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, 2025

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: 001-36741
FIRST NORTHWEST BANCORP

(Exact name of registrant as specified in its charter)

Washington	**46-1259100**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer I.D. Number)
105 West 8th Street, Port Angeles, Washington	**98362**
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code:	**(360) 457-0461**

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, par value $0.01 per share	FNWB	The 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 (§232.405 of this chapter) 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, a 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	☒	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting 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 by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of October 30, 2025, there were 9,462,150 shares of common stock, $0.01 par value per share, outstanding.

FIRST NORTHWEST BANCORP
FORM 10-Q
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As used in this report, "First Northwest" refers to First Northwest Bancorp and "First Fed" or the "Bank" refers to First Fed Bank, the wholly owned subsidiary of First Northwest. The terms "we," "our," "us," and "Company" refer to First Northwest together with First Fed, unless the context indicates otherwise.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

FIRST NORTHWEST BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share information) (Unaudited)

	September 30, 2025	December 31, 2024
ASSETS		
Cash and due from banks	$ 15,688	$ 16,811
Interest-earning deposits in banks	63,482	55,637
Investment securities available for sale, at fair value (amortized cost of $310,545 and $376,265 at September 30, 2025 and December 31, 2024, respectively)	282,608	340,344
Loans held for sale	2,154	472
Loans receivable (net of allowance for credit losses on loans of $16,203 and $20,449 at September 30, 2025 and December 31, 2024, respectively)	1,607,825	1,675,186
Federal Home Loan Bank ("FHLB") stock, at cost	10,856	14,435
Accrued interest receivable	8,160	8,159
Premises and equipment, net	8,788	10,129
Servicing rights on sold loans, at fair value	3,093	3,281
Bank-owned life insurance ("BOLI"), net	41,889	41,150
Equity and partnership investments	15,048	13,229
Goodwill and other intangible assets, net	1,080	1,082
Deferred tax asset, net	14,168	13,738
Right-of-use ("ROU") asset, net	15,494	17,001
Prepaid expenses and other assets	21,040	21,352
Total assets	$ 2,111,373	$ 2,232,006
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits	$ 1,653,327	$ 1,688,026
Borrowings	259,625	336,014
Accrued interest payable	1,145	3,295
Lease liability, net	16,071	17,535
Accrued expenses and other liabilities	24,321	31,770
Advances from borrowers for taxes and insurance	2,356	1,484
Total liabilities	1,956,845	2,078,124
Shareholders' Equity		
Preferred stock, $0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, $0.01 par value; 75,000,000 shares authorized; 9,462,150 and 9,353,348 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	94	93
Additional paid-in capital	93,646	93,357
Retained earnings	91,317	97,198
Accumulated other comprehensive loss, net of tax	(24,429)	(30,172)
Unearned employee stock ownership plan ("ESOP") shares	(6,100)	(6,594)
Total shareholders' equity	154,528	153,882
Total liabilities and shareholders' equity	$ 2,111,373	$ 2,232,006

See selected notes to the consolidated financial statements.

FIRST NORTHWEST BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share data) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
INTEREST INCOME				
Interest and fees on loans receivable	$ 22,814	$ 23,536	$ 67,859	$ 70,036
Interest on investment securities	3,244	3,786	10,513	11,367
Interest on deposits and other	570	582	1,572	1,798
FHLB dividends	282	302	920	942
Total interest income	26,910	28,206	80,864	84,143
INTEREST EXPENSE				
Deposits	9,083	10,960	28,372	31,252
Borrowings	3,258	3,226	9,883	10,708
Total interest expense	12,341	14,186	38,255	41,960
Net interest income	14,569	14,020	42,609	42,183
PROVISION FOR CREDIT LOSSES				
(Recapture of) provision for credit losses on loans	(620)	3,077	6,854	12,956
(Recapture of) provision for credit losses on unfunded commitments	(53)	57	(102)	(113)
(Recapture of) provision for credit losses	(673)	3,134	6,752	12,843
Net interest income after (recapture of) provision for credit losses	15,242	10,886	35,857	29,340
NONINTEREST INCOME				
Loan and deposit service fees	1,114	1,059	3,315	3,237
Sold loan servicing fees and servicing rights mark-to-market	85	10	372	303
Net (loss) gain on sale of loans	(39)	58	16	260
Net loss on sale of investment securities	—	—	—	(2,117)
Net gain on sale of premises and equipment	—	—	—	7,919
Increase in BOLI cash surrender value	539	315	1,396	851
Income from BOLI death benefit, net	—	—	1,059	—
Other income	303	337	1,791	861
Total noninterest income	2,002	1,779	7,949	11,314
NONINTEREST EXPENSE				
Compensation and benefits	8,353	8,582	20,766	25,298
Data processing	1,941	2,085	5,878	6,037
Occupancy and equipment	1,505	1,553	4,604	4,592
Supplies, postage, and telephone	344	360	988	970
Regulatory assessments and state taxes	558	548	1,538	1,518
Advertising	282	409	846	1,095
Professional fees	2,668	698	4,894	2,292
FDIC insurance premium	411	533	1,308	1,392
Other expense	1,328	1,080	9,333	2,566
Total noninterest expense	17,390	15,848	50,155	45,760
Loss before (benefit) provision for income taxes	(146)	(3,183)	(6,349)	(5,106)
(Benefit) provision for income taxes	(948)	(1,203)	(1,776)	(1,303)
Net income (loss)	$ 802	$ (1,980)	$ (4,573)	$ (3,803)
Basic and diluted earnings (loss) per common share	$ 0.09	$ (0.23)	$ (0.52)	$ (0.43)

See selected notes to the consolidated financial statements.

FIRST NORTHWEST BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss)	$ 802	$ (1,980)	$ (4,573)	$ (3,803)
Other comprehensive income:				
Unrealized holding gains on investments available for sale arising during the period	4,754	8,076	7,984	6,059
Tax effect	(1,021)	(1,732)	(1,715)	(1,300)
Amortization of unrecognized defined benefit ("DB") plan prior service cost	37	37	112	112
Tax effect	(7)	(8)	(23)	(24)
Reclassification adjustment for change in fair value of hedged items	8	(1,527)	(783)	(379)
Tax effect	(2)	327	168	81
Reclassification adjustment for net losses on sales of securities realized in income	—	—	—	2,117
Tax effect	—	—	—	(454)
Other comprehensive income, net of tax	3,769	5,173	5,743	6,212
Comprehensive income	$ 4,571	$ 3,193	$ 1,170	$ 2,409

See selected notes to the consolidated financial statements.

FIRST NORTHWEST BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months Ended September 30, 2025 and 2024
(Dollars in thousands, except share information) (Unaudited)

	Common Stock		Additional Paid-in	Retained	Unearned ESOP	Accumulated Other Comprehensive Loss,	Total Shareholders'
	Shares	Amount	Capital	Earnings	Shares	Net of Tax	Equity
Balance at June 30, 2024	9,453,247	$ 94	$ 93,985	$ 103,322	$ (6,923)	$ (31,597)	$ 158,881
Net loss				(1,980)			(1,980)
Common stock repurchased	(98,156)	—	(991)	(23)			(1,014)
Restricted stock award grants net of forfeitures	11,755	—	—				—
Restricted stock awards canceled	(867)	—	(8)				(8)
Other comprehensive income, net of tax						5,173	5,173
Share-based compensation expense			260				260
ESOP shares committed to be released			(28)		164		136
Cash dividends declared ($0.07 per share)				(659)			(659)
Balance at September 30, 2024	9,365,979	$ 94	$ 93,218	$ 100,660	$ (6,759)	$ (26,424)	$ 160,789
Balance at June 30, 2025	9,444,963	$ 94	$ 93,595	$ 90,506	$ (6,264)	$ (28,198)	$ 149,733
Net income				802			802
Restricted stock award grants net of forfeitures	18,813	1	—				1
Restricted stock awards canceled	(1,626)	(1)	(13)				(14)
Other comprehensive income, net of tax						3,769	3,769
Share-based compensation expense			131				131
ESOP shares committed to be released			(67)		164		97
Canceled dividends payable on forfeited unvested restricted stock awards				9			9
Balance at September 30, 2025	9,462,150	$ 94	$ 93,646	$ 91,317	$ (6,100)	$ (24,429)	$ 154,528

See selected notes to the consolidated financial statements.

FIRST NORTHWEST BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Nine Months Ended September 30, 2025 and 2024
(Dollars in thousands, except share information) (Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Loss, Net of Tax	Total Shareholders' Equity
	Shares	Amount					
Balance at December 31, 2023	9,611,876	$ 96	$ 95,784	$ 107,349	$ (7,253)	$ (32,636)	$ 163,340
Net loss				(3,803)			(3,803)
Common stock repurchased	(312,288)	(2)	(3,160)	(895)			(4,057)
Restricted stock award grants net of forfeitures	78,418	—	—				—
Restricted stock awards canceled	(12,027)	—	(174)				(174)
Other comprehensive income, net of tax						6,212	6,212
Share-based compensation expense			781				781
ESOP shares committed to be released			(13)		494		481
Cash dividends declared ($0.21 per share)				(1,991)			(1,991)
Balance at September 30, 2024	9,365,979	$ 94	$ 93,218	$ 100,660	$ (6,759)	$ (26,424)	$ 160,789
Balance at December 31, 2024	9,353,348	$ 93	$ 93,357	$ 97,198	$ (6,594)	$ (30,172)	$ 153,882
Net loss				(4,573)			(4,573)
Restricted stock award grants net of forfeitures	120,023	2	—				2
Restricted stock awards canceled	(11,221)	(1)	(112)				(113)
Other comprehensive income, net of tax						5,743	5,743
Share-based compensation expense			536				536
ESOP shares committed to be released			(135)		494		359
Cash dividends declared ($0.14 per share)				(1,308)			(1,308)
Balance at September 30, 2025	9,462,150	$ 94	$ 93,646	$ 91,317	$ (6,100)	$ (24,429)	$ 154,528

See selected notes to the consolidated financial statements.

FIRST NORTHWEST BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands) (Unaudited)

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Cash flows from operating activities:		
Net (loss) income	$ (4,573)	$ (3,803)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	951	1,091
Amortization of core deposit intangible	2	3
Amortization and accretion of premiums and discounts on investments, net	87	459
Accretion of deferred loan fees and purchased premiums, net	(1,327)	(1,133)
Amortization of debt issuance costs	54	58
Change in fair value of sold loan servicing rights	201	247
Additions to servicing rights on sold loans, net	(13)	(38)
Provision for credit losses on loans	6,854	12,956
Recapture of provision for credit losses on unfunded commitments	(102)	(113)
Allocation of ESOP shares	359	481
Share-based compensation expense	536	781
Gain on sale of loans, net	(16)	(260)
Loss on sale of securities available for sale, net	—	2,117
Gain on extinguishment of subordinated debt	(848)	—
Increase in BOLI cash surrender value, net	(1,396)	(851)
Income from BOLI death benefit, net	(1,059)	—
Origination of loans held for sale	(17,511)	(13,553)
Proceeds from sale of loans held for sale	17,245	14,188
Change in assets and liabilities:		
Increase in accrued interest receivable	(1)	(1,045)
Decrease (increase) in ROU asset	1,507	(11,268)
Increase in prepaid expenses and other assets	(1,434)	(396)
Decrease in accrued interest payable	(2,150)	(1,243)
(Decrease) increase in lease liabilities	(1,464)	11,371
Decrease in accrued expenses and other liabilities	(8,952)	(5,654)
Net cash (used) provided by operating activities	(13,050)	4,395
Cash flows from investing activities:		
Purchase of securities available for sale	(5,534)	(53,027)
Proceeds from maturities, calls, and principal repayments of securities available for sale	71,165	22,345
Proceeds from sales of securities available for sale	—	21,048
Redemption (purchase) of FHLB stock	3,579	(771)
Early surrender of BOLI policies	9,375	6,140
Purchase of BOLI policies	(9,109)	(6,140)
Proceeds from BOLI death benefit	1,968	—
Net decrease (increase) in loans receivable	59,057	(83,721)
Proceeds from the sale of premises and equipment	390	6,521
Capital contributions to equity and partnership investments	(720)	(6,386)
Redemption of partnership investment	572	6,782
Capital contributions to low-income housing tax credit partnerships	—	(1,387)
Net cash provided (used) by investing activities	130,743	(88,596)

See selected notes to the consolidated financial statements.

FIRST NORTHWEST BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands) (Unaudited)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from financing activities:		
Net (decrease) increase in deposits	$ (34,699)	$ 34,749
Proceeds from long-term FHLB advances	30,000	105,000
Repayment of long-term FHLB advances	(20,000)	(25,000)
Net decrease in short-term FHLB advances	(90,000)	(65,000)
Redemption of subordinated debt, net	(4,095)	—
Net increase (decrease) in line of credit	8,500	(1,000)
Net increase in advances from borrowers for taxes and insurance	872	1,225
Payment of dividends	(1,317)	(1,989)
Restricted stock awards canceled	(113)	(174)
Repurchase of common stock	—	(4,057)
Net cash (used) provided by financing activities	(110,852)	43,754
Net increase (decrease) in cash and cash equivalents	6,841	(40,447)
Cash and cash equivalents at beginning of period	72,448	123,169
Cash and cash equivalents at end of period	$ 79,289	$ 82,722
Supplemental disclosures of cash flow information:		
Cash paid for interest on deposits and borrowings	$ 40,463	$ 43,203
Cash paid for income taxes	10	3
Supplemental disclosures of noncash investing activities:		
Change in unrealized gain on securities available for sale	$ 7,984	$ 8,176
Change in unrealized loss on fair value hedge	(783)	(379)
Amortization of unrecognized DB plan prior service cost	112	112
Loan principal transferred from held-for-investment to held-for-sale	1,400	—
Loan principal transferred to real estate owned and repossessed assets, net	1,377	—
Lease liabilities arising from obtaining right-of-use assets	1,264	12,158
Series A equity investment acquired upon conversion of commercial business loan	1,260	—

See selected notes to the consolidated financial statements.

Note 1 - Basis of Presentation and Critical Accounting Policies

Organization and nature of business - First Northwest Bancorp, a Washington corporation ("First Northwest"), became the holding company of First Fed Bank ("First Fed" or the "Bank") on January 29, 2015, upon completion of the Bank's conversion from a mutual to stock form of organization (the "Conversion").

In connection with the Conversion, the Company issued 12,167,000 shares of common stock at an offering price of $10.00 per share for gross proceeds of $121.7 million. An additional 933,360 shares of Company common stock and $400,000 in cash were contributed to the First Federal Community Foundation ("Foundation"), a charitable foundation that was established in connection with the Conversion, resulting in the aggregate issuance of 13,100,360 shares of common stock. The Company received $117.6 million in net proceeds from the stock offering of which $58.4 million was contributed to the Bank upon Conversion.

Pursuant to the Bank's Plan of Conversion (the "Plan") adopted by its Board of Directors, and as approved by its members, the Company established an employee stock ownership plan ("ESOP"). On December 18, 2015, the ESOP completed its open market purchases, with funds borrowed from the Company, of 8% of the common stock issued in the Conversion for a total of 1,048,029 shares.

