 | \$ 13,495 | \$ 1,667 | \$ 417 | |
| Net income 2002 | 1,419 | | 1,419 | | \$ 1,419 |
| Unrealized gains on available for sale securities | 367 | | | 367 | 367 |
| Comprehensive income | | | | | 1,786 |
| Proceeds from issuance of common stock | 28 | 28 | | | |
| Repurchase of common stock | (9) | (9) | | | |
| Fractional shares, issued in cash | (2) | | (2) | | |
| Transfers | | 811 | (811) | | |
| Balance December 31, 2002 | 17,382 | 14,325 | 2,273 | 784 | |
| Net income, 2003, year-to-date | 1,283 | | 1,283 | | 1,283 |
| Unrealized losses on available for sale securities | (352) | | | (352) | (352) |
| Comprehensive income | | | | | \$ 931 |
| Proceeds from issuance of common stock | 32 | 32 | | | |
| Repurchase of common stock | (27) | (27) | | | |
| Cash dividend paid/purchase partial shares created by stock dividend | (184) | | (184) | | |
| Transfers | | 1,002 | (1,002) | | |
| Balance, end-of-quarter, September 30, 2003 | \$ 18,133 | \$ 15,332 | \$ 2,370 | \$ 431 | |
| Disclosure of 2003 reclassification amount: | | | | | |
| Unrealized holding loss on available for sale securities | \$ (454) | | | | |
| Reclassification adjustment for gains realized in income | \$ (80) | | | | |
| Net unrealized loss | \$ (534) | | | | |
| Tax effect | (182) | | | | |
| Net of tax amount | \$ (352) | | | | |

The accompanying Notes are an integral part of these condensed financial statements.

Table of Contents

Notes to Consolidated Financial Statements

NOTE 1. Management Statement

In the opinion of the Company, the accompanying audited and unaudited Consolidated Financial Statements reflect all adjustments necessary for a fair presentation of the financial position of the Company as of September 30, 2004 and December 31, 2003, as well as the results of operations and changes in financial position for the three-month and nine-month, year-to-date periods ended September 30, 2004 and 2003. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed statements be read in conjunction with the Independent Auditor's Report and Financial Statements contained in the Company's most recent Annual Report on Form 10-KSB, as of December 31, 2003.

Certain reclassifications of September 30, 2003 balances have been made to conform to the September 30, 2004 presentation; there was no impact on net income or stockholders' equity. The number of weighted average shares outstanding, the effect of dilutive securities on earnings per share and the calculation of earnings per share have been restated for the three-month and nine-month, year-to-date periods ending September 30, 2003 to reflect the effect of a five-percent stock dividend effective for shareholders of record as of May 14, 2004.

NOTE 2. Securities

Most of the securities are classified as available-for-sale and are stated at fair value, and unrealized holding gains and losses, net of related deferred taxes, are reported as a separate component of stockholders' equity. Realized gains or losses on available-for-sale securities sales are reported as part of non-interest income based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method. Pre-tax, a realized net loss of \$22 and a realized net gain of \$36,745 are included in the financial results for the three-month and the nine-month, year-to-date periods ending September 30, 2004; and, net gains of \$47,255 and \$79,738 are included in the financial results for the three-month and nine-month, year-to-date periods ending September 30, 2003. Carrying amounts and fair values at September 30, 2004 and December 31, 2003 were as follows (in thousands):

| | September 30, 2004 | | December 31, 2003 | |
|--|--------------------|------------------|-------------------|------------------|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Securities available-for-sale: | | | | |
| US Treasury securities | \$ 7,106 | \$ 7,100 | \$ 7,142 | \$ 7,212 |
| Obligations of federal government agencies | 30,784 | 30,858 | 19,518 | 19,761 |
| Mortgage backed securities | 2,184 | 2,311 | 3,290 | 3,473 |
| Corporate Bonds | 1,987 | 1,970 | 2,028 | 2,046 |
| TOTAL | \$ 42,061 | \$ 42,239 | \$ 31,978 | \$ 32,492 |
| Securities held-to-maturity: | | | | |
| Obligations of states, municipalities and political subdivisions | \$ 2,472 | \$ 2,531 | \$ 1,717 | \$ 1,760 |



Table of Contents

NOTE 3. Loans

Loan detail by category as of September 30, 2004 and December 31, 2003 is as follows (in thousands):

| | September 30 2004 | December 31 2003 |
|---------------------------|------------------------------|-----------------------------|
| Commercial loans | \$ 117,052 | \$ 117,055 |
| Real estate loans | 26,196 | 22,127 |
| Installment loans | 4,436 | 4,625 |
| Consumer and other loans | 7,182 | 6,983 |
| TOTAL LOANS | \$ 154,866 | \$ 150,790 |
| Allowance for loan losses | (1,930) | (2,224) |
| Net deferred loan fees | (308) | (307) |
| NET LOANS | \$ 152,628 | \$ 148,259 |

