

NORTHWEST BANCORPORATION INC  
Form 10KSB/A  
February 01, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-KSB/A**

Amendment No. 1

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2006

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-24151

**NORTHWEST BANCORPORATION, INC.**

(Name of small business issuer in its charter)

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Washington  
(State or other jurisdiction of  
incorporation or organization)

91-1574174  
(I.R.S. Employer  
Identification Number)

421 W. Riverside, Spokane, WA  
(Address of principal executive offices)

(Issuer's telephone number) (509) 456-8888

99201-0403  
(Zip Code)

**Securities registered under Section 12(b) of the Act:**

**Title of each class**

None

**Name of each exchange on which registered**

None

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

**Common Stock, No Par Value Per Share**

**(Title of Class)**

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

State issuer's revenues for its most recent fiscal year: \$13,451,418.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within 60 days prior to the end of the Company's fiscal year: \$30,427,716 based on a trade transacted on December 29, 2006.

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State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 2,236,460: as of March 21, 2007.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive Proxy Statement for the registrant's Annual Meeting of Shareholders to be held on May 14, 2007 (the 2007 Proxy Statement ) have been incorporated by reference into Part I, item 4, Part I, item 5 and Part II, item 5 of this Annual Report on Form 10-KSB.

Transitional Small Business Disclosure Format (check one): Yes  No

**Explanatory Note**

This Amendment No. 1 on Form 10-KSB/A ( Amendment ) amends the Form 10-KSB for the year ended December 31, 2006 ( Original Report ) of Northwest Bancorporation, Inc. ( Company ); the Original Report was filed with the U.S. Securities and Exchange Commission on March 21, 2007. This Amendment is being filed to provide five years of data for Items III (Loan Portfolio) and IV (Summary of Loan Loss Experience); the Original Report provided only two years of data. Note 21 has been added to the Notes to Consolidated Financial Statements and details the parent company financial statements. The Report of Independent Registered Public Accounting Firm has been updated to reflect their signature and the modification to Note 21.

These modifications to the Original Report had no effect on the Company s income, financial position, or cash flows.

Except for the modifications described above, this Amendment does not modify or update the Company s previously reported financial statements and other financial disclosures in, or exhibits to, the Original Report, nor does it reflect events occurring after the date of the Original Report. Unaffected items and exhibits have not been repeated in this Amendment.

## PART I

## III. LOAN PORTFOLIO.

The amounts of loans outstanding at the indicated dates are shown in the following table according to type of loan (\$ in thousands):

	2006	December 31			2002
		2005	2004	2003	
(Dollars in Thousands)					
Commercial	\$ 127,420	\$ 124,611	\$ 121,820	\$ 117,055	\$ 109,948
Real estate	74,496	50,162	25,644	22,127	16,676
Installment	8,090	5,079	4,368	4,625	4,295
Consumer and other	8,102	8,991	7,878	6,983	6,422
	218,108	188,843	159,710	150,790	137,341
Allowance for loan losses	(2,586)	(2,252)	(1,944)	(2,224)	(2,026)
Net deferred loan fees	(400)	(273)	(328)	(307)	(291)
	\$ 215,122	\$ 186,318	\$ 157,438	\$ 148,259	\$ 135,024

The following table shows the amounts and earlier of maturity/re-pricing of commercial, real estate and other loans outstanding as of December 31, 2006 (\$ in thousands):

	Maturing			TOTAL
	Within 1 year maturity	After 1 year but within 5 year maturity	After 5 year maturity	
Commercial	\$ 29,561	\$ 18,053	\$ 79,806	\$ 127,420
Real Estate Loans	52,154	5,844	16,498	74,496
Installment	1,691	787	5,612	8,090
Consumer and Other	6,559	19	1,524	8,102
Totals	\$ 89,965	\$ 24,703	\$ 103,440	\$ 218,108
Loans maturing with:				
Fixed Rates	\$ 11,248	\$ 16,905	\$ 33,094	\$ 61,247
Variable Rates	78,717	7,798	70,346	156,861
Totals	\$ 89,965	\$ 24,703	\$ 103,440	\$ 218,108

Loans are placed in a non-accrual status when they are not adequately collateralized and when, in the opinion of management the collection of interest is questionable. Thereafter, no interest is taken into income unless received in cash or until such time as the borrower demonstrates the ability to resume payments of principal and interest. Interest previously accrued but not collected is reversed and charged against income at the time the loan is placed on non-accrual status.

