

Our Values



OPTIMISM

We are positive and decisive. We believe the future will be better than the past. Our attitude demonstrates persistence which leads to success.

RESPECT

We include individuals from diverse backgrounds and with different perspectives. We are committed to honoring and serving others.

INITIATIVE

We are self-starters and find innovative solutions. We are courageous, entrepreneurial and passionate. We take action for good.

GROWTH

We learn and adapt so we can continually improve. We believe in personal growth through grit and determination.

OWNERSHIP

We are invested in our endeavors. We are accountable and take responsibility for our actions and decisions.

MISSION

We design and deliver delightful, accessible and effortless financial solutions by empowering our team members to improve the lives of those we serve.

VISION

To create well-being and prosperity for our employees, customers and communities.

Letter from our President and CEO



"We are dedicated to ensuring the long-term sustainability of our area and this commitment is evident in the work we are currently doing and our plans for our second century as a company."

DEAR SHAREHOLDER,

FNWB is more than a bank holding company. We operate First Fed Bank, a community bank that has been supporting the communities we serve for nearly a century. Our focus is on our neighbors and businesses in Western Washington. Our promise to local communities goes far beyond offering the financial products, services and expertise that help small and mid-size businesses grow and personal customers achieve their financial goals and dreams. We are dedicated to ensuring the long-term sustainability of our area and this commitment is evident in the work we are currently doing and our plans for our second century as a company.

I am pleased to present First Northwest Bancorp's first Sustainability Accounting Standards Board ("SASB") Fact Sheet. This report marks a major step forward in our sustainability journey. It also formulizes our commitment to regularly communicate our Environmental, Social, and Governance ("ESG") actions. Building on this foundation, we incorporated and utilized the SASB framework as part of this disclosure to further enhance transparency. While I am pleased to share this report, we remain conscious of the need to integrate the tenets of the circular economy throughout our organization. In the coming years, we pledge to maintain rigorous ESG standards, enhance our sustainability efforts, and remain keenly focused on implementing a best-in-class program.

We appreciate your confidence and support.

Sincerely,

MATTHEW P. DEINES

President and Chief Executive Officer



First Northwest Bancorp SASB Fact Sheet

First Northwest Bancorp ("FNWB"), a Washington corporation, was organized for the purpose of becoming the holding company for First Fed Bank, upon the Bank's conversion from a mutual to a stock savings bank. The Corporation does not engage in any significant activity other than holding the stock of the Bank. First Fed is a community-based bank primarily serving Western Washington. First Fed's business consists of attracting deposits from the public and utilizing those deposits to originate loans.

First Northwest Bancorp is committed to transparency, engagement, and consistent communication of our Environmental, Social, and Governance ("ESG") strategies and programs to all stakeholders. This is our inaugural Fact Sheet Report, which takes a materiality-based approach to disclosure and covers data from January 1 to December 31, 2020, unless otherwise noted. This report was prepared in accordance with the Sustainability Accounting Standards Board ("SASB") standard. To inform this Fact Sheet, in 2021, FNWB completed a SASB materiality assessment. The assessment began by examining a range of key stakeholders — including investors, customers, employees and ESG rating organizations. We then reviewed the recommended ESG topics for inclusion in the sustainability disclosure, rating methodologies, investment decision-making, goal setting and strategy.

We believe that investing in sustainability will drive long-term value. This year, we broadened our focus and are developing an ESG working group, which will be responsible for monitoring our corporate social responsibility and environmental sustainability initiatives and reports to our Nominating and Corporate Governance Committee. This Committee oversees our sustainability disclosures, including the production of this Fact Sheet as well as the ESG and Human Capital Management: ("HCM") summaries included in our annual report and proxy. Our ESG priorities center on these three foundational pillars of environmental responsibility, social impact, and culture of governance and we look forward to providing more information in the pages that follow.

ENVIRONMENTAL RESPONSIBILITY

As a community-based savings bank, it is imperative that we lead in environmental, social and governance (ESG) issues.



SOCIAL IMPACT

One of FNWB's Core Values is our commitment to the communities and people we serve.



CULTURE OF GOVERNANCE

We are committed to excellence in corporate governance practices.