NOTE 4. Allowance for Loan Losses

The allowance for loan losses is maintained at a level considered adequate by management to provide for reasonably anticipated credit losses in the Bank's loan portfolio. Future credit losses are estimated through an analysis of various factors affecting the performance of the loan portfolio, including: individual review of problem loans, including an evaluation of the quality of underlying collateral; current business conditions and the Bank's historical loan loss experience; the term, in years, that the average loan is expected to remain on the Bank's books; and other factors that management determines to be relevant at the time of the analysis. In accordance with accounting and regulatory requirements, the portion of the allowance relating to unused loan commitments and other off-balance sheet items is reclassified to Accrued interest payable and other liabilities. Changes in the allowance for loan losses during the three-month and nine-month, year-to-date periods ended September 30, 2004 and 2003 were as follows (in thousands):

| | Three months ended | | Nine months, year-to-date, ended | |
|--|---------------------------|-------------------|---|-------------|
| | 09/30/2004 | 09/30/2003 | 2004 | 2003 |
| Balance, beginning of period | \$ 2,169 | \$ 2,291 | \$ 2,224 | \$ 2,026 |
| Provision for loan losses | 40 | 150 | 160 | 563 |
| Loan Charge-offs | (79) | (122) | (259) | (295) |
| Loan Recoveries | 5 | 5 | 10 | 30 |
| Balance, end of period, prior to adjustment for off-balance sheet items | 2,135 | 2,324 | 2,135 | 2,324 |
| Reclassification of reserve for probable losses on unused loan commitments and off-balance sheet items to Accrued interest payable and other liabilities | (205) | | (205) | |

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| | | |
|------------------------|----------|----------|
| Balance, end of period | \$ 1,930 | \$ 1,930 |
|------------------------|----------|----------|

NOTE 5. Borrowed Funds

The Company's subsidiary, Inland Northwest Bank, has unsecured operating lines of credit with Key Bank of Washington for \$9,000,000, US Bank for \$1,500,000 and Zions Bank for \$1,500,000. In addition, Key Bank provides the Bank with two \$100,000 credit facilities to support issuance of letters of

Table of Contents

credit and to facilitate foreign currency transactions. The Bank also has a secured line of credit with the Federal Home Loan Bank of Seattle (FHLB) for approximately \$33,983,000 (15.0% of Bank assets.) The Bank did not have any balances outstanding on its operating lines of credit on either September 30, 2004 or December 31, 2003. The FHLB credit facility is available to support either overnight needs or long-term funding requirements. The bank did not have any overnight balances on its FHLB line as of September 30, 2004 or December 31, 2003. The bank has taken advances from the FHLB to fund Community Investment Program and other loans utilizing longer-term funds. Long-term notes payable to the FHLB were \$5,312,663 on September 30, 2004 and \$7,604,573 on December 31, 2003.

Other borrowed funds consist of a note assumed by the Company related to the foreclosure of real estate. The note is collateralized by a first lien on foreclosed assets with a carrying value of \$396,000. Monthly principal and interest payments total \$3,100, with interest at 9%. The note matures on October 31, 2004.

NOTE 6. Common Stock

On April 20, 2004, the Board of Directors declared a five-percent stock dividend payable on June 15, 2004 to shareholders of record as of May 14, 2004. Shares reported as outstanding on September 30, 2003, as well as earnings per share, the number of weighted average shares outstanding and the effect of dilutive securities for the three-month and nine-month, year-to-date periods ending September 30, 2003, have been restated to reflect the 2004 stock dividend.

On February 18, 2003, the Board of Directors declared a ten-cent (\$0.10) per share cash dividend, which was paid on April 4, 2003 to shareholders of record as of March 21, 2003. On April 20, 2004, the Board of Directors declared a twelve-cent (\$0.12) per share cash dividend which was paid on June 15, 2004 to shareholders of record as of May 14, 2004.

NOTE 7. Subsequent Events

In April 2004, Inland Northwest Bank accepted a bid for the construction of a new branch office facility, to be located in Post Falls, Idaho. As discussed in the Company's most recent Annual Report on Form 10-KSB, as of December 31, 2003, the Bank had purchased property in Post Falls in 2003 in anticipation of relocating its existing Post Falls branch from a retail grocery store to a stand-alone facility. Land acquisition and land-improvement costs included in the 2003 Annual Report were approximately \$374,500. Total costs for construction of the 3,300 square foot branch facility, including furniture and equipment, are estimated to be \$825,500, for a total investment in the branch of \$1,200,000. The new Post Falls branch opened on October 4, 2004. As of September 30, 2004, Premises and equipment, net includes \$1,067,000 related to the construction of the Post Falls branch; the remaining development cost will be booked in the fourth-quarter. Non-depreciated leasehold improvements and other fixed-assets in the amount of \$12,921 were expensed during the third-quarter of 2004 concurrently with the closure of the old Post Falls branch.

Table of Contents

Item 2. Management's Discussion and Analysis or Plan of Operation

The Registrant relied upon Alternative 2 in its registration statement filed on Form 10-SB; there is no information to provide in response to Item 6(a)(3)(i) to Model B of Form 1-A.

Item 3. Controls and Procedures

The officers signing this report: are responsible for maintaining internal controls; have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to them by others within those entities, particularly for the period(s) for and in which this report was being prepared; have evaluated the effectiveness of the Company's internal controls as of the end of the period covered by this report; and, believe that, as of the date of this report and for the periods presented, existing internal controls are effective and adequate based on their evaluation. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Part II Other Information

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit 31.1
Certification of Randall L. Fewel, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- Exhibit 31.2
Certification of Christopher C. Jurey, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- Exhibit 32.1
Certification of Randall L. Fewel, President and Chief Executive Officer, pursuant to 18 U.S.C. 1350
- Exhibit 32.2
Certification of Christopher C. Jurey, Chief Financial Officer, pursuant to 18 U.S.C. 1350
- (b) Reports on Form 8-K
The Company filed the following report on Form 8-K during the period covered by this Report:
Report filed July 15, 2004. On July 15, 2004 the Company issued a press release announcing financial information for the second-quarter of 2004.

Table of Contents

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHWEST BANCORPORATION, INC.

By /s/ Randall L. Fewel

Randall L. Fewel, President and
Chief Executive Officer

Date: November 9, 2004

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHWEST BANCORPORATION, INC.

By /s/ Christopher C. Jurey

Christopher C. Jurey, Chief Financial Officer

Date: November 9, 2004