On October 31, 2021, the Bank converted from a State Savings Bank Charter to a State Commercial Bank Charter and was simultaneously renamed First Fed Bank from First Federal Savings and Loan Association of Port Angeles.

On August 5, 2022, First Northwest's election to be treated as a financial holding company became effective, allowing the Company to engage in activities that are financial in nature or incidental to financial activities.

First Northwest and the Bank are collectively referred to as the "Company."

First Northwest's business activities generally are limited to passive investment activities and oversight of its investment in First Fed. Accordingly, the information set forth in this report, including the consolidated unaudited financial statements and related data, relates primarily to the Bank for balance sheet and income statement related disclosures.

The Bank is a community-oriented financial institution providing commercial and consumer banking services to individuals and businesses in western Washington State with offices in Clallam, Jefferson, Kitsap, King, Snohomish, and Whatcom counties. These services include deposit and lending transactions that are supplemented with borrowing and investing activities.

Basis of presentation - The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all the information and footnotes required by U.S. Generally Accepted Accounting Principles ("GAAP") for complete financial statements. These unaudited interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. In our opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the consolidated financial statements in accordance with GAAP have been included. Operating results for the three and nine months ended September 30, 2025, are not necessarily indicative of the results that may be expected for future periods.

In preparing the unaudited interim consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to a determination of the allowance for credit losses ("ACL"), fair value of financial instruments and derivatives, and deferred tax assets and liabilities.

Principles of consolidation - The accompanying consolidated financial statements include the accounts of First Northwest and its wholly owned subsidiary, First Fed. All material intercompany accounts and transactions have been eliminated in consolidation.

Subsequent events - The Company has evaluated subsequent events for potential recognition and disclosure. Material events are described in Note 16.

Recently adopted accounting pronouncements

In March 2024, the FASB issued ASU 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*. ASU 2024-01 added an illustrative example to demonstrate how an entity should apply the scope guidance in paragraph 718-10-15-3 to determine whether a profits interest award should be accounted for in accordance with Topic 718. Awards not meeting the criteria should be accounted for in accordance with Topic 710. The illustrative example provides four fact patterns which are intended to reduce complexity in determining whether a profits interest award is subject to the guidance in Topic 718 and reduce existing diversity in practice. ASU 2024-01 is effective for the Company for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years, with early adoption permitted. The adoption of this ASU did not have a material impact on the consolidated financial statements and related disclosures.

Recently issued accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU 2024-03 requires additional disclosure of the nature of expenses included in the income statement in response to requests from investors for more information to better understand an entity's performance and potential future cash flows. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. ASU 2024-03 is effective for the Company for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, with early adoption permitted. The adoption of this ASU is not expected to have a material impact on the consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*. ASU 202404 clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments do not change the accounting for conversions that include the issuance of all equity securities upon conversion. ASU 2024-04 is effective for the Company for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years, with early adoption permitted. The adoption of this ASU is not expected to have a material impact on the consolidated financial statements and related disclosures.

Note 2 - Securities

The amortized cost, gross unrealized gains and losses, and estimated fair value of securities classified as available-for-sale at September 30, 2025 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Allowance for Credit Losses
			(In thousands)		
Available for Sale					
Municipal bonds	$ 92,471	$ —	$ (12,850)	$ 79,621	$ —
U.S. government agency issued asset-backed securities (ABS agency)	12,164	29	(24)	12,169	—
Corporate issued asset-backed securities (ABS corporate)	9,822	60	(1)	9,881	—
Corporate issued debt securities (Corporate debt)	45,019	229	(1,909)	43,339	—
U.S. Small Business Administration securities (SBA)	6,984	13	(20)	6,977	—
Mortgage-backed securities:					
U.S. government agency issued mortgage-backed securities (MBS agency)	104,654	331	(10,782)	94,203	—
Non-agency issued mortgage-backed securities (MBS non-agency)	39,431	5	(3,018)	36,418	—
Total securities available for sale	$ 310,545	$ 667	$ (28,604)	$ 282,608	$ —

The amortized cost, gross unrealized gains and losses, and estimated fair value of securities classified as available-for-sale at December 31, 2024, are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Allowance for Credit Losses
			(In thousands)		
Available for Sale					
Municipal bonds	$ 93,212	$ —	$ (15,336)	$ 77,876	$ —
ABS agency	12,944	16	(84)	12,876	—
ABS corporate	16,065	62	(5)	16,122	—
Corporate debt	58,106	55	(3,670)	54,491	—
SBA	8,664	18	(16)	8,666	—
Mortgage-backed securities:					
MBS agency	111,372	83	(12,758)	98,697	—
MBS non-agency	75,902	4	(4,290)	71,616	—
Total securities available for sale	$ 376,265	$ 238	$ (36,159)	$ 340,344	$ —

There were no securities classified as held-to-maturity at September 30, 2025 and December 31, 2024. There was no allowance for credit losses on investment securities recorded at September 30, 2025 and December 31, 2024, based on analysis performed by the Company.

Accrued interest receivable on available-for-sale debt securities totaled $1.9 million and $2.0 million as of September 30, 2025 and December 31, 2024, respectively. Accrued interest receivable on securities is reported in accrued interest receivable on the Consolidated Balance Sheets and is excluded from the calculation of the allowance for credit losses on investment securities.

The following shows the unrealized gross losses and fair value of the investment portfolio by length of time that individual securities in each category have been in a continuous loss position as of September 30, 2025:

	Less Than Twelve Months		Twelve Months or Longer		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In thousands)					
Available for Sale						
Municipal bonds	$ —	$ —	$ (12,850)	$ 79,621	$ (12,850)	$ 79,621
ABS agency	—	—	(24)	4,220	(24)	4,220
ABS corporate	—	—	(1)	1,312	(1)	1,312
Corporate debt	(5)	995	(1,904)	30,888	(1,909)	31,883
SBA	(6)	2,409	(14)	852	(20)	3,261
Mortgage-backed securities:						
MBS agency	(236)	12,895	(10,546)	50,983	(10,782)	63,878
MBS non-agency	(34)	4,329	(2,984)	28,949	(3,018)	33,278
Total available-for-sale in a loss position	$ (281)	$ 20,628	$ (28,323)	$ 196,825	$ (28,604)	$ 217,453

The following shows the unrealized gross losses and fair value of the investment portfolio by length of time that individual securities in each category have been in a continuous loss position as of December 31, 2024:

	Less Than Twelve Months		Twelve Months or Longer		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In thousands)					
Available for Sale						
Municipal bonds	$ —	$ —	$ (15,336)	$ 77,876	$ (15,336)	$ 77,876
ABS agency	(21)	2,957	(63)	6,311	(84)	9,268
ABS corporate	—	—	(5)	2,798	(5)	2,798
Corporate debt	—	—	(3,670)	46,355	(3,670)	46,355
SBA	(16)	3,093	—	—	(16)	3,093
Mortgage-backed securities:						
MBS agency	(545)	26,531	(12,213)	51,181	(12,758)	77,712
MBS non-agency	(71)	9,352	(4,219)	57,470	(4,290)	66,822
Total available-for-sale in a loss position	$ (653)	$ 41,933	$ (35,506)	$ 241,991	$ (36,159)	$ 283,924

There were 12 available-for-sale securities with unrealized losses of less than one year, and 128 available-for-sale securities with an unrealized loss of more than one year at September 30, 2025. There were 22 available-for-sale securities with unrealized losses of less than one year, and 144 available-for-sale securities with an unrealized loss of more than one year at December 31, 2024. Management believes that the unrealized losses on our investment securities relate principally to the general change in interest rates, market liquidity and demand, and market volatility that has occurred since the initial purchase, and such unrecognized losses or gains will continue to vary with general interest rate level and market fluctuations in the future. We do not believe the unrealized losses on our securities are related to a deterioration in credit quality. Certain investments in a loss position are guaranteed by government entities or government sponsored entities. The Company believes that it is unlikely that we would be required to sell these investments prior to a market price recovery or maturity. Based on the Company’s evaluation of these securities, no credit impairment was recorded at September 30, 2025, or December 31, 2024.

The amortized cost and estimated fair value of investment securities by contractual maturity are shown in the following tables at the dates indicated. Expected maturities of mortgage-backed securities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties; therefore, these securities are shown separately.

	September 30, 2025	
	Available-for-Sale	
	Amortized Cost	Estimated Fair Value
	(In thousands)	
Mortgage-backed securities:		
Due within one year	$ 1,985	$ 1,962
Due after one through five years	10,453	10,335
Due after five through ten years	6,707	6,501
Due after ten years	124,940	111,823
Total mortgage-backed securities	144,085	130,621
All other investment securities:		
Due within one year	—	—
Due after one through five years	25,356	24,530
Due after five through ten years	46,417	42,678
Due after ten years	94,687	84,779
Total all other investment securities	166,460	151,987
Total investment securities	$ 310,545	$ 282,608

	December 31, 2024	
	Available-for-Sale	
	Amortized Cost	Estimated Fair Value
	(In thousands)	
Mortgage-backed securities:		
Due within one year	$ 26,690	$ 26,509
Due after one through five years	11,564	11,539
Due after five through ten years	8,080	7,609
Due after ten years	140,940	124,656
Total mortgage-backed securities	187,274	170,313
All other investment securities:		
Due within one year	—	—
Due after one through five years	21,559	20,751
Due after five through ten years	58,535	53,321
Due after ten years	108,897	95,959
Total all other investment securities	188,991	170,031
Total investment securities	$ 376,265	$ 340,344

Note 3 - Loans Receivable

The Company has identified three segments of its loan portfolio that reflect the structure of the lending function, the Company's strategic plan and the manner in which management monitors performance and credit quality. The three loan portfolio segments are: Real Estate Loans, Consumer Loans and Commercial Business Loans. These segments are further disaggregated into classes based on similar attributes and risk characteristics.

Loan amounts are presented at amortized cost which is comprised of the loan balance net of unearned loan fees in excess of unamortized costs and unamortized purchase premiums of $21.3 million as of September 30, 2025 and $19.1 million as of December 31, 2024. The amortized cost reflected in total loans receivable does not include accrued interest receivable. Accrued interest receivable on loans was $6.2 million as of September 30, 2025 and $6.0 million as of December 31, 2024, and was reported in accrued interest receivable on the consolidated balance sheets and is excluded from the calculation of the allowance for credit losses on loans.

The amortized cost of loans receivable, net of the allowance for credit losses on loans ("ACLL"), consisted of the following at the dates indicated:

	September 30, 2025	December 31, 2024
	(In thousands)	
Real Estate:		
One-to-four family	$ 382,486	$ 395,315
Multi-family	296,321	332,596
Commercial real estate	396,519	390,379
Construction and land	67,793	78,110
Total real estate loans	1,143,119	1,196,400
Consumer:		
Home equity	86,629	79,054
Auto and other consumer	280,224	268,876
Total consumer loans	366,853	347,930
Commercial business loans	113,160	151,493
Total loans receivable	1,623,132	1,695,823
Less:		
Derivative basis adjustment	(896)	188
Allowance for credit losses on loans	16,203	20,449
Total loans receivable, net	$ 1,607,825	$ 1,675,186

Nonaccrual Loans. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on either the cash basis or cost recovery method until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. For those loans placed on nonaccrual status due to payment delinquency, return to accrual status will generally not occur until the borrower demonstrates repayment ability over a period of not less than six months.

The following table presents the amortized cost of nonaccrual loans by class of loan at the dates indicated:

	September 30, 2025			December 31, 2024		
	Nonaccrual Loans with ACLL	Nonaccrual Loans with No ACLL	Total Nonaccrual Loans	Nonaccrual Loans with ACLL	Nonaccrual Loans with No ACLL	Total Nonaccrual Loans
	(In thousands)					
One-to-four family	$ 144	$ 2,201	$ 2,345	$ 364	$ 1,113	$ 1,477
Commercial real estate	4	3,435	3,439	4	5,594	5,598
Construction and land	8	6,029	6,037	10	19,534	19,544
Home equity	9	—	9	55	—	55
Auto and other consumer	133	939	1,072	—	700	700
Commercial business	149	321	470	2,537	604	3,141
Total nonaccrual loans	$ 447	$ 12,925	$ 13,372	$ 2,970	$ 27,545	$ 30,515

Interest income recognized on a cash basis on nonaccrual loans for the three months ended September 30, 2025 and 2024, was $14,000 and $1,000, respectively. Interest income recognized on a cash basis on nonaccrual loans for the nine months ended September 30, 2025 and 2024, was $45,000 and $35,000, respectively.

Past due loans. Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. There were no loans past due 90 days or more and still accruing interest at September 30, 2025 and December 31, 2024.

The following tables present the amortized cost of past due loans (including both accruing and nonaccruing loans) by segment and class as of the periods shown:

September 30, 2025	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
	(In thousands)					
Real Estate:						
One-to-four family	$ —	$ 589	$ 1,055	$ 1,644	$ 380,842	$ 382,486
Multi-family	—	—	—	—	296,321	296,321
Commercial real estate	1,213	—	—	1,213	395,306	396,519
Construction and land	—	8	6,029	6,037	61,756	67,793
Total real estate loans	1,213	597	7,084	8,894	1,134,225	1,143,119
Consumer:						
Home equity	—	53	—	53	86,576	86,629
Auto and other consumer	3,357	495	1,046	4,898	275,326	280,224
Total consumer loans	3,357	548	1,046	4,951	361,902	366,853
Commercial business loans	17	—	252	269	112,891	113,160
Total loans	$ 4,587	$ 1,145	$ 8,382	$ 14,114	$ 1,609,018	$ 1,623,132

December 31, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
			(In thousands)			
Real Estate:						
One-to-four family	$ 333	$ 321	$ 839	$ 1,493	$ 393,822	$ 395,315
Multi-family	876	—	—	876	331,720	332,596
Commercial real estate	—	—	5,594	5,594	384,785	390,379
Construction and land	17	8,150	11,384	19,551	58,559	78,110
Total real estate loans	1,226	8,471	17,817	27,514	1,168,886	1,196,400
Consumer:						
Home equity	53	—	—	53	79,001	79,054
Auto and other consumer	2,905	437	700	4,042	264,834	268,876
Total consumer loans	2,958	437	700	4,095	343,835	347,930
Commercial business loans	676	—	604	1,280	150,213	151,493
Total loans	$ 4,860	$ 8,908	$ 19,121	$ 32,889	$ 1,662,934	$ 1,695,823

Credit quality indicator. Federal regulations provide for the classification of lower quality loans and other assets, such as debt and equity securities, as substandard, doubtful, or loss; risk ratings 6, 7, and 8 in our 8-point risk rating system, respectively. An asset is considered substandard if it is inadequately protected by the current net worth and paying capacity of the borrower or of any collateral pledged. Substandard assets include those characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions, and values. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

When First Fed classifies problem assets as either substandard or doubtful, it may choose to individually evaluate the expected credit loss or may determine that the characteristics are not significantly different from those in pooled loan analysis. The Company evaluates individual loans for expected credit losses when those loans do not share similar risk characteristics with loans evaluated using a collective (pooled) basis. When an insured institution classifies problem assets as a loss, it is required to charge off such assets in the period in which they are deemed uncollectible. Assets that do not currently expose First Fed to sufficient risk to warrant classification as substandard or doubtful but possess identified weaknesses are designated as either watch or special mention assets; risk ratings 4 and 5 in our risk rating system, respectively. Loans not otherwise classified are considered pass graded loans and are rated 1-3 in our risk rating system.

The following table presents the amortized cost of loans receivable by internally assigned risk grade and class of loans as of September 30, 2025, as well as gross charge-off activity for the nine months ended September 30, 2025. Term loans that are renewed or extended for periods longer than 90 days are presented as a new origination in the year of most recent renewal or extension.

	Term Loans by Year of Origination or Most Recent Renewal or Extension (1)						Revolving Loans	Total Loans
	2025	2024	2023	2022	2021	Prior		
	(In thousands)							
One-to-four family								
Pass (Grades 1-3)	$ 5,537	$ 2,421	$ 8,719	$ 131,144	$ 111,679	$ 117,706	$ —	$ 377,206
Watch (Grade 4)	—	175	—	293	—	2,388	—	2,856
Special Mention (Grade 5)	—	—	—	—	—	45	—	45
Substandard (Grade 6)	—	—	—	259	—	2,120	—	2,379
Total one-to-four family	5,537	2,596	8,719	131,696	111,679	122,259	—	382,486
Gross charge-offs year-to-date	—	—	—	—	—	—	—	—
Multi-family								
Pass (Grades 1-3)	5,896	18,693	26,025	87,902	55,920	46,435	—	240,871
Watch (Grade 4)	—	8,658	—	15,360	26,275	1,843	—	52,136
Special Mention (Grade 5)	—	—	3,314	—	—	—	—	3,314
Total multi-family	5,896	27,351	29,339	103,262	82,195	48,278	—	296,321
Gross charge-offs year-to-date	—	—	—	—	—	—	—	—
Commercial Real Estate								
Pass (Grades 1-3)	50,482	26,017	44,701	56,197	93,446	92,577	—	363,420
Watch (Grade 4)	3,697	2,858	—	10,175	1,292	1,921	—	19,943
Special Mention (Grade 5)	—	—	—	1,836	—	1,225	—	3,061
Substandard (Grade 6)	10,091	—	—	4	—	—	—	10,095
Total commercial real estate	64,270	28,875	44,701	68,212	94,738	95,723	—	396,519
Gross charge-offs year-to-date	656	—	—	—	5,586	—	—	6,242
Construction and Land								
Pass (Grades 1-3)	22,275	25,996	3,847	1,582	1,507	521	—	55,728
Watch (Grade 4)	—	1,496	—	—	—	2	—	1,498
Special Mention (Grade 5)	4,530	—	—	—	—	—	—	4,530
Substandard (Grade 6)	—	—	6,029	—	—	8	—	6,037
Total construction and land	26,805	27,492	9,876	1,582	1,507	531	—	67,793
Gross charge-offs year-to-date	—	—	857	—	—	—	—	857
Home Equity								
Pass (Grades 1-3)	5,260	4,532	4,429	5,003	3,830	6,634	56,136	85,824
Watch (Grade 4)	—	—	184	135	—	24	248	591
Special Mention (Grade 5)	—	—	—	—	—	—	154	154
Substandard (Grade 6)	—	—	—	—	—	60	—	60
Total home equity	5,260	4,532	4,613	5,138	3,830	6,718	56,538	86,629
Gross charge-offs year-to-date	—	—	—	—	—	—	—	—
Auto and Other Consumer								
Pass (Grades 1-3)	50,820	57,201	34,283	45,174	52,271	34,189	671	274,609
Watch (Grade 4)	—	1,220	1,205	881	295	230	1	3,832
Special Mention (Grade 5)	—	235	—	66	195	—	—	496
Substandard (Grade 6)	—	182	692	255	—	158	—	1,287
Total auto and other consumer	50,820	58,838	36,180	46,376	52,761	34,577	672	280,224
Gross charge-offs year-to-date	—	3	218	265	13	22	101	622
Commercial business								
Pass (Grades 1-3)	7,323	22,956	13,208	6,941	3,053	1,263	44,271	99,015
Watch (Grade 4)	3,317	1,757	621	1,045	13	247	1,056	8,056
Special Mention (Grade 5)	—	1,535	109	183	224	—	43	2,094
Substandard (Grade 6)	8	37	173	3,060	426	—	291	3,995
Total commercial business	10,648	26,285	14,111	11,229	3,716	1,510	45,661	113,160
Gross charge-offs year-to-date	95	127	—	1,860	2,573	686	—	5,341
Total loans								
Pass (Grades 1-3)	147,593	157,816	135,212	333,943	321,706	299,325	101,078	1,496,673
Watch (Grade 4)	7,014	16,164	2,010	27,889	27,875	6,655	1,305	88,912
Special Mention (Grade 5)	4,530	1,770	3,423	2,085	419	1,270	197	13,694
Substandard (Grade 6)	10,099	219	6,894	3,578	426	2,346	291	23,853
Total loans	$ 169,236	$ 175,969	$ 147,539	$ 367,495	$ 350,426	$ 309,596	$ 102,871	$ 1,623,132
Total gross charge-offs year-to-date	$ 751	$ 130	$ 1,075	$ 2,125	$ 8,172	$ 708	$ 101	$ 13,062

(1) Term loans that are renewed or extended for periods longer than 90 days are presented as a new origination in the year of most recent renewal or extension.

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The following table presents the amortized cost of loans receivable by internally assigned risk grade and class of loans as of December 31, 2024, as well as gross charge-off activity for the year then ended. Term loans that are renewed or extended for periods longer than 90 days are presented as a new origination in the year of most recent renewal or extension.

	Term Loans by Year of Origination or Most Recent Renewal or Extension (1)						Revolving Loans	Total Loans
	2024	2023	2022	2021	2020	Prior		
	(In thousands)							
One-to-four family								
Pass (Grades 1-3)	$ 1,596	$ 10,315	$ 130,021	$ 116,245	$ 64,869	$ 65,927	$ —	$ 388,973
Watch (Grade 4)	—	—	297	1,305	1,006	2,141	—	4,749
Special Mention (Grade 5)	—	—	—	—	—	78	—	78
Substandard (Grade 6)	—	—	273	—	840	402	—	1,515
Total one-to-four family	1,596	10,315	130,591	117,550	66,715	68,548	—	395,315
Gross charge-offs for the year	—	—	—	—	—	—	—	—
Multi-family								
Pass (Grades 1-3)	19,871	31,334	105,919	74,679	49,885	11,299	—	292,987
Watch (Grade 4)	8,755	—	1,764	23,051	1,278	976	—	35,824
Special Mention (Grade 5)	—	3,785	—	—	—	—	—	3,785
Total multi-family	28,626	35,119	107,683	97,730	51,163	12,275	—	332,596
Gross charge-offs for the year	—	—	—	—	—	—	—	—
Commercial Real Estate								
Pass (Grades 1-3)	35,011	51,514	72,064	97,421	74,182	28,762	—	358,954
Watch (Grade 4)	552	3,779	10,371	—	—	767	—	15,469
Special Mention (Grade 5)	—	—	—	—	1,255	2,702	—	3,957
Substandard (Grade 6)	—	—	4	11,995	—	—	—	11,999
Total commercial real estate	35,563	55,293	82,439	109,416	75,437	32,231	—	390,379
Gross charge-offs for the year	—	—	—	—	—	—	—	—
Construction and Land								
Pass (Grades 1-3)	20,870	15,874	13,638	1,357	504	327	—	52,570
Watch (Grade 4)	213	5,531	—	222	—	30	—	5,996
Substandard (Grade 6)	8,150	11,384	—	—	—	10	—	19,544
Total construction and land	29,233	32,789	13,638	1,579	504	367	—	78,110
Gross charge-offs for the year	—	4,389	—	—	—	—	—	4,389
Home Equity								
Pass (Grades 1-3)	5,779	5,860	5,868	4,117	2,571	4,620	49,531	78,346
Watch (Grade 4)	122	—	65	—	35	61	326	609
Substandard (Grade 6)	—	—	—	—	55	11	33	99
Total home equity	5,901	5,860	5,933	4,117	2,661	4,692	49,890	79,054
Gross charge-offs for the year	—	—	—	—	—	—	—	—
Auto and Other Consumer								
Pass (Grades 1-3)	55,699	46,719	65,193	36,235	12,268	47,728	518	264,360
Watch (Grade 4)	848	786	980	52	217	496	—	3,379
Special Mention (Grade 5)	228	14	—	157	—	38	—	437
Substandard (Grade 6)	240	243	31	—	133	53	—	700
Total auto and other consumer	57,015	47,762	66,204	36,444	12,618	48,315	518	268,876
Gross charge-offs for the year	—	505	1,536	92	17	237	107	2,494
Commercial business								
Pass (Grades 1-3)	29,228	19,478	8,744	3,633	1,495	40,670	35,209	138,457
Watch (Grade 4)	—	136	1,064	314	—	—	3	1,517
Special Mention (Grade 5)	—	—	1,279	1,552	—	2	—	2,833
Substandard (Grade 6)	47	252	3,752	1,818	611	—	2,206	8,686
Total commercial business	29,275	19,866	14,839	7,317	2,106	40,672	37,418	151,493
Gross charge-offs for the year	2,105	259	2,771	2,022	139	—	—	7,296
Total loans								
Pass (Grades 1-3)	168,054	181,094	401,447	333,687	205,774	199,333	85,258	1,574,647
Watch (Grade 4)	10,490	10,232	14,541	24,944	2,536	4,471	329	67,543
Special Mention (Grade 5)	228	3,799	1,279	1,709	1,255	2,820	—	11,090
Substandard (Grade 6)	8,437	11,879	4,060	13,813	1,639	476	2,239	42,543
Total loans	$ 187,209	$ 207,004	$ 421,327	$ 374,153	$ 211,204	$ 207,100	$ 87,826	$ 1,695,823
Total Gross charge-offs for the year	$ 2,105	$ 5,153	$ 4,307	$ 2,114	$ 156	$ 237	$ 107	$ 14,179

(1) Term loans that are renewed or extended for periods longer than 90 days are presented as a new origination in the year of most recent renewal or extension.

Individually Evaluated Loans. The Company evaluates loans collectively for purposes of determining the ACLL in accordance with ASC 326 by aggregating loans deemed to possess similar risk characteristics and individually evaluates loans that it believes no longer possess risk characteristics similar to other loans in the portfolio. These loans are typically identified from a substandard or worse internal risk grade, since the specific attributes and risks associated with such loans tend to become unique as the credit deteriorates. Such loans are typically nonperforming, modified loans made to borrowers experiencing financial difficulty, and/or are deemed collateral dependent, where the ultimate repayment of the loan is expected to come from the operation of or eventual sale of the collateral.

Loans that are deemed by management to possess unique risk characteristics are evaluated individually for purposes of determining an appropriate lifetime ACLL. The Company uses a discounted cash flow approach, using the loan's effective interest rate, for determining the ACL on individually evaluated loans, unless the loan is deemed collateral dependent. Collateral dependent loans are evaluated based on the estimated fair value of the underlying collateral, less estimated costs to sell. The Company may increase or decrease the ACLL for collateral dependent individually evaluated loans based on changes in the estimated expected fair value of the collateral. In cases where the loan is well-secured and the estimated value of the collateral exceeds the amortized cost of the loan, no ACLL is recorded. Changes in the ACLL for all other individually evaluated loans is based substantially on the Company's evaluation of cash flows expected to be received from such loans.

As of September 30, 2025, $23.2 million of loans were individually evaluated based on the underlying value of the collateral with no ACLL attributed to such loans. One $6.7 million commercial real estate loan and one $4.5 million commercial construction loan were accruing interest at quarter end, while all other individually evaluated loans were on nonaccrual status at September 30, 2025.

As of December 31, 2024, $35.8 million of loans were individually evaluated with $2.5 million of ACLL attributed to such loans. At December 31, 2024, three individually evaluated loans with recorded investments totaling $2.5 million were evaluated using a discounted cash flow approach and the remaining loans totaling $33.2 million were evaluated based on the underlying value of the collateral. One $6.4 million commercial real estate loan was accruing interest at year end, while all other individually evaluated loans were on nonaccrual status at December 31, 2024.

Collateral Dependent Loans. Loans that have been classified as collateral dependent are loans where substantially all repayment of the loan is expected to come from the operation of or eventual liquidation of the collateral.

The following table summarizes individually evaluated collateral dependent loans by segment and collateral type as of the periods shown:

	Collateral Type						
September 30, 2025	Single Family Residence	Condominium	Multi-family	Office Building	Gas Station	Business Assets	Total
			(In thousands)				
One-to-four family	$ 2,201	$ —	$ —	$ —	$ —	$ —	$ 2,201
Commercial real estate	—	—	—	6,656	3,435	—	10,091
Construction and land	—	6,029	4,531	—	—	—	10,560
Commercial business	20	8	—	—	—	294	322
Total collateral dependent loans	$ 2,221	$ 6,037	$ 4,531	$ 6,656	$ 3,435	$ 294	$ 23,174

	Collateral Type				
December 31, 2024	Single Family Residence	Condominium	Warehouse	Business Assets	Total
			(In thousands)		
One-to-four family	$ 1,113	$ —	$ —	$ —	$ 1,113
Commercial real estate	—	—	11,995	—	11,995
Construction and land	8,150	11,384	—	—	19,534
Commercial business	—	—	—	604	604
Total collateral dependent loans	$ 9,263	$ 11,384	$ 11,995	$ 604	$ 33,246

Modified Loans to Troubled Borrowers. Modified loans to troubled borrowers ("MLTB") refer to modifications of loans to borrowers experiencing financial difficulty. A MLTB arises from a modification made to a loan in order to alleviate temporary difficulties in the borrower's financial condition and/or constraints on the borrower's ability to repay the loan, and to minimize potential losses to the Company. GAAP requires that certain types of modifications be reported, which consist of the following: principal forgiveness, interest rate reduction, other-than-insignificant payment delay, term extension, or any combination of the foregoing. The ACLL for MLTBs is measured on a collective basis, as with other loans in the loan portfolio, unless management determines that such loans no longer possess risk characteristics similar to others in the loan portfolio. In those instances, the ACLL for a MLTB is determined through individual evaluation.

There were three new MLTB during the nine months ended September 30, 2025. The Bank agreed to modify the rate, extend the interest-only payment period and extend the term for a commercial construction loan which had a recorded investment of $5.5 million at the time of modification. This commercial construction loan was in compliance with the modified terms at September 30, 2025. The Bank also agreed to defer payments on a commercial real estate loan with a recorded investment of $4.1 million at the time of modification. The commercial real estate loan was in compliance with the modified terms at September 30, 2025. A previously charged-off commercial business loan was reinstated with term and rate modifications. The commercial business loan was in compliance with the modified terms at September 30, 2025.

During the year ended December 31, 2024, there were two new MLTB. A commercial business loan with a recorded investment of $17,000 at the time of modification for which the Bank agreed to deferred principal payments and the borrower agreed to resume both principal and interest payments at the end of the deferral period. The commercial business loan was not in compliance with the modified terms at December 31, 2024, and the balance was charged-off in the fourth quarter of 2024. The Bank also agreed to defer payments on a commercial real estate loan with a recorded investment of $6.4 million. The commercial real estate loan was in compliance with the modified terms at both September 30, 2025 and December 31, 2024.

Other Real Estate Owned ("OREO"). At September 30, 2025, and December 31, 2024, the Company had $1.4 million and $0, respectively, of OREO secured by residential real estate properties included in "prepaid expenses and other assets" on the Consolidated Balance Sheets.

Note 4 - Allowance for Credit Losses on Loans

The Company maintains an ACLL and an allowance for credit losses on unfunded commitments ("ACLUC") in accordance with ASC 326: *Financial Instruments - Credit Losses*. ASC 326 requires the Company to recognize estimates for lifetime credit losses on loans and unfunded loan commitments at the time of origination or acquisition. The recognition of credit losses at origination or acquisition represents the Company's best estimate of lifetime expected credit losses, given the facts and circumstances associated with a particular loan or group of loans with similar risk characteristics. Determining the ACLL involves the use of significant management judgement and estimates, which are subject to change based on management's ongoing assessment of the credit quality of the loan portfolio and changes in economic forecasts used in the Bank's Current Expected Credit Loss ("CECL") model. The reserve is an estimate based upon factors and trends at the time the financial statements are prepared.

The Company has identified segments of loans with similar risk characteristics for which it then applies one of two loss methodologies. The Company uses a discounted cash flow ("DCF") methodology for most of its segments to calculate the ACLL. For certain segments with smaller portfolios or where data is prohibitive to running a DCF calculation, management has elected to use a Remaining Life methodology. The Company will evaluate individual loans for expected credit losses when those loans do not share similar risk characteristics with loans evaluated using a collective (pooled) basis. The allowance for individually evaluated loans is calculated using the collateral value method, which considers the likely source of repayment as the value of the collateral, less estimated costs to sell, or another method such as the cash flow method, which considers the contractual principal and interest terms and estimated cash flows available from the borrower to satisfy the debt. When the cash flow method is used, cash flows are discounted back by the effective interest rate and compared to the total recorded investment. If the present value of cash flows is less than the total recorded investment, a reserve is calculated.

The following tables detail activity in the allowance for credit losses on loans by class for the periods shown:

	At or For the Three Months Ended September 30, 2025				
	Beginning Balance	Charge-offs	Recoveries	(Recapture of) Provision for Credit Losses	Ending Balance
	(In thousands)				
One-to-four family	$ 4,888	$ —	$ —	$ (1,012)	$ 3,876
Multi-family	2,633	—	—	(71)	2,562
Commercial real estate	2,462	(656)	6	893	2,705
Construction and land	499	(483)	—	633	649
Home equity	1,441	—	—	(49)	1,392
Auto and other consumer	2,268	(106)	47	(172)	2,037
Commercial business	4,154	(1,005)	675	(842)	2,982
Total	$ 18,345	$ (2,250)	$ 728	$ (620)	$ 16,203

	At or For the Nine Months Ended September 30, 2025				
	Beginning Balance	Charge-offs	Recoveries	(Recapture of) Provision for Credit Losses	Ending Balance
	(In thousands)				
One-to-four family	$ 4,757	$ —	$ —	$ (881)	$ 3,876
Multi-family	2,493	—	—	69	2,562
Commercial real estate	2,410	(6,242)	32	6,505	2,705
Construction and land	576	(857)	5	925	649
Home equity	1,322	—	—	70	1,392
Auto and other consumer	2,687	(622)	164	(192)	2,037
Commercial business	6,204	(5,341)	1,761	358	2,982
Total	$ 20,449	$ (13,062)	$ 1,962	$ 6,854	$ 16,203

	At or For the Three Months Ended September 30, 2024				
	Beginning Balance	Charge-offs	Recoveries	(Recapture of) Provision for Credit Losses	Ending Balance
	(In thousands)				
One-to-four family	$ 4,536	$ —	$ 42	$ (270)	$ 4,308
Multi-family	1,624	—	—	965	2,589
Commercial real estate	3,132	—	—	(495)	2,637
Construction and land	801	—	—	(85)	716
Home equity	1,692	—	—	(446)	1,246
Auto and other consumer	2,596	(492)	24	805	2,933
Commercial business	4,962	(24)	—	2,603	7,541
Total	$ 19,343	$ (516)	$ 66	$ 3,077	$ 21,970

	At or For the Nine Months Ended September 30, 2024				
	Beginning Balance	Charge-offs	Recoveries	Provision for (Recapture of) Credit Losses	Ending Balance
			(In thousands)		
One-to-four family	$ 2,975	$ —	$ 44	$ 1,289	$ 4,308
Multi-family	1,154	—	—	1,435	2,589
Commercial real estate	3,671	—	—	(1,034)	2,637
Construction and land	1,889	(3,978)	—	2,805	716
Home equity	1,077	—	—	169	1,246
Auto and other consumer	4,409	(2,130)	268	386	2,933
Commercial business	2,335	(2,700)	—	7,906	7,541
Total	$ 17,510	$ (8,808)	$ 312	$ 12,956	$ 21,970

Allowance for Credit Losses on Unfunded Loan Commitments. The Company estimates expected credit losses on unfunded, off-balance sheet commitments over the contractual period in which the Company is exposed to credit risk from a contractual obligation to extend credit, unless the obligation is unconditionally cancellable by the Company. The Company has determined that no allowance is necessary for its home equity line of credit portfolio as it has the contractual ability to unconditionally cancel the available lines of credit. The allowance methodology is similar to the ACLL, but additionally includes an estimate of the future utilization of the commitment as determined by historical commitment utilization. The credit risks associated with the unfunded commitments are consistent with the risks outlined for each loan class. This allowance is recognized in accrued expenses and other liabilities on the Consolidated Balance Sheets and is adjusted as a provision, or recapture of provision, for credit losses on unfunded commitments on the Consolidated Statements of Operations. The allowance for unfunded commitments was $497,000 and $599,000 at September 30, 2025, and December 31, 2024, respectively. The related provision (recapture) expense was ($53,000) and $57,000 for the three months ended September 30, 2025 and September 30, 2024, respectively. The related provision recapture was ($102,000) and ($113,000) for the nine months ended September 30, 2025 and September 30, 2024, respectively.

Note 5 - Deposits

Deposits and weighted-average interest rates at the dates indicated are as follows:

	September 30, 2025		December 31, 2024	
	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
		(Dollars in thousands)		
Noninterest-bearing demand deposits	$ 255,366	0.00%	$ 256,416	0.00%
Interest-bearing demand deposits	146,373	0.15	164,891	0.44
Money market accounts	475,614	2.45	413,822	2.26
Savings accounts	232,831	1.58	205,055	1.35
Certificates of deposit, customer	438,780	3.71	464,928	4.18
Certificates of deposit, brokered	104,363	4.14	182,914	4.73
Total deposits	$ 1,653,327	2.19	$ 1,688,026	2.42

The aggregate balance of time deposit accounts, including certificates of deposit, in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit, currently $250,000, at September 30, 2025 and December 31, 2024, was $166.0 million and $174.4 million, respectively.

Maturities of certificates at the dates indicated are as follows:

	September 30, 2025	December 31, 2024
	(In thousands)	
Within one year or less	$ 448,082	$ 527,486
After one year through two years	80,620	66,767
After two years through three years	10,389	29,378
After three years through four years	2,992	21,967
After four years through five years	1,060	2,244
Total certificates of deposit	$ 543,143	$ 647,842

At September 30, 2025 and December 31, 2024, deposits included $116.4 million and $100.8 million, respectively, in public fund deposits. The Bank had an outstanding letter of credit from the Federal Home Loan Bank of Des Moines ("FHLB") with a notional amount of $60.0 million at September 30, 2025 and December 31, 2024, to collateralize public deposits. This letter of credit exceeds the minimum collateral requirements established by the Washington Public Deposit Protection Commission. Also included in deposits at September 30, 2025 and December 31, 2024, were funds held by federally recognized tribes totaling $37.6 million and $20.1 million, respectively. Investment securities with a carrying value of $39.2 million and $22.8 million were pledged as collateral for these deposits at September 30, 2025 and December 31, 2024, respectively. These investment securities exceed the minimum collateral requirements established by the Bureau of Indian Affairs.

Interest on deposits by type for the periods shown was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Demand deposits	$ 52	$ 187	$ 552	$ 567
Money market accounts	2,832	2,875	7,837	7,244
Savings accounts	914	923	2,581	2,791
Certificates of deposit, customer	4,175	4,340	13,093	12,913
Certificates of deposit, brokered	1,110	2,635	4,309	7,737
Total interest expense on deposits	$ 9,083	$ 10,960	$ 28,372	$ 31,252

Note 6 - Borrowings

First Fed is a member of the FHLB. As a member, First Fed has a committed line of credit of up to 25% of total assets, subject to the amount of FHLB stock ownership and certain collateral requirements.

First Fed maintains borrowing arrangements with the FHLB to borrow funds primarily under long-term, fixed-rate advance agreements. First Fed also has overnight borrowings through FHLB which renew daily until paid. First Fed periodically uses fixed-rate advances maturing in less than one year as an alternative source of funds. Available borrowing capacity was $272.0 million and $207.3 million at September 30, 2025 and December 31, 2024, respectively. All borrowings are secured by collateral consisting of single-family, home equity, commercial real estate, and multi-family loans receivable in the amounts of $902.9 million and $951.8 million at September 30, 2025 and December 31, 2024, respectively. The Bank had outstanding letters of credit from the FHLB with notional amounts of $60.0 million to collateralize public deposits and $772,000 to secure the Bellevue, Washington branch lease at September 30, 2025.

First Fed also has an established borrowing arrangement with the Federal Reserve Bank of San Francisco ("FRB") to utilize the discount window for short-term borrowing. Available borrowing capacity was $17.5 million and $17.9 million at September 30, 2025 and December 31, 2024, respectively. An overnight test of the line of credit was performed in June 2025. Investment securities with a carrying value of $18.3 million and $18.6 million were pledged to the FRB at September 30, 2025 and December 31, 2024, respectively.

On March 25, 2021, the Company completed a private placement of $40.0 million of 3.75% fixed-to-floating rate subordinated notes due 2031 (the "Notes") to certain qualified institutional buyers and institutional accredited investors. The net proceeds to the Company from the sale of the Notes were approximately $39.3 million after deducting placement agent fees and other offering expenses. The Notes have been structured to qualify as Tier 2 capital for the Company for regulatory capital purposes. The Company used the net proceeds of the offering for general corporate purposes. Beginning in April 2026, the interest rate on the Notes will reset quarterly to the three-month Secured Overnight Financing Rate plus 300 basis points. In March 2025, the Company redeemed $5.0 million of the Notes at a discount, resulting in a reduction to the outstanding balance and a $905,000 gain on extinguishment of debt recorded in noninterest income.

On May 20, 2022, First Northwest consummated a borrowing arrangement with NexBank for a $20.0 million revolving line of credit. Borrowings are secured by a blanket lien on First Northwest's personal property assets (with certain exclusions), including all the outstanding shares of First Fed, cash, loans receivable, and limited partnership investments. Available borrowing capacity was $5.0 million and $13.5 million at September 30, 2025 and December 31, 2024, respectively. The line of credit matures on November 17, 2025.

In October 2023, Pacific Coast Bankers Bank ("PCBB") extended a $50.0 million unsecured Fed Funds Borrowing Facility to the Bank. The Bank must maintain a minimum demand deposit account average balance of $250,000 with PCBB. Availability of funds are not guaranteed and facility usage is generally limited to ten consecutive days. Available borrowing capacity was $50.0 million at both September 30, 2025 and December 31, 2024. A borrowing test was performed in June 2025. This credit facility is authorized for use through June 30, 2026.

The following table sets forth information regarding our borrowings at the end of and during the nine months ended September 30, 2025. The table includes both long- and short-term borrowings.

	FHLB Long-Term Advances	FHLB Overnight Variable-Rate Advances	NexBank Line of Credit	Subordinated Debt, net
	(Dollars in thousands)			
Balance outstanding	$ 170,000	$ 40,000	$ 15,000	$ 34,625
Maximum outstanding at any month-end	170,000	130,000	15,000	39,527
Average monthly outstanding during the period	167,222	95,000	10,172	35,849
Weighted-average daily interest rates				
Annual	3.84%	4.26%	8.20%	4.01%
Period End	3.88%	4.47%	7.75%	4.15%
Interest expense during the period	4,850	3,335	624	1,074

The amounts by year of maturity and weighted-average interest rate of FHLB long-term, fixed-rate advances at September 30, 2025 are as follows:

	Amount	Weighted- Average Interest Rate
	(Dollars in thousands)	
Within one year or less	$ 75,000	3.91%
After one year through two years	60,000	3.95
After two years through three years	35,000	3.72
Total FHLB long-term advances	$ 170,000	3.88

The following table sets forth information regarding our borrowings at the end of and during the year ended December 31, 2024. The table includes both long- and short-term borrowings.

	FHLB Long-Term Advances	FHLB Overnight Variable-Rate Advances	NexBank Line of Credit	Subordinated Debt, net
	(Dollars in thousands)			
Balance outstanding	$ 160,000	$ 130,000	$ 6,500	$ 39,514
Maximum outstanding at any month-end	170,000	270,000	10,000	39,514
Average monthly outstanding during the period	136,250	137,750	6,635	39,475
Weighted-average daily interest rates				
Annual	3.35%	5.38%	9.41%	4.00%
Period End	3.63%	4.64%	8.00%	3.99%

Note 7 - Income Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. These calculations are based on many complex factors including estimates of the timing of reversals of temporary differences, the interpretation of federal income tax laws, and a determination of the differences between the tax and the financial reporting basis of assets and liabilities. Actual results could differ significantly from the estimates and interpretations used in determining the current and deferred income tax assets and liabilities.

The effective tax rates were 28.0% and 25.5% for the nine months ended September 30, 2025 and 2024, respectively. The effective tax rates differ from the statutory maximum federal tax rate for 2025 and 2024 of 21%, largely due to the nontaxable earnings on BOLI and tax-exempt interest income earned on certain investment securities and loans. Estimates for taxes and penalties on the early surrender of BOLI contracts were recorded in both periods, further impacting the effective tax rate calculation. The effective tax rate does not include a valuation allowance for the net deferred tax asset based on management's evaluation of cumulative earnings inclusive of other comprehensive income. Available tax planning strategies support the realization of the net deferred tax asset; furthermore, management has concluded that all deferred tax assets are realizable individually.

On July 4, 2025, President Trump signed H.R. 1, the "One Big Beautiful Bill Act," into law. This legislation includes several changes to federal tax law that generally allow for more favorable deductibility of certain business expenses beginning in 2025, including the reinstatement of 100% bonus depreciation, while disallowance of other expenses, such as limitations on charitable deductions and meals, may have an unfavorable impact. There was no material impact in the current period, and the Company is currently evaluating the impact on future periods.

Note 8 - Earnings (Loss) per Common Share

The two-class method is used for computing basic and diluted earnings per share. Under the two-class method, EPS is determined for each class of common stock and participating security according to dividends declared and participating rights in undistributed earnings. The Company has issued restricted shares under share-based compensation plans which qualify as participating securities.

The following table presents a reconciliation of the components used to compute basic and diluted earnings per share for the periods shown:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands, except share data)			
Net income:				
Net income (loss) available to common shareholders	$ 802	$ (1,980)	$ (4,573)	$ (3,803)
Dividends and undistributed earnings allocated to participating securities	—	(1)	—	(3)
Earnings (loss) allocated to common shareholders	$ 802	$ (1,981)	$ (4,573)	$ (3,806)
Basic:				
Weighted average common shares outstanding	9,415,143	9,419,143	9,413,154	9,469,960
Weighted average unvested restricted stock awards	(113,015)	(115,322)	(126,238)	(104,622)
Weighted average unallocated ESOP shares	(494,092)	(547,056)	(507,208)	(560,214)
Total basic weighted average common shares outstanding	8,808,036	8,756,765	8,779,708	8,805,124
Diluted:				
Basic weighted average common shares outstanding	8,808,036	8,756,765	8,779,708	8,805,124
Dilutive restricted stock awards	5,596	—	—	—
Total diluted weighted average common shares outstanding	8,813,632	8,756,765	8,779,708	8,805,124
Basic earnings (loss) per common share	$ 0.09	$ (0.23)	$ (0.52)	$ (0.43)
Diluted earnings (loss) per common share	$ 0.09	$ (0.23)	$ (0.52)	$ (0.43)

Potentially dilutive shares are excluded from the computation of EPS if their effect is anti-dilutive. At September 30, 2025 and 2024, antidilutive shares as calculated under the treasury stock method totaled 16,750 and 20,663, respectively.

Note 9 - Employee Benefits

Employee Stock Ownership Plan

In connection with the Conversion, the Company established an ESOP for eligible employees of the Company and the Bank. Employees of the Company and the Bank who have been credited with at least 1,000 hours of service during a 12-month period are eligible to participate in the ESOP.

Pursuant to the Plan, the ESOP purchased shares in the open market with funds borrowed from First Northwest. The Bank will make contributions to the ESOP in amounts necessary to amortize the ESOP loan payable to First Northwest over a period of 20 years, bearing estimated interest at 2.46%. The loan is secured by shares purchased with the loan proceeds and will be repaid by the ESOP with funds from the Bank's discretionary contributions to the ESOP and earnings on the ESOP assets. Principal and interest payments of $835,000 and $837,000 were made by the ESOP during the nine months ended September 30, 2025 and 2024, respectively.

As shares are committed to be released from collateral, the Company reports compensation expense equal to the average daily market prices of the shares and the shares become outstanding for EPS computations. The compensation expense is accrued monthly throughout the year. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as a reduction of debt and accrued interest.

Compensation expense related to the ESOP for the three months ended September 30, 2025 and 2024, was $97,000 and $136,000, respectively. Compensation expense related to the ESOP for the nine months ended September 30, 2025 and 2024, was $359,000 and $481,000, respectively.

Shares issued to the ESOP as of the dates indicated are as follows:

	September 30, 2025	December 31, 2024
Allocated shares	545,097	492,208
Committed to be released shares	13,221	26,442
Unallocated shares	489,711	529,379
Total ESOP shares issued	1,048,029	1,048,029
	(Dollars in thousands)	
Fair value of unallocated shares	$ 3,854	$ 5,400

Note 10 - Stock-based Compensation

In May 2020, the Company's shareholders approved the First Northwest Bancorp 2020 Equity Incentive Plan ("2020 EIP"), which provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock shares or restricted stock units, and performance share awards to eligible participants through May 2030. The cost of awards under the 2020 EIP generally is based on the fair value of the awards on their grant date. The maximum number of shares that may be utilized for awards under the 2020 EIP is 520,000. As of September 30, 2025, there were 101,564 total shares available for grant under the 2020 EIP, all of which are available to be granted as restricted shares, performance shares, options or stock appreciation rights.

As a result of the approval of the 2020 EIP, the First Northwest Bancorp 2015 Equity Incentive Plan (the "2015 EIP") was frozen and no additional awards will be made. As of September 30, 2025, there were no shares available for grant under the 2015 EIP. The final shares granted under the 2015 EIP vested in the second quarter of 2025.

There were 145,875 and 81,181 shares of restricted stock awarded, respectively, during the nine months ended September 30, 2025 and 2024. Restricted share awards vest ratably over periods ranging from one to five years from the date of grant provided the eligible participant remains in service to the Company. The Company recognizes compensation expense for the restricted stock awards based on the fair value of the shares at the grant date amortized over the vesting period.

In addition, there were 33,251 and no performance shares awarded, respectively, during the nine months ended September 30, 2025 and 2024. Performance share awards vest in accordance with the terms outlined in each award agreement. The Company recognizes compensation expense for the performance share awards based on the fair value of the shares at the grant date amortized over the performance period.

For the three months ended September 30, 2025 and 2024, total compensation expense for the equity incentive plans was $131,000 and $260,000, respectively. Included in the compensation expense for the three months ended September 30, 2025 and 2024, was directors' equity compensation of $60,000 and $75,000, respectively.

For the nine months ended September 30, 2025 and 2024, total compensation expense for the equity incentive plans was $536,000 and $781,000, respectively. Included in the compensation expense for the nine months ended September 30, 2025 and 2024, was directors' equity compensation of $181,000 and $185,000, respectively.

The following tables provide a summary of changes in non-vested restricted stock awards for the periods shown:

Three Months Ended September 30, 2025	Shares	Weighted-Average Grant Date Fair Value
Non-vested at July 1, 2025	157,463	$ 11.24
Granted	66,542	7.84
Vested	(10,113)	10.18
Canceled (1)	(1,626)	10.18
Forfeited	(53,725)	12.22
Non-vested at September 30, 2025	158,541	9.56

(1) A surrender of vested stock awards by a participant surrendering the number of shares valued at the current stock price at the vesting date to cover the participant's tax obligation on the vested shares. The surrendered shares are canceled and are unavailable for reissue.

Nine Months Ended September 30, 2025	Shares	Weighted-Average Grant Date Fair Value
Non-vested at January 1, 2025	97,064	$ 14.46
Granted	179,126	9.44
Vested	(47,325)	14.81
Canceled (1)	(11,221)	14.81
Forfeited	(59,103)	12.06
Non-vested at September 30, 2025	158,541	9.56

(1) A surrender of vested stock awards by a participant surrendering the number of shares valued at the current stock price at the vesting date to cover the participant's tax obligation on the vested shares. The surrendered shares are canceled and are unavailable for reissue.

As of September 30, 2025, there was $1.2 million of total unrecognized compensation cost related to non-vested shares granted as restricted stock awards. The cost is expected to be recognized over the remaining weighted-average vesting period of approximately 2.3 years.

Note 11 - Fair Value Measurements

Fair value is the price to sell an asset or transfer a liability in an orderly transaction between market participants in the Company’s principal market. The Company has established and documented its process for determining the fair values of its assets and liabilities, where applicable. Fair value is based on quoted market prices, when available, for identical or similar assets or liabilities. In the absence of quoted market prices, management determines the fair value of the Company’s assets and liabilities using valuation models or third-party pricing services, both of which rely on market-based parameters when available, such as interest rate yield curves, option volatilities and credit spreads, or unobservable inputs. Unobservable inputs may be based on management’s judgment, assumptions, and estimates related to credit quality, liquidity, interest rates, and other relevant inputs.

Any changes to valuation methodologies are reviewed by management to ensure they are relevant and justified. Valuation methodologies are refined as more market-based data becomes available.

A three-level valuation hierarchy is used in determining fair value that is based on the transparency of the inputs used in the valuation process. The inputs used in determining fair value in each of the three levels of the hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Either: (i) quoted prices for similar assets or liabilities; (ii) observable inputs, such as interest rates or yield curves; or (iii) inputs derived principally from or corroborated by observable market data.

Level 3 - Unobservable inputs.

The hierarchy gives the highest ranking to Level 1 inputs and the lowest ranking to Level 3 inputs. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the overall fair value measurement.

The Company used the following methods to measure fair value on a recurring and nonrecurring basis.

Securities available for sale: Where quoted prices are available in an active market, securities are classified as Level 1. Level 1 instruments include highly liquid government bonds, securities issued by the U.S. Treasury, and exchange-traded equity securities. If quoted prices are not available, management determines fair value using pricing models, quoted prices of similar securities, which are considered Level 2, or discounted cash flows. In certain cases, where there is limited activity in the market for an instrument, assumptions must be made to determine their fair value. Such instruments are classified as Level 3.

Sold loan servicing rights, at fair value: The fair value of sold loan servicing rights is determined through a discounted cash flow analysis, which uses interest rates, prepayment speeds, discount rates, and delinquency rate assumptions as inputs. Servicing rights are classified as Level 3 due to reliance on assumptions used in the valuation.

Interest rate swap derivative: The fair values of interest rate swap agreements are based on valuation models using observable market data as of the measurement date (Level 2). The Company's securities derivatives are traded in an over-the-counter market where quoted market prices are not always available. The Company also entered into pay-fixed and receive-floating interest rate swaps associated with certain fixed rate loans. The fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including market transactions and third-party pricing services. The fair values of all interest rate swaps are determined from third-party pricing services without adjustment.

Assets and liabilities measured at fair value on a recurring basis - Assets and liabilities are considered to be valued on a recurring basis if fair value is measured regularly (i.e., daily, weekly, monthly, or quarterly). The following tables show the Company's assets and liabilities measured at fair value on a recurring basis at the dates indicated:

	September 30, 2025			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Assets	(In thousands)			
Securities available-for-sale				
Municipal bonds	$ 11,669	$ 67,952	$ —	$ 79,621
ABS agency	—	12,169	—	12,169
ABS corporate	—	9,881	—	9,881
Corporate debt	1,970	41,369	—	43,339
SBA	—	6,977	—	6,977
MBS agency	—	94,203	—	94,203
MBS non-agency	—	27,114	9,304	36,418
Sold loan servicing rights	—	—	3,093	3,093
Total assets measured at fair value	$ 13,639	$ 259,665	$ 12,397	$ 285,701
Financial Liabilities				
Interest rate swap derivative	$ —	$ 1,676	$ —	$ 1,676

Financial Assets	December 31, 2024 Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In thousands)			
Securities available-for-sale				
Municipal bonds	$ 12,059	$ 65,817	$ —	$ 77,876
ABS agency	—	12,876	—	12,876
ABS corporate	—	16,122	—	16,122
Corporate debt	1,917	52,574	—	54,491
SBA	—	8,666	—	8,666
MBS agency	—	98,697	—	98,697
MBS non-agency	—	39,735	31,881	71,616
Sold loan servicing rights	—	—	3,281	3,281
Interest rate swap derivative	—	267	—	267
Total assets measured at fair value	$ 13,976	$ 294,754	$ 35,162	$ 343,892
Financial Liabilities				
Interest rate swap derivative	$ —	$ 123	$ —	$ 123

The following tables provide a description of the valuation technique, unobservable input, and qualitative information about the unobservable inputs for the Company's assets and liabilities classified as Level 3 and measured at fair value on a recurring basis at the dates indicated:

September 30, 2025	Fair Value (In thousands)	Valuation Technique	Unobservable Input (1)	Range (Weighted Average)
Sold loan servicing rights	$ 3,093	Discounted cash flow	Constant prepayment rate	4.66% - 36.91% (6.40%)
			Discount rate	10.50% - 12.62% (11.09%)
MBS non-agency	$ 9,304	Consensus pricing	Offered quotes	98.8 - 100.4

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

December 31, 2024	Fair Value (In thousands)	Valuation Technique	Unobservable Input (1)	Range (Weighted Average)
Sold loan servicing rights	$ 3,281	Discounted cash flow	Constant prepayment rate	5.05% - 29.58% (6.83%)
			Discount rate	11.13% - 13.52% (11.78%)
MBS non-agency	$ 31,881	Consensus pricing	Offered quotes	99 - 101

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

The following tables summarize the changes in Level 3 assets measured at fair value on a recurring basis, at the dates indicated:

	As of or For the Three Months Ended September 30,		As of or For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Sold loan servicing rights:	(In thousands)			
Balance at beginning of period	$ 3,220	$ 3,740	$ 3,281	$ 3,793
Servicing rights that result from transfers and sale of financial assets	(4)	5	13	38
Changes in fair value due to changes in model inputs or assumptions (1)	(123)	(161)	(201)	(247)
Balance at end of period	$ 3,093	$ 3,584	$ 3,093	$ 3,584

(1) Represents changes due to collection/realization of expected cash flows and curtailments.

	As of or For the Three Months Ended September 30,		As of or For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Securities available for sale:	(In thousands)			
MBS non-agency				
Balance at beginning of period	$ 13,198	$ 17,231	$ 31,881	$ 27,469
Principal payments and maturities	(3,944)	(148)	(22,717)	(10,530)
Unrealized Gains	50	12	140	156
Balance at end of period	$ 9,304	$ 17,095	$ 9,304	$ 17,095

Assets and liabilities measured at fair value on a nonrecurring basis - Assets are considered to be valued on a nonrecurring basis if the fair value measurement of the instrument does not necessarily result in a change in the amount recorded on the consolidated balance sheets. Generally, nonrecurring valuation is the result of the application of other accounting pronouncements that require assets or liabilities to be assessed for impairment or recorded at the lower of cost or fair value.

The following tables present the Company's assets measured at fair value on a nonrecurring basis at the dates indicated:

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Individually evaluated collateral dependent loans	$ —	$ —	$ 23,174	$ 23,174
Other real estate owned	—	—	1,377	1,377

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Individually evaluated collateral dependent loans	$ —	$ —	$ 33,246	$ 33,246

At September 30, 2025 and December 31, 2024, there were no individually evaluated loans with discounts to appraisal disposition value or other unobservable inputs.

The following tables present the carrying value and estimated fair value of financial instruments at the dates indicated:

	September 30, 2025				
			Fair Value Measurements Using:		
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Financial assets					
Cash and cash equivalents	$ 79,170	$ 79,170	$ 79,170	$ —	$ —
Investment securities available for sale	282,608	282,608	13,639	259,665	9,304
Loans held for sale	2,154	2,154	—	2,154	—
Loans receivable, net	1,607,825	1,493,529	—	—	1,493,529
FHLB stock	10,856	10,856	—	10,856	—
Accrued interest receivable	8,160	8,160	—	8,160	—
Sold loan servicing rights, at fair value	3,093	3,093	—	—	3,093
Financial liabilities					
Demand deposits	$ 1,110,184	$ 1,110,184	$ 1,110,184	$ —	$ —
Time deposits	543,143	543,143	—	—	543,143
FHLB Borrowings	210,000	210,403	—	—	210,403
Line of Credit	15,000	15,059	—	—	15,059
Subordinated debt, net	34,625	36,265	—	—	36,265
Accrued interest payable	1,145	1,145	—	1,145	—
Interest rate swap derivative	1,676	1,676	—	1,676	—

	December 31, 2024				
			Fair Value Measurements Using:		
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Financial assets					
Cash and cash equivalents	$ 72,448	$ 72,448	$ 72,448	$ —	$ —
Investment securities available for sale	340,344	340,344	13,976	294,487	31,881
Loans held for sale	472	472	—	472	—
Loans receivable, net	1,675,186	1,536,748	—	—	1,536,748
FHLB stock	14,435	14,435	—	14,435	—
Accrued interest receivable	8,159	8,159	—	8,159	—
Sold loan servicing rights, at fair value	3,281	3,281	—	—	3,281
Interest rate swap derivative	267	267	—	267	—
Financial liabilities					
Demand deposits	1,040,184	$ 1,040,184	$ 1,040,184	$ —	$ —
Time deposits	647,842	648,232	—	—	648,232
FHLB Borrowings	290,000	288,512	—	—	288,512
Line of Credit	6,500	6,526	—	—	6,526
Subordinated debt, net	39,514	39,974	—	—	39,974
Accrued interest payable	3,295	3,295	—	3,295	—
Interest rate swap derivative	123	123	—	123	—

Note 12- Change in Accumulated Other Comprehensive Income ("AOCI")

Our AOCI includes unrealized gains (losses) on available-for-sale securities, defined benefit plan assets and derivatives as well as an unrecognized defined benefit plan prior service cost. The following table presents changes to accumulated other comprehensive income after-tax for the periods shown:

	Unrealized Gains and Losses on Available-for-Sale Securities	Net Actuarial Gains (Losses) on DB Plan Assets	Unrecognized DB Plan Prior Service Cost, Net of Amortization	Unrealized Gains (Losses) on Fair Value of Hedged Items	Total
			(In thousands)		
Balance at June 30, 2024	$ (30,021)	$ (288)	$ (1,362)	$ 74	$ (31,597)
Other comprehensive income before reclassification	6,344	—	—	—	6,344
Amounts reclassified from accumulated other comprehensive income	—	—	29	(1,200)	(1,171)
Net other comprehensive income (loss)	6,344	—	29	(1,200)	5,173
Balance at September 30, 2024	$ (23,677)	$ (288)	$ (1,333)	$ (1,126)	$ (26,424)
Balance at June 30, 2025	$ (25,674)	$ (486)	$ (1,244)	$ (794)	$ (28,198)
Other comprehensive income before reclassification	3,733	—	—	—	3,733
Amounts reclassified from accumulated other comprehensive income	—	—	30	6	36
Net other comprehensive income	3,733	—	30	6	3,769
Balance at September 30, 2025	$ (21,941)	$ (486)	$ (1,214)	$ (788)	$ (24,429)

	Unrealized Gains and Losses on Available-for-Sale Securities	Net Actuarial Gains (Losses) on DB Plan Assets	Unrecognized DB Plan Prior Service Cost, Net of Amortization	Unrealized Losses on Fair Value of Hedged Items	Total
			(In thousands)		
Balance at December 31, 2023	$ (30,099)	$ (288)	$ (1,421)	$ (828)	$ (32,636)
Other comprehensive income before reclassification	4,759	—	—	—	4,759
Amounts reclassified from accumulated other comprehensive income	1,663	—	88	(298)	1,453
Net other comprehensive income (loss)	6,422	—	88	(298)	6,212
Balance at September 30, 2024	$ (23,677)	$ (288)	$ (1,333)	$ (1,126)	$ (26,424)
Balance at December 31, 2024	$ (28,210)	$ (486)	$ (1,303)	$ (173)	$ (30,172)
Other comprehensive income before reclassification	6,269	—	—	—	6,269
Amounts reclassified from accumulated other comprehensive income	—	—	89	(615)	(526)
Net other comprehensive income (loss)	6,269	—	89	(615)	5,743
Balance at September 30, 2025	$ (21,941)	$ (486)	$ (1,214)	$ (788)	$ (24,429)

Note 13 - Derivatives and Hedging Activities

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Fair Value Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain of its fixed-rate assets due to changes in benchmark interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreement without the exchange of the underlying notional amount.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

The following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges for the periods shown.

	Carrying Amount of the Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets
	(In thousands)	
Line item in the Consolidated Balance Sheets where the hedged item is included:		
September 30, 2025		
Investment securities (1)	$ 51,002	$ 1,002
Loans receivable (2)	100,896	896
Total	$ 151,898	$ 1,898
December 31, 2024		
Investment securities (1)	$ 50,220	$ 220
Loans receivable (2)	99,812	(188)
Total	$ 150,032	$ 32

(1) These amounts include the amortized cost basis of a closed portfolio of AFS securities used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolio anticipated to be outstanding for the designated hedged period. At September 30, 2025 and December 31, 2024, the amortized cost basis of the closed portfolio used in this hedging relationship was $51.0 million and $56.7 million, respectively; the cumulative basis adjustments associated with this hedging relationship was $1.0 million and $220,000, respectively; and the amount of the designated hedged items was $50.0 million for both periods.

(2) These amounts include the amortized cost basis of a closed portfolio of loans receivable used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolio anticipated to be outstanding for the designated hedged period. At September 30, 2025 and December 31, 2024, the amortized cost basis of the closed portfolio used in this hedging relationship was $227.7 million and $258.1 million, respectively; the cumulative basis adjustments associated with this hedging relationship was $896,000 and ($188,000), respectively; and the amount of the designated hedged items was $100.0 million for both periods.

The following table summarizes the Company’s derivative instruments at the date indicated. The Company has master netting agreements with derivative dealers with which it does business, but reflects gross assets and liabilities as “Other assets” and “Other liabilities,” respectively, on the Consolidated Balance Sheets, as follows:

		Fair Value	
	Notional Amount	Other Assets	Other Liabilities
		(In thousands)	
September 30, 2025			
Fair value hedges:			
Interest rate swaps - securities	$ 50,000	$ —	$ 872
Interest rate swaps - loans	100,000	—	804
December 31, 2024			
Fair value hedges:			
Interest rate swaps - securities	$ 50,000	$ —	$ 123
Interest rate swaps - loans	100,000	267	—

The following table summarizes the effect of fair value accounting on the Consolidated Statements of Operations for the periods shown:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Total amounts recognized in interest on investment securities	$ 3,244	$ 3,786	$ 10,513	$ 11,367
Total amounts recognized in interest and fees on loans receivable	22,814	23,536	67,859	70,036
Net gains (losses) on fair value hedging relationships				
Interest rate swaps - securities				
Recognized on hedged items	$ 9	$ 1,338	$ (782)	$ 1,433
Recognized on derivatives designated as hedging instruments	(22)	(1,102)	739	(1,350)
Interest rate swaps - loans				
Recognized on hedged items	(35)	562	(1,084)	1,579
Recognized on derivatives designated as hedging instruments	14	(300)	1,050	(1,544)
Net (expense) income recognized on fair value hedges	$ (34)	$ 498	$ (77)	$ 118

Credit Risk-related Contingent Features

The Company is exposed to credit-related losses in the event of nonperformance by counterparties to hedging instruments. The counterparties to all derivative transactions are major financial institutions with investment grade credit ratings. However, this does not eliminate the Company's exposure to credit risk with these institutions. This credit risk is limited to the unrealized gains in such contracts should any of these counterparties fail to perform as contracted.

The Company has interest rate swap agreements with its derivative counterparties that contain provisions where if the Company either defaults or fails to maintain its status as a well or adequately capitalized institution, then the Company could be required to terminate the contract or post additional collateral. At September 30, 2025, the Company had derivatives in a net liability position related to these agreements. The Company has minimum collateral posting thresholds with its derivative counterparties and has posted cash of $3.5 million at September 30, 2025, to secure the related interest rate swap agreements as needed. In certain cases, the Company will have posted excess collateral compared to total exposure due to initial margin requirements or day-to-day rate volatility.

As of September 30, 2025, the Company was in compliance with all credit risk-related contingent features. Given the considerations described above, the Company considers the impact of the risk of counterparty default to be immaterial.

Note 14 - Segment Reporting

First Fed is engaged in the business of attracting deposits and providing lending services. Substantially all income is derived from a diverse base of commercial, mortgage, and consumer lending activities and investments. The Company's activities are considered to be a single industry segment for financial reporting purposes. The chief operating decision maker ("CODM") is comprised of the chief executive officer and the chief financial officer.

The accounting policies of the Bank are the same as those described in the summary of significant accounting policies in Note 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("2024 Form 10-K"). The CODM assesses performance for the Bank and decides how to allocate resources based on net income that is reported on the income statement as consolidated net income. The measurement of segment assets is reported on the balance sheet as total consolidated assets.

The CODM uses net income to evaluate income generated from the segment assets (return on assets) in deciding whether to reinvest profits into the Bank or into other parts of the entity, such as to pay dividends or a share repurchase plan. Net income is used to monitor budget versus actual results and assess the performance of the Bank.

The Company generates revenue from interest income, fee income and other noninterest income from investments and services. All operations are based in Washington State. No single customer accounts for more than 10% of total revenue.

Note 15 - Contingencies

In the normal course of business, the Company may have various legal claims and other similar contingent matters outstanding for which a loss may be realized. For these claims, the Company establishes a liability for contingent losses when it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. For claims determined to be reasonably possible but not probable of resulting in a loss, a liability will not be reserved but the amount of loss or a range of possible losses may be disclosed if the amount can be reasonably estimated.

Water Station Management Litigation
As the Company previously disclosed, on August 27, 2024, involuntary bankruptcy proceedings were commenced against Creative Technologies, LLC, Water Station Management, LLC ("Water Station Management") and Refreshing USA, LLC (collectively the "OpCo Debtors"), certain of which were borrowers of the Bank. In addition, on September 5, 2024, Ideal Property Investments LLC ("Ideal" and, together with the OpCo Debtors, the "Debtors"), also a borrower of the Bank, filed a voluntary petition for bankruptcy in the United States Bankruptcy Court for the Eastern District of Washington. On November 8, 2024, Ideal commenced an adversary proceeding in such bankruptcy proceedings against the Bank, seeking to avoid certain transactions with the Bank under a theory of constructive fraudulent transfer or, in the alternative, to recharacterize them (the "Adversary Proceeding").

On July 17, 2025, the Bank, the OpCo Debtors, Ideal and the Joint Official Committee of Unsecured Creditors of the Debtors entered into a Settlement Agreement, Plan Support Agreement and Release (the "Settlement Agreement") to resolve the Adversary Proceeding and any other claims of the parties. Pursuant to the Settlement Agreement, the Bank agreed, in exchange for, among other things, a release of all claims of the parties to the Settlement Agreement, to (i) release certain liens against the property of the Debtors and (ii) make certain cash payments of not less than $2.87 million and not more than $5.74 million, with the amount within that range to be determined by the percentage of certain unsecured creditors of the OpCo Debtors that enter into a mutual release of all claims related to the Debtors with the Bank and the Company under the OpCo Debtors' Chapter 11 plan of liquidation. The OpCo Debtors' Chapter 11 plan of liquidation was confirmed on September 9, 2025, with more than the 80% threshold of eligible creditors opting in to the release of the Company. The Bank subsequently paid the amounts required under the Settlement Agreement, utilizing the $5.74 million of the $5.8 million previously reserved in the first quarter of 2025 as a noninterest expense. The Bank pursued reimbursement from its insurance carrier.

3|5|2 Capital Litigation
On June 10, 2025, 3|5|2 Capital GP LLC, on behalf of 3|5|2 Capital ABS Master Fund LP (collectively, "3|5|2 Capital"), filed a complaint (the "3|5|2 Complaint") against First Fed, in the Superior Court of the State of Washington for King County, arising from 3|5|2 Capital's alleged investment in bonds of Water Station Management, along with certain affiliated entities, in the United States Bankruptcy Court for the Eastern District of Washington. The 3|5|2 Complaint alleges that Water Station Management and certain affiliated individuals and entities misappropriated over $100 million by using the proceeds from a bond offering to repay earlier investors and creditors, including the Bank, rather than for the disclosed purpose of expanding Water Station Management's business. The 3|5|2 Complaint asserts claims against the Bank for aiding and abetting the alleged fraud, conspiracy to commit fraud, unjust enrichment, and constructive trust, and seeks various forms of relief, including not less than $106.9 million in compensatory damages plus interest, unspecified punitive damages, and attorneys' fees and costs. The Company strongly disputes the allegations contained in the 3|5|2 Complaint and is vigorously defending against the claims. On September 30, 2025, First Fed filed its Answer, Affirmative Defenses, and Counterclaims, which include a counterclaim alleging that 3|5|2 Capital aided and abetted a fraudulent scheme perpetrated by Ryan Wear, Water Station, and certain affiliated entities, causing damage to the Bank.

Note 16 - Subsequent Event

In October 2025, the Bank received a $1.6 million reimbursement from its insurance carrier to offset costs associated with the litigation described above. Management is currently reviewing the related expenditures to determine the appropriate allocation of the funds received.

On October 17, 2025, Socotra REIT I, LLC filed a complaint (the "Socotra Complaint") against First Fed, in the Superior Court of the State of Washington for King County. The Socotra Complaint alleges that First Fed made misrepresentations, committed fraudulent acts, converted funds, and violated Washington's Consumer Protection Act in connection with a $7.7 million commercial loan from Socotra to Ideal that paid down $4.0 million in First Fed secured obligations, and seeks unspecified damages including restitution, statutory penalties, and attorneys' fees and costs. The Company is reviewing the claims, strongly disputes the allegations contained in the Socotra Complaint and intends to vigorously defend against the claims.

ITEM 2: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Certain matters discussed in this Quarterly Report on Form 10-Q constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, are based on certain assumptions and are generally identified by the use of words such as "anticipates," "assumes," "believes," "can," "continues," "could," "estimates," "expects," "forecasts," "goal," "intends," "likely," "may," "might," "objective," "plans," "potential," "projects," "remains," "should," "target," "trend," "will," "would," or similar expressions. Forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios;
- statements regarding litigation; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on current beliefs and expectations of management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company’s control. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- risks associated with lending and potential adverse changes in the credit quality of our loan portfolio;
- legislative, regulatory and policy changes;
- uncertainties relating to litigation;
- continued depressed market demand for mortgage and Small Business Administration loans that we originate for sale;
- changes in monetary and fiscal policies including interest rate policies of the Federal Reserve and the relative differences between short and long-term interest rates, deposit interest rates, our net interest margin and funding sources;
- our ability to control operating costs and expenses;
- whether our management team can succeed in implementing our operational strategy, including but not limited to our efforts to achieve higher net interest income and noninterest revenue growth;
- our ability to successfully execute on growth strategies related to our entry into new markets and delivery channels, including banking as a service;
- our ability to develop user-friendly digital applications to serve existing customers and attract new customers;
- the use of estimates in determining fair value of certain of our assets, which estimates may prove to be incorrect and result in significant declines in valuation;
- pressures on liquidity, including as a result of withdrawals of customer deposits or declines in the value of our investment portfolio;
- increased competitive pressures among financial services companies, particularly from non-traditional banking entities such as challenger banks, fintech, and mega technology companies;
- our ability to attract and retain deposits at a reasonable cost relative to the market;
- changes in consumer spending, borrowing and savings habits, resulting in reduced demand for banking products and services, particularly in the event of a recession that affects our market areas;
- results of examinations by our primary or other regulatory authorities could have an adverse impact on our business and operations;
- disruptions, security breaches, or other adverse events, failures or interruptions in, or attacks on, our information technology systems or on the third-party vendors who perform several of our critical processing functions;
- risks related to overall economic conditions, including the impact on the economy of an elevated interest rate environment, geopolitical instability, including the wars in Ukraine and the Middle East, and potential recessionary and other unfavorable conditions and trends relating to housing markets, unemployment levels, interest rates and inflationary pressures;
- any failure of key third-party vendors to perform their obligations to us;
- risks related to natural disasters, including droughts, fires, floods, earthquakes, pandemics, and other unexpected events;
- the effects of any reputational damage to the Company resulting from any of the foregoing; and
- other economic, competitive, governmental, regulatory and technical factors affecting our operations, pricing, products and services and other risks described elsewhere in our filings with the Securities and Exchange Commission, including this Form 10-Q and the Company's 2024 Form 10-K.

Any of the forward-looking statements that we make in this report and in other statements we make may turn out to be wrong because of inaccurate assumptions we might make, because of the factors illustrated above or because of other factors that we cannot anticipate or predict. Any forward-looking statements are based upon management's beliefs and assumptions at the time they are made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this document or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise. Due to these risks, uncertainties and assumptions, the forward-looking statements discussed in this report might not occur, and you should not put undue reliance on any forward-looking statements.

General

First Northwest, a Washington corporation, is a bank holding company and a financial holding company. First Northwest is engaged in banking activities through its wholly owned subsidiary, First Fed Bank, as well as certain non-banking financial activities. Non-banking investments include several limited partnership investments. The Company's business activities are generally focused on passive investment activities and oversight of the activities of First Fed.

First Fed Bank is a community-oriented commercial bank founded in 1923 in Port Angeles, Washington. The Bank serves Clallam, Jefferson, King, Kitsap, Snohomish and Whatcom counties in Washington State through its twelve full-service branches and five business centers, including our headquarters. We offer a wide range of products and services focused on the lending, deposit and money movement needs of the communities we serve. To diversify our portfolio and increase interest income, we increased our origination of commercial real estate, multi-family real estate, and commercial business loans. We also increased our auto and consumer loans through purchased auto loan programs and purchased manufactured homes. We continue to originate one-to-four family residential mortgage loans, primarily for sale into the secondary market to generate noninterest gain on sale and servicing fee revenue and manage interest rate risk or retain select loans in our portfolio to enhance interest income. Home equity, residential construction and commercial construction loans are also originated primarily in Western Washington. We offer traditional consumer and business deposit products, including transaction accounts, savings and money market accounts and certificates of deposit ("CDs" or "term certificate") for individuals, businesses and nonprofit organizations. Deposits are our primary source of funding for our lending and investing activities. First Fed has a limited partnership investment in the Canapi Ventures SBIC Fund II, LP. First Fed also has a limited partnership investment in the Meriwether Group Capital Hero Fund LP ("Hero Fund") which was previously held by First Northwest. The Hero Fund is a private commercial lender focused on lower-middle market businesses, primarily in the Pacific Northwest.

First Northwest's limited partnership investments include Canapi Ventures Fund, LP; BankTech Ventures, LP; and JAM FINTOP Frontier Fund, LP. These limited partnerships invest in fintech-related businesses with a focus on developing digital solutions applicable to the banking industry. In 2022, First Northwest acquired a 33.3% interest in The Meriwether Group, LLC ("MWG"), a boutique investment bank and consulting firm focused on providing entrepreneurs with resources to help them succeed, including equity and debt raising services. Also in 2022, the Company acquired a 25% equity interest as a general partner in Meriwether Group Capital, LLC ("MWGC"), which provides financial advice for borrowers and capital for the Hero Fund. MWG also holds a 20% general partner interest in MWGC. MWGC holds a 0.01% general partner interest in the Hero Fund.

The Company is impacted by prevailing economic conditions as well as government policies and regulations concerning, among other things, monetary and fiscal policy, including fiscal stimulus, interest rate policy and open market operations, housing, and consumer protection. Deposit flows are influenced by various factors, including changes in market rates; sales and marketing efforts; interest rates paid by competitors; available alternative investments such as money market mutual funds, the stock and bond markets; account maturities; government stimulus and unemployment programs; and the overall level of personal income and savings. Lending activities are influenced by prevailing interest rates and property values in our markets, the demand for funds, the number and quality of lenders employed by First Fed, and both regional and national economic cycles.

Our primary source of pre-tax income is net interest income. Net interest income is interest income earned on our loans and investments less interest expense paid on our deposits and borrowings. Changes in levels of interest rates impact our net interest income. A secondary source of income for the Company is noninterest income, which includes revenue we receive from providing products and services, including service charges on deposit accounts, debit card interchange income, mortgage banking income, treasury and other commercial banking related fees, earnings from bank-owned life insurance, loan servicing income, earnings from equity and partnership investments, and gains and losses from the sale of loans and securities.

An offset to net interest income is the provision for credit losses, which represents the periodic charge to operations required to adequately provide for probable losses inherent in our loan, unfunded commitments and investment portfolios through the ACL. A recapture of previously recognized provision for credit losses may be recorded if forecasted macroeconomic factors improve, underlying balances decrease, or recoveries of amounts previously charged off are received.

Noninterest expenses incurred in operating our business consist of salaries and employee benefit costs, occupancy and equipment expenses, professional fees, deposit insurance premiums and regulatory assessments, digital delivery and data processing expenses, marketing and other customer acquisition expenses, expenses related to real estate and personal property owned, state and local taxes, federal income tax, and other miscellaneous expenses.

Recent Regulatory Developments

On October 24, 2023, the federal banking agencies issued a final rule amending their regulations implementing the Community Reinvestment Act (the "CRA") to substantially revise how they evaluate an insured depository institution’s record of satisfying the credit needs of its entire communities, including low- and moderate-income individuals and neighborhoods. On July 16, 2025, the agencies issued a notice of proposed rulemaking to rescind the October 2023 final rule and restore the CRA framework that existed previously, which has remained in effect due to a preliminary injunction that stayed implementation of the October 2023 rule. The Bank received a rating of "satisfactory" in its most recent performance evaluation, which was conducted using the CRA framework that existed prior to the October 2023 final rule.

On September 17, 2024, the FDIC finalized changes to its Statement of Policy on Bank Merger Transactions (the "2024 Policy Statement"), which outlines factors that the FDIC will consider when evaluating a proposed bank merger transaction. On May 20, 2025, the FDIC rescinded the 2024 Policy Statement and reinstated the Statement of Policy on Bank Merger Transactions that was in effect prior to the 2024 Policy Statement. The United States Department of Justice has left in place its 2023 Merger Guidelines as a framework to review bank mergers and has not reinstated the 1995 Bank Merger Guidelines that it previously applied to bank mergers and which the Federal Reserve continues to apply. Compared to the 1995 Bank Merger Guidelines, the 2023 Merger Guidelines set forth more stringent concentration limits and add several largely qualitative bases on which the DOJ may challenge a merger.

On July 18, 2025, President Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins Act, or the "GENIUS Act," into law, establishing a federal licensing and supervisory framework for payment stablecoins and their issuers. The GENIUS Act may accelerate and increase the competition that non-traditional financial institutions pose to banks’ payment services, but may also create opportunities for banks to hold stablecoin reserve assets, custody stablecoins, or issue stablecoins. Several key provisions of the GENIUS Act require federal regulatory agencies to adopt implementing regulations, and the Act will take effect the earlier of 18 months after its enactment or 120 days after the agencies issue final implementing regulations.

In July 2025, the FDIC proposed a rule to adjust certain regulatory thresholds to reflect historical inflation and adjust those thresholds in the future based on a proposed indexing methodology. Among other changes, the proposal would increase the total asset size thresholds from $1 billion to $5 billion for an insured depository institution to be subject to the FDIC's requirements for each audit committee member to be independent of management and for management to prepare reports on the effectiveness of the institution’s internal control structure and procedures. The Company is evaluating the potential impact of the proposed rule.

Critical Accounting Policies

There are no material changes to the critical accounting policies from those disclosed in the Company's 2024 Form 10-K.

Comparison of Financial Condition at September 30, 2025 and December 31, 2024

Assets. Total assets decreased to $2.11 billion, or 5.4%, at September 30, 2025, from $2.23 billion at December 31, 2024.

Cash and cash equivalents increased by $6.7 million, or 9.3%, to $79.2 million as of September 30, 2025, compared to $72.5 million as of December 31, 2024.

Investment securities decreased $57.7 million, or 17.0%, to $282.6 million at September 30, 2025, from $340.3 million at December 31, 2024. The decrease was primarily due to maturities and early redemptions totaling $50.9 million and $20.3 of principal payments received. These items were partially offset by purchases totaling $5.5 million and a portfolio market value increase of $8.0 million during the nine months ended September 30, 2025.

The investment portfolio, including mortgage-backed securities, had an estimated projected average life of 6.9 years as of both September 30, 2025 and December 31, 2024, and had an estimated average repricing term of 6.6 years as of September 30, 2025, compared to 5.3 years as of December 31, 2024, based on the interest rate environment at those times. The effective duration of the investment portfolio was 4.8 years at September 30, 2025, compared to 3.9 years at December 31, 2024. The investment portfolio was comprised of 55.6% in amortizing securities at September 30, 2025, compared to 60.2% at December 31, 2024. The projected average life of the securities portfolio may vary due to prepayment activity, particularly in the mortgage-backed securities portfolio, which is impacted by prevailing market interest rates. If prevailing market interest rates fall, we expect prepayments to accelerate due to the current coupons of fixed rate bonds. We utilize our securities portfolio to manage liquidity, improve long-term interest income and manage interest rate risk. For additional information, see Note 2 of the Notes to Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

Net loans, excluding loans held for sale, decreased $67.4 million, or 4.0%, to $1.61 billion at September 30, 2025, from $1.68 billion at December 31, 2024. During the nine months ended September 30, 2025, commercial business loans decreased $38.3 million, including a $36.2 million decrease to our Northpointe Bank Mortgage Purchase Program ("Northpointe MPP") participation, charge-offs totaling $4.8 million and other repayment activity, partially offset by $12.4 million of draws on existing line of credit commitments, $10.7 million of organic originations and $1.5 million of new purchased loans. Multi-family loans decreased $36.3 million during the nine months ended September 30, 2025, as repayments exceeded $5.2 million of construction loans converting into permanent amortizing loans. One-to-four family loans decreased $12.8 million during the nine months ended September 30, 2025, as repayment activity exceeded $9.5 million in residential construction loans that converted to permanent amortizing loans and new loan originations totaling $5.5 million.

Auto and other consumer loans increased $11.4 million with auto loan purchases of $44.2 million, individual manufactured home loan purchases of $7.2 million and manufactured home loan pool purchases of $4.6 million, partially offset by prepayments and scheduled payments. Home equity loan outstanding balances increased $7.6 million over the prior year end due to $18.5 million of net draws on new and existing line of credit commitments and $5.2 million of home equity loan originations, partially offset by prepayments and scheduled payments. Commercial real estate loans increased $6.1 million during the nine months ended September 30, 2025, with $42.0 million of new loan originations and $656,000 of construction loan conversions exceeding loan charge-offs totaling $6.2 million and repayment activity.

Construction and land loans decreased $10.3 million, or 13.2%, to $67.8 million at September 30, 2025, from $78.1 million at December 31, 2024, with payment activity totaling $30.6 million and $15.4 million converting into fully amortizing loans, partially offset by draws on new and existing loan commitments. Construction projects in the portfolio are geographically dispersed throughout Western Washington as well as one project in California. The borrower associated with the California project has a longstanding history with the Bank. All construction projects are monitored by either a third-party firm or our internal construction administration team. Projects with larger loan commitments have more robust monitoring by firms with more services and expertise.

The following tables show our construction commitments by type and geographic concentrations at the dates indicated:

September 30, 2025	North Olympic Peninsula (1)	Puget Sound Region (2)	Other Washington	California	Total
			(In thousands)		
Construction Commitment					
One-to-four family residential	$ 7,168	$ 23,984	$ 356	$ —	$ 31,508
Multi-family residential	3,889	21,113	3,166	—	28,168
Commercial real estate	—	30,510	4,940	7,841	43,291
Total commitment	$ 11,057	$ 75,607	$ 8,462	$ 7,841	$ 102,967
Construction Funds Disbursed					
One-to-four family residential	$ 4,011	$ 19,103	$ 1	$ —	$ 23,115
Multi-family residential	2,434	11,000	2,396	—	15,830
Commercial real estate	—	19,419	3,505	521	23,445
Total disbursed for construction	6,445	49,522	5,902	521	62,390
Net deferred fees (costs)	11	(255)	(13)	(27)	(284)
Amortized cost for construction	$ 6,456	$ 49,267	$ 5,889	$ 494	$ 62,106
Undisbursed Commitment					
One-to-four family residential	$ 3,157	$ 4,881	$ 355	$ —	$ 8,393
Multi-family residential	1,455	10,113	770	—	12,338
Commercial real estate	—	11,091	1,435	7,320	19,846
Total undisbursed	$ 4,612	$ 26,085	$ 2,560	$ 7,320	$ 40,577
Land Funds Disbursed					
One-to-four family residential	$ 1,978	$ 1,814	$ 122	$ —	$ 3,914
Commercial real estate	900	845	—	—	1,745
Total disbursed for land	2,878	2,659	122	—	5,659
Net deferred fees	19	6	3	—	28
Amortized cost for land	$ 2,897	$ 2,665	$ 125	$ —	$ 5,687

(1) Includes Clallam and Jefferson counties.

(2) Includes Kitsap, Mason, Thurston, Pierce, King, Snohomish, Skagit, Whatcom, and Island counties.

December 31, 2024	North Olympic Peninsula (1)	Puget Sound Region (2)	Other Washington	Total
	(In thousands)			
Construction Commitment				
One-to-four family residential	$ 6,897	$ 45,945	$ 1,424	$ 54,266
Multi-family residential	3,900	14,828	5,695	24,423
Commercial real estate	500	40,259	4,215	44,974
Total commitment	$ 11,297	$ 101,032	$ 11,334	$ 123,663
Construction Funds Disbursed				
One-to-four family residential	$ 1,769	$ 35,711	$ 1,424	$ 38,904
Multi-family residential	709	10,245	4,582	15,536
Commercial real estate	99	16,508	900	17,507
Total disbursed for construction	2,577	62,464	6,906	71,947
Net deferred fees (costs)	2	(329)	(37)	(364)
Amortized cost for construction	$ 2,579	$ 62,135	$ 6,869	$ 71,583
Undisbursed Commitment				
One-to-four family residential	$ 5,128	$ 10,234	$ —	$ 15,362
Multi-family residential	3,191	4,583	1,113	8,887
Commercial real estate	401	23,751	3,315	27,467
Total undisbursed	$ 8,720	$ 38,568	$ 4,428	$ 51,716
Land Funds Disbursed				
One-to-four family residential	$ 2,349	$ 2,183	$ 213	$ 4,745
Commercial real estate	900	845	—	1,745
Total disbursed for land	3,249	3,028	213	6,490
Net deferred fees	18	14	5	37
Amortized cost for land	$ 3,267	$ 3,042	$ 218	$ 6,527

(1) Includes Clallam and Jefferson counties.

(2) Includes Kitsap, Mason, Thurston, Pierce, King, Snohomish, Skagit, Whatcom, and Island counties.

During the nine months ended September 30, 2025, the Company added $147.6 million of organic loan originations, of which $79.3 million, or 53.7%, were located in the Puget Sound region, $34.0 million, or 23.0%, on the North Olympic Peninsula, $17.0 million, or 11.5%, in other areas throughout Washington State, and $17.3 million, or 11.7%, in other states. The Company purchased an additional $44.2 million in auto loans, $11.8 million in manufactured home loans, $2.1 million in commercial business loans and $550,000 in one-to-four family loans to borrowers located throughout the United States during the nine months ended September 30, 2025. The total loan portfolio was composed of 79.7% organic originations and 20.3% purchased loans at September 30, 2025. We will continue to assess our lending strategies across all product lines and markets where we do business as well as evaluate opportunities to supplement organic growth through wholesale acquisitions with the goal of improving earnings while also prudently managing credit risk.

The ACLL decreased to $16.2 million at September 30, 2025, compared to $20.5 million at December 31, 2024. An individually evaluated commercial business loan which was fully reserved at December 31, 2024, was sold in the second quarter of 2025, resulting in a $1.4 million reduction to the ACLL. A $1.8 million reduction in the pooled loan reserve balance was driven by decreased commercial business loan, one-to-four family, multi-family and other consumer loan balances combined with lower loss factors applied to one-to-four family and other consumer loans. Decreases to the pooled loan reserve balance were partially offset by increases due to higher loss factors applied to commercial business, multi-family, commercial real estate and construction loan balances at the end of the current quarter. The pooled loan reserve was impacted by a mild deterioration in gross domestic product and unemployment forecasts. The ACLL as a percentage of total loans was 1.00% and 1.21% at September 30, 2025 and December 31, 2024, respectively. Management continues to monitor economic conditions for potential weaknesses that could expose the loan portfolio to losses. We believe the ACLL is adequate to cover current expected credit losses in the loan portfolio as of September 30, 2025.

Nonperforming loans decreased $17.1 million, or 56.2%, to $13.4 million at September 30, 2025, from $30.5 million at December 31, 2024, attributable to loan charge-offs totaling $8.7 million, the sale of a $4.9 million commercial construction loan and $4.5 million in payments received on commercial construction loans. Decreases in nonaccrual loans were partially offset by a $4.1 million commercial real estate loan, one-to-four family loans totaling $1.1 million and commercial business loans totaling $524,000 placed on nonaccrual status during the year. The increase in charge-off activity was related to underlying collateral deficiencies in a $6.2 million relationship consisting of two commercial real estate loans and a related commercial business loan charged-off in the first quarter of 2025. A $2.0 million commercial business loan was charged-off in the second quarter of 2025. Nonperforming loans to total loans was 0.82% at September 30, 2025, compared to 1.80% at December 31, 2024. The ACLL as a percentage of nonaccrual loans increased to 121% at September 30, 2025, up from 67% at December 31, 2024.

Classified loans decreased $18.7 million, or 43.9%, to $23.9 million at September 30, 2025, from $42.5 million at December 31, 2024, primarily due to charge-offs totaling $10.0 million, $7.7 million in payments received on commercial construction loans included in this category and the sale of two loans totaling $6.6 million, partially offset by a $4.1 million commercial real estate loan that was adversely impacted by reduced cross-border traffic during the second quarter of 2025. Three collateral dependent loans totaling $16.1 million account for 67.6% of the classified loan balance at September 30, 2025. The Bank has exercised legal remedies, including the appointment of a third-party receiver and foreclosure actions, to liquidate the underlying collateral to satisfy the real estate loans in the largest of these collateral-dependent relationships. The Bank is also closely monitoring a group of commercial business loans that have similar collateral, twelve loans with recorded balances totaling $149,000 were included in classified loans at September 30, 2025, and one $210,000 loan was included in the special mention risk grading category. The Bank continues to work with these borrowers to facilitate satisfactory repayment.

In the first nine months of 2025, the Bank recorded commercial real estate loan charge-offs totaling $5.6 million and commercial business loan charge-offs totaling $603,000 due to underlying collateral deficiencies. Additional commercial business loan charge-offs totaling $4.7 million, commercial construction loan charge-offs totaling $857,000 and commercial real estate loan charge-offs totaling $656,000 were recorded as a result of uncertainty in the collectability of the underlying collateral in specific loan relationships. Charge-offs are based on individual loan evaluations and do not represent a universal decline in the collectability of all loans in these categories. Additional charged-off balances related to purchased unsecured consumer loans totaled $471,000 during the nine months ended September 30, 2025.

Loans receivable, excluding loans held for sale, consisted of the following at the dates indicated**:**

	September 30, 2025	December 31, 2024	Increase (Decrease) Amount	Increase (Decrease) Percent
	(In thousands)			
Real Estate:				
One-to-four family	$ 382,486	$ 395,315	$ (12,829)	(3.2)%
Multi-family	296,321	332,596	(36,275)	(10.9)
Commercial real estate	396,519	390,379	6,140	1.6
Construction and land	67,793	78,110	(10,317)	(13.2)
Total real estate loans	1,143,119	1,196,400	(53,281)	(4.5)
Consumer:				
Home equity	86,629	79,054	7,575	9.6
Auto and other consumer	280,224	268,876	11,348	4.2
Total consumer loans	366,853	347,930	18,923	5.4
Commercial business loans	113,160	151,493	(38,333)	(25.3)
Total loans receivable	1,623,132	1,695,823	(72,691)	(4.3)
Less:				
Derivative basis adjustment	(896)	188	(1,084)	(576.6)
Allowance for credit losses on loans	16,203	20,449	(4,246)	(20.8)
Loans receivable, net	$ 1,607,825	$ 1,675,186	$ (67,361)	(4.0)

The following table summarizes nonperforming assets at the dates indicated:

	September 30, 2025	December 31, 2024	Increase (Decrease) Amount	Increase (Decrease) Percent
	(In thousands)			
Nonaccrual loans:				
Real estate loans:				
One-to-four family	$ 2,345	$ 1,477	$ 868	58.8%
Commercial real estate	3,439	5,598	(2,159)	(38.6)
Construction and land	6,037	19,544	(13,507)	(69.1)
Total real estate loans	11,821	26,619	(14,798)	(55.6)
Consumer loans:				
Home equity	9	55	(46)	(83.6)
Auto and other consumer	1,072	700	372	53.1
Total consumer loans	1,081	755	326	43.2
Commercial business	470	3,141	(2,671)	(85.0)
Total nonaccrual loans	13,372	30,515	(17,143)	(56.2)
Real estate owned:				
One-to-four family	1,377	—	1,377	100.0
Total nonperforming assets	$ 14,749	$ 30,515	$ (15,766)	(51.7)
MLTB loans:				
Commercial real estate	$ 10,091	$ 6,402	$ 3,689	57.6
Construction and land	4,530	—	4,530	100.0
Commercial business	8	111	(103)	(92.8)
Total restructured loans	$ 14,629	$ 6,513	$ 8,116	124.6
Nonaccrual loans as a percentage of total loans	0.82%	1.80%	(0.98)%	(54.4)
Nonperforming MLTB loans included in total nonaccrual loans and total restructured loans above	$ 3,443	$ 111	$ 3,332	3001.8%

In the first quarter of 2025, a convertible promissory note held by First Northwest, recorded as a commercial business loan, converted into a Series A security valued at $1.3 million. The transaction resulted in a $1.0 million reduction to loans receivable, a $260,000 reduction to interest receivable and a $1.3 million increase to equity investments.

Also in the first quarter of 2025, a BOLI group life policy with a $9.4 million carrying value was terminated. In the second quarter of 2025, the Bank invested $9.1 million into a new higher-yielding BOLI separate life policy.

In the second quarter of 2025, the Bank consolidated its Bellevue and Fremont business centers into a new location. As a result, the ROU asset and lease liability balances decreased $2.0 million for the terminated leases and increased $1.3 million related to the lease for the new Seattle business center.

Liabilities. Total liabilities decreased to $1.96 billion at September 30, 2025, from $2.08 billion at December 31, 2024, due to decreases in borrowings of $76.4 million and deposits of $34.7 million.

Deposit account balances decreased $34.7 million, or 2.1%, to $1.65 billion at September 30, 2025 from $1.69 billion at December 31, 2024. During the first nine months of 2025, total customer deposit balances increased $43.9 million and brokered deposit balances decreased $78.6 million. Within customer deposit balances, increases in money market accounts of $61.8 million and savings accounts of $27.8 million were partially offset by decreases in demand deposit accounts of $19.6 million and customer CDs of $26.2 million. Increases in money market and savings accounts were driven by customers seeking higher rates. Brokered CDs are utilized as an additional funding source when it proves beneficial to provide liquidity, manage cost of funds, reduce reliance on FHLB advances, and manage interest rate risk. Overall, the current rate environment contributed to continued competition for deposits during the first nine months of 2025. As a result, the Bank continued offering deposit rate specials to retain existing balances and attract new funds.

FHLB advances decreased $80.0 million, or 27.6% to $210.0 million at September 30, 2025, from $290.0 million at December 31, 2024. The Bank utilized cash received from matured securities and loan payments to pay down short-term advances in order to reduce interest expense. Short-term borrowing fluctuates based on liquidity needs. The Company also redeemed $5.0 million of subordinated debt during the first quarter of 2025 at a discount, resulting in a one-time gain on extinguishment of debt recorded in other noninterest income.

Equity. Total shareholders' equity increased $646,000 to $154.5 million for the nine months ended September 30, 2025, due to an increase in the after-tax fair market values of the available-for-sale investment securities portfolio of $6.3 million and a $783,000 increase related to share-based compensation plans. These increases were partially offset by a $4.6 million net loss recorded during that period, $1.3 million of dividends declared and a $615,000 decrease in the post-tax fair market value of derivatives. During the first nine months of 2025, the Company did not repurchase any common stock under the Company's April 2024 stock repurchase plan, leaving 846,123 shares remaining in the current share repurchase program.

Comparison of Results of Operations for the Three Months Ended September 30, 2025 and 2024

General. The Company recorded net income of $802,000 for the three months ended September 30, 2025, compared to a net loss of $2.0 million for the three months ended September 30, 2024. A $3.8 million decrease in provision for credit losses, a $549,000 increase in net interest income and a $223,000 increase in noninterest income were partially offset by a $1.5 million increase in noninterest expense and an increase in provision for income taxes of $255,000.

Net Interest Income. Net interest income increased $549,000 to $14.57 million for the three months ended September 30, 2025, from $14.02 million for the three months ended September 30, 2024. This increase was mainly the result of decreased rates paid on interest-bearing liabilities, which decreased 32 basis points to 2.91% for the three months ended September 30, 2025, compared to 3.23% for the same period in the prior year as a result of lower rates paid on all deposit account types and borrowings and a decrease in the average balances of brokered CDs. The cost of total deposits decreased 36 basis points to 2.20% for the three months ended September 30, 2025, compared to 2.56% for the same period in 2024.The decrease in expense was partially offset by a decrease lower average yield on interest-earning assets, which decreased 7 basis points to 5.37% for the three months ended September 30, 2025, compared to 5.44% for the same period last year, due primarily to a decrease in average loan balances and lower yields on investments other interest-earning assets. It is important to note that while yields dropped period-over-period, the Company's decrease was significantly lower than the 75 basis point Fed Funds decrease over the same period.

The net interest margin increased 21 basis points to 2.91% for the three months ended September 30, 2025, from 2.70% for the same period in 2024. Total cost of funds decreased 29 basis points to 2.53% for the three months ended September 30, 2025, from 2.82% for the same period in 2024. The Company has taken measures to expand our net interest margin. Organic loan production was augmented with higher-yielding purchased loans through established third-party relationships. While the effectiveness of Bank's fair value hedging agreements on securities and loans has diminished with the Federal Reserve rate cuts, they continue to provide additional interest income.

Interest Income. Total interest income decreased $1.3 million, or 4.6%, to $26.9 million for the three months ended September 30, 2025, from $28.2 million for the comparable period in 2024, due to both lower average balances and yields on interest-earning assets. Interest and fees on loans receivable decreased $722,000, to $22.8 million for the three months ended September 30, 2025, from $23.5 million for the three months ended September 30, 2024, primarily due to a decrease in the average balance of net loans receivable of $66.6 million partially offset by an increase in average loan yields to 5.54% for the three months ended September 30, 2025, from 5.51% for the same period in 2024. The average balances of multi-family, construction, commercial business and auto loans decreased compared to the same quarter in 2024, categories that generally earn higher yields. The yield earned on investment securities decreased 52 basis points to 4.38% compared to the same period in 2024, as variable-rate investments repriced and higher-yielding securities matured in 2025.

The following table compares average earning asset balances, associated yields, and resulting changes in interest income for the periods shown:

	Three Months Ended September 30,				
	2025		2024		
	Average Balance Outstanding	Yield	Average Balance Outstanding	Yield	(Decrease) Increase in Interest Income
			(Dollars in thousands)		
Loans receivable, net	$ 1,632,684	5.54%	$ 1,699,302	5.51%	$ (722)
Investment securities	293,723	4.38	307,623	4.90	(542)
FHLB stock	12,810	8.73	12,697	9.46	(20)
Interest-earning deposits in banks	50,150	4.51	42,348	5.47	(12)
Total interest-earning assets	$ 1,989,367	5.37	$ 2,061,970	5.44	$ (1,296)

Interest Expense. Total interest expense decreased $1.9 million, or 13.0%, to $12.3 million for the three months ended September 30, 2025, compared to $14.2 million for the three months ended September 30, 2024. The decrease from the third quarter of 2024 was the result of lower average brokered CDs balances along with a decrease in the total cost of deposits to 2.20% from 2.56% in same period one year ago. The lower rates on