COMMITMENT TO SUSTAINABILITY



ENVIRONMENTAL RESPONSIBILITY

As a community-based bank, it is imperative that we lead in ESG issues. FNWB is committed to responsible environmental practices that contemplate climate change, conservation of natural resources,

pollution prevention, and reduction of waste. We embed the principles of advancing a circular economy into our practices through investment in responsible equipment and materials and long-term implementation of new technologies.

We integrate responsible environmental practices into our overall business strategy. We are actively deploying and updating strategies to reduce and reuse waste in our business practices including:

- Use of e-records and e-signing technology resulting in:
 - + Paper waste reduced by approximately 2,800 pounds
 - + Carbon emissions reduced by over 41,000 pounds
 - + Water consumption reduced by approximately 51,000 gallons

We have invested in technological advancements focused on increasing efficiencies, lowering operating costs, optimizing capital expenditures, and adding value for our customers. We are continuously researching and designing innovative ways to boost efficiency, such as utilizing high-efficiency electrical equipment including LED and motion detector lighting and high-efficiency HVAC units. We believe that our focus on innovation, with the objective of reducing costs and improving sustainability of our operations, provides a strategic benefit. We are also looking closely at our consumption of hardware, paper, and plastics.



SOCIAL IMPACT

One of FNWB's Core Values is our commitment to the communities and people we serve. We strive to live this value daily. We know that good corporate citizenship is key to driving positive change and improving the lives of our people, our customers, our employees, and our communities.

Some of our recent workforce investment highlights include:

- Established a companywide minimum wage of \$18 per hour
- 50% of our senior team is female
- Prioritized employee safety and support during the pandemic
- Launched an employee-led Diversity, Equity, and Inclusion team to promote a diverse, equitable, and inclusive work environment for all employees

Fostering diversity within our workforce is an area of ongoing focus and growth at FNWB. The table below represents selfreported employee racial and ethnic identity and gender identity information across our workforce on the reference dates.

Company-wide Diversity Reporting

03 2020

O3 2021

	Number	Percent of Total	Number	Percent of Total
American Indian	3	1.40%	4	1.42%
Asian	5	2.34%	12	4.27%
Black or African American	1	0.47%	3	1.07%
Hispanic or Latino	10	4.67%	11	3.91%
Native Hawaiian or Pacific Islander	2	0.93%	0	0.00%
2 or More Races	13	6.07%	23	8.19%
White	176	82.24%	224	79.72%
Not Specified	4	1.87%	3	1.07%
All Non-White	34	15.89%	53	18.86%
Female	148	69.16%	193	68.68%
Male	66	30.84%	88	31.32%

We are also committed to fostering the physical and mental well-being of our workforce. We provide a comprehensive and competitive benefits package that supports the health and financial wellness of our people. Some common features offered to our employees include the following:

- Medical, dental and vision benefits for employee, spouse and dependents
- Flexible spending accounts for both healthcare and dependent care
- Health savings accounts and health reimbursement accounts
- 401(k) retirement savings program with company matching contributions

- Short-term and long-term disability benefits
- Employee Stock Ownership Plan
- Employee education assistance program
- Wellness incentives for employees
- Employee assistance program

Furthermore, we provide our employees several opportunities to focus on physical, mental and financial wellness by maintaining paid vacation, holiday, family leave and sick leave, fertility, and parenting support programs.

Volunteerism is also a big part of who we are at FNWB. We are proud to support our communities in any way we canfrom supporting education to the Race to Alaska to heart health. These are some of the ways we have demonstrated our commitment to serving our communities:

- Our employees donated over 2,400+ hours of their time in 2020 giving back to our communities through volunteer activities
- FNWB, through First Fed, supports 100+ local organizations annually assisting with sponsorship and donations to support things that matter to our communities, from little league uniforms to contributing to large scale capital fundraising campaigns, and so much in between.
- And, First Fed's Community Foundation has provided \$3,767,500 in funding to local organizations in the first five years.



CULTURE OF GOVERNANCE

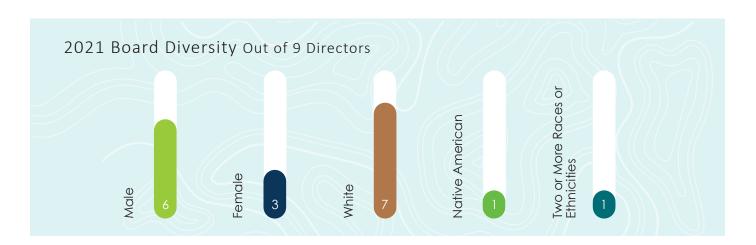
We are committed to excellence in corporate governance practices. Our staff works closely with the Board of Directors and committees to continually review and improve our policies. Our emphasis on a culture of accountability is foundational and our team ethically manages our operations for the long-term benefit of our people, our customers, our employees, and our communities. Some of our recent governance highlights include:

- Appointed our third female and fifth diverse director
- Board recommended declassified director tenure
- Formalized policies to increase diversity and social responsibility companywide

The FNWB Board of Directors, consisting of nine directors, is responsible for oversight of the management of the Company and its business for the long-term benefit of our stakeholders. The Board sets the tone for FNWB and operates under a set of published Corporate Governance Guidelines, which are based on best practices that meet or exceed the existing standards of the NASDAQ and requirements of the U.S. Securities and Exchange Commission. Five out of our nine directors are diverse, consisting of three women, one Native American, and one person who identified with two or more races or ethnicities.

FNWB has separated roles for the Chair and CEO. The Board believes that this structure streamlines decision-making and promotes accountability. Annual self-assessments at the Board and Committee levels are conducted by an independent third-party for objectivity. Questionnaires monitoring potential related-party transactions and other conflicts of interest are also administered on a regular basis. Results are shared with Board members annually.

In 2020 and 2021, our Board pushed corporate citizenship one step further by undertaking to share our ongoing, internal commitment with stakeholders. In doing so, the Board passed the Diversity, Equity, and Inclusion Policy, providing structure for formalized, internal DEI programming and reporting. Additionally, the Board passed a standalone Environmental, Social, and Governance Policy in early 2021, mandating Board level oversight and reporting of our ESG practices and planning.



SASB MATRIX¹

SASB TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE
DATA SECURITY (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected (Disclosure shall include a description of corrective actions implemented in response to data breaches.) Description of approach to identifying and addressing data security risks	FN-CB-230a.1	(1) Number of data breaches: 0(2) Percentage involving personally identifiable information (PII): 0(3) Number of account holders affected: 0	
	(3) number of account holders affected (Disclosure shall include a description of corrective actions implemented in		In 2020, FNWB had no data breaches. However, the Company experienced a small number of data leakage incidents where personally identifiable information (PII) was not securely exchanged. None of these incidents involved the breach of the Company's network or processing systems or pose a material financial or reputational risk to the Company. All related issues have been identified and corrected. The Company does not feel disclosing these incidents would be relevant as they did not impact a material number of customers or present a material financial exposure. Should a significant and financially material data breach occur, FNWB will disclose in accordance with relevant laws and regulations.
	identifying and addressing	FN-CB-230a.2	FNWB has a robust Information Security (IS) program that incorporates multiple layers of physical, logical, and written controls. The Company's IS program aligns with the FFIEC Handbook's guidance and NIST Cybersecurity Framework. We evaluate our cybersecurity readiness through internal reviews, multiple external auditing firms, as well as regulatory oversight by the Washington Department of Financial Institutions and FDIC.
FINANCIAL INCLUSION & CAPACITY BUILDING	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development (Disclosure shall include a description of how the entity's results of the Community Reinvestment Act (CRA) Examinations are integrated into its financial inclusion and capacity building strategy.)	FN-CB-240a.1	(1) Number of loans outstanding qualified to programs designed to promote small business and community development: 833 (2) Amount of loans outstanding qualified to programs designed to promote small business and community development: \$84,706,319 CRE (OO & NOO) and C&I loans with original amount under \$1,000,000 plus Agricultural loans under \$500,000. CRE identified as 1e1 and 1e2, C&I as 4a, and Agricultural as 1b and 3. Balance used is Balance Net of Shadow and FASB a/o 6/30/21.
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	(1) Number of past due and nonaccrual loans qualified to programs designed to promote small business and community development: 3 (2) Amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development: \$72,707 Criteria: Same universe of loans above. Past due identified as 30+ days past due.

 $^{^{\}rm 1}\, {\rm Table}$ aligns with the SASB framework for the $\it Commercial\, Bank$ industry.

SASB TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE			
FINANCIAL INCLUSION & CAPACITY BUILDING	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	The Company does not currently gather information relating to customers status as previously unbanked or underbanked. However, the Company is considering approaches to collecting this information in the future. The Company offers some low-to moderate-income programs that are low or no cost and designed to help customers build credit or accrue savings.			
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers (Disclosure shall include a description of financial literacy initiatives.)	FN-CB-240a.4	The Company does not currently have financial education programs (although we have in the past) and we are exploring the potential for these programs in the future. The Company is currently compiling information on the number of accounts in our low- to moderate-incor programs described above that help customers build credit. This information should be available shortly.			
INCORPORATION	Commercial and industrial	FN-CB-410a.1	Row Labels	Balance	% of TOTAL	
OF ENVIRONMENTAL,	credit exposure, by industry		Construction	\$10,166,876	14.90%	
SOCIAL, AND			Accommodation and Food Services	\$7,794,200	11.40%	
GOVERNANCE FACTORS IN			Public Administration	\$6,402,549	9.40%	
CREDIT			Manufacturing	\$5,719,849	8.40%	
ANALYSIS			Administrative and Support and Waste Management and Remediation Services	\$4,983,005	7.30%	
			Wholesale Trade	\$4,690,689	6.90%	
Ψ			Real Estate and Rental and Leasing	\$4,186,742	6.10%	
			Transportation and Warehousing	\$3,999,760	5.90%	
			Other Services (except Public Administration)	\$3,855,927	5.60%	
			Health Care and Social Assistance	\$3,508,293	5.10%	
			Finance and Insurance	\$3,240,810	4.70%	
			Retail Trade	\$2,082,120	3.00%	
			Agriculture, Forestry, Fishing, and Hunting	\$2,038,236	3.00%	
			Arts, Entertainment, and Recreation	\$1,994,360	2.90%	
			Professional, Scientific, and Technical Services	\$1,807,570	2.60%	
			Information	\$1,157,588	1.70%	
			Mining, Quarrying, and Oil and Gas Extraction ²	\$329,174	0.50%	
			Educational Services	\$311,094	0.50%	
			Residential Building Construction	\$1	0.00%	
			Grand Total	\$68,268,843	100.00%	
			Criteria: C&I (4a) loans, organized by NAICS Balance used is Balance Net of Shadow & FA			

² FNWB's credit exposure in this category is entirely related to Quarrying.

SASB TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE
INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN CREDIT ANALYSIS	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	FNWB does not currently incorporate specific aspects of our ESG policy into our credit analysis. However, we actively seek loans meeting our accepted quality and underwriting standards, from all communities in which the Company solicits deposits. These geographic lending areas are outlined in FNWB's CRA statement and business plan. Occasionally, loans may be made outside of our primary market areas when it is clearly in the Company's interest to do so. However, we will generally avoid originating loans to borrowers, or secured by collateral, outside of the geographic areas designated in guidelines. As of June 30, 2021, FNWB reported a Commercial and Industrial (C&I) loan exposure totaling \$68MM reported by industry above. Our teams
			are currently reviewing programs focused on incorporating aspects of our ESG policy into our credit portfolio in the future.
BUSINESS ETHICS	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	\$0.00
	Description of whistleblower policies and procedures	FN-CB-510a.2	FNWB administers a comprehensive Whistleblower Policy in accordance with all relevant regulations. The FNWB Internal Audit Manager serves as the independent manager of the whistleblower program. A third-party whistleblower vendor receives all matters and assigns them to the appropriate party for review and resolution, including the chairperson of the First Fed Board of Directors Audit and Compliance Committee. Access to the third-party system is available 24/7 through both telephone and internet and complaints can be made anonymously. The phone number and link are contained in the Company's Code of Ethics and Whistleblower Policy. FNWB takes all complaints seriously, independent of how they are reported. The Company has a strict no retaliation policy to ensure employees are treated respectfully and fairly in all situations. FNWB is not aware of any violations of whistleblower regulations or required corrective actions.

SASB TOPIC	SASB METRIC	SASB CODE	NARRATIVE RESPONSE
SYSTEMIC RISK MANAGEMENT	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Not Applicable
i I S	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	First Fed primarily stress tests the CRE portfolio, and individual sub-segments such as Hospitality, Office, Retail, etc. If sub-segment weaknesses are identified, First Fed reassesses its appetite for those asset classes, and often reassigns bucket limits within the Concentration report.
			Commercial and multi-family real estate loans are generally priced at a higher rate of interest than one- to four-family residential loans, to compensate for the greater risk associated with higher loan balances and the complexity of underwriting and monitoring these loans. Repayment on loans secured by commercial or multifamily properties is dependent on successful management by the property owner to create sufficient net operating income to meet debt service requirements. Changes in economic and real estate market conditions can affect net operating income, capitalization rates, and ultimately the valuation and marketability of the collateral. As a result, we analyze market data including vacancy rates, absorption percentages, leasing rates, and competing projects under development. Interest rate, occupancy, and capitalization rate stress testing are required as part of our underwriting analysis. If the borrower is a corporation, we generally require and obtain personal guarantees from principals, which include underwriting of their personal financial statements, tax returns, cash flows, and individual credit reports, that provide us with additional support and a secondary source for repayment of the debt.
			First Fed offers an "all-in-one" residential custom construction loan product, which upon completion of construction will be held in our loan portfolio. We also originate construction loans for certain commercial real estate projects. These projects include, but are not limited to, subdivisions, multi-family, retail, office, warehouse, hotel, and office buildings. Underwriting criteria on these loans include, but are not limited to, minimum debt service coverage requirements of 1.25 or better, loan to value limitations, pre-leasing requirements, construction cost over-run contingency reserves, interest and absorption period reserves, occupancy, capitalization rates and interest rate stress testing, as well as other underwriting criteria.

SASB TOPIC SASB METRIC

SASB CODE NARRATIVE RESPONSE

ACTIVITY METRICS



(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business

FN-CB-000.A P

Personal

- (1) Number of checking and savings accounts by segment: 41,329
- (2) Value of checking and savings accounts by segment \$891,955,161.66

Criteria: Excluded internal, public fund, and tribal government accounts as well as accounts with balances over \$5,000,000. Balances as of 6/30/2021.

Small Business

- (1) Number of checking and savings accounts by segment: 7,246(2) Value of checking and savings accounts by segment:
- \$293,137,787.68

Criteria: Excluded internal, public fund, and tribal government accounts as well as accounts with balances over \$5,000,000. Balances as of 6/30/2021.

- (1) Number and
- (2) value of loans by segment: (a) personal,(b) small business, and (c) corporate
- (Mortgage loans as well as revolving credit loans shall be excluded from the scope of disclosure.)

FN-CB-000.B

Personal

- (1) Number of loans by segment: 3,670
- (2) Value of loans by segment: \$219,374,214.55

Criteria: All consumer loans reported on Call Report RC-C not excluded by scope of disclosure. Balance used is Balance Net of Shadow and FASB as of 6/30/2021.

Small Business

- (1) Number of loans by segment: 930
- (2) Value of loans by segment: \$101,040,932.05

Criteria: All commercial loans reported on Call Report RC-C with original amount under \$1,000,000 not excluded by scope of disclosure. Balance used is Balance Net of Shadow and FASB as of 6/30/2021.

Corporate

- (1) Number of loans by segment: 229
- (2) Value of loans by segment: \$600,607,124.93

Criteria: All commercial loans reported on Call Report RC-C with original amount of \$1,000,000 or more not excluded by scope of disclosure.

Balance used is Balance Net of Shadow and FASB as of 6/30/2021.

2021 AWARDS

Forbes Best-in-State Bank (1 of 3 in Washington)

Best of the Northwest "Best Bank" Silver Award

PSBJ Top Corporate Philanthropists

PSBJ Best Workplaces Listmaker

PSBJ Middle Market Fast 50 Listmaker

Sound Publishing: Best of Awards

Best Financial Advisor in Clallam and Jefferson

Best Bank in Jefferson, finalist in Clallam and Kitsap

Best Customer Service finalist in Clallam and Jefferson