	December 31	
	2006	2005
(Dollars in Thousands)		
Loans accounted for on a non-accrual basis	\$ 320	\$ 405
Loans contractually past due ninety days or more as to interest or principal	\$ 0	\$ 19
Gross interest income which would have been recorded under original terms	\$ 11	\$ 18
Gross interest income recorded during the period	\$ 3	\$ 0

- C.2.** As of the end of the most recent reported period, December 31, 2006, management has no knowledge of additional loans where the financial condition of its borrowers is likely to result in the inability of the borrower to comply with current loan repayment terms. All such credits known to management are identified in the table (above) and any identified potential loss has already been recognized by charge to the Loan Loss Reserve.

**IV. SUMMARY OF LOAN LOSS EXPERIENCE.**

The following table provides an analysis of annualized net losses by loan type for YTD periods over the past five years:

	2006	2005	December 31 2004	2003	2002
	(Dollars in Thousands)				
Total loans net of deferred fees at end of period	\$ 217,708	\$ 188,570	\$ 159,382	\$ 150,483	\$ 137,050
YTD average net loans	\$ 205,388	\$ 174,346	\$ 150,011	\$ 143,985	\$ 137,625
Balance, beginning of period	\$ 2,252	\$ 1,944	\$ 2,224	\$ 2,026	\$ 1,649
Add reserve for probable losses on unused loan commitments and off-balance sheet items (OBS) *	178	206			
Balance, beginning of period, including OBS reserve	2,430	2,150	2,224	2,026	1,649
Loan charge-offs:					
Commercial	28	14	74	13	287
Real Estate		25	128	378	270
Installment & Credit Card	21	68	65	95	153
Total Charge-offs	49	107	267	486	710
Recoveries of loans previously charged-off:					
Commercial		8	4	28	17
Real Estate	17	25	12	1	
Installment & Credit Card	27	30	7	3	5
Total Recoveries	44	63	23	32	22
Net Charge-offs	5	44	244	454	688
Provision charged to expense	360	324	170	652	1,065
Balance, end of year, prior to adjustment for off-balance sheet items	2,785	2,430	2,150	2,224	2,026
Reclassification of reserve for probable losses on unused loan commitments and off-balance sheet items to Other liabilities *	(199)	(178)	(206)		
Balance, end of year	\$ 2,586	\$ 2,252	\$ 1,944	\$ 2,224	\$ 2,026
Ratio of net charge-offs during period to average net loans outstanding	0.00%	0.03%	0.16%	0.32%	0.50%

\* Off-balance sheet reserve was not calculated prior to December 2004.

Breakdown of Allowance for Loan Losses (\$ in thousands):

	December 31, 2006		December 31, 2005	
	Amount	% of allowance to total allowance	Amount	% of allowance to total allowance
Construction and land development (pass)	\$ 627	22.51%	\$ 291	11.98%
Secured by farmland (pass)	1	0.04%	1	0.04%
Home equity loans (pass)	60	2.15%	42	1.73%
Revolving loans secured by 1-4 family residential (pass)	66	2.37%	91	3.74%
Secured by multi-family residential (pass)	50	1.80%	62	2.55%

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Secured by non-farm, non-residential real estate (pass)	401	14.40%	358	14.73%
Commercial and industrial loans (pass)	283	10.16%	270	11.11%
Loans to individuals (pass)	188	6.75%	159	6.54%
Credit card loans	134	4.81%	128	5.27%
All other loans and leases (pass)	3	0.11%	3	0.12%
Mortgage loans held for sale	0	0.00%	0	0.00%
Specifically Identified Potential Loss *	621	22.30%	800	32.93%
Commitments to Lend under Lines/Letters of Credit	199	7.15%	178	7.33%
Supplementary Allowance/Non-specific Factors	152	5.45%	47	1.93%
	\$ 2,785	100.00%	\$ 2,430	100.00%

\* Classified and criticized loans (risk category 7, 8 & 9) loans are individually analyzed at least quarterly to determine loss potential. Allocated reserves related to loans classified 7, 8 & 9 are reported as Specifically Identified Potential Loss.



**PART II**

**NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**AND**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2006 AND 2005**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors

Northwest Bancorporation, Inc. and Subsidiary

Spokane, Washington

We have audited the accompanying consolidated statements of financial condition of Northwest Bancorporation, Inc. and subsidiary, Inland Northwest Bank, as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northwest Bancorporation, Inc. and subsidiary as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Spokane, Washington

March 19, 2007, except for

the addition of the parent only financial information included in

Note 21 as to which the date is January 31, 2008

**NORTHWEST BANCORPORATION, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	December 31,	
	2006	2005
<b><u>ASSETS</u></b>		
Cash and due from banks	\$ 12,131,668	\$ 8,336,707
Interest bearing deposits in other institutions	68,630	205,222
Federal funds sold	167,895	2,028,408
Securities available for sale	31,337,393	32,200,153
Securities held to maturity, fair value 2006 \$3,971,944 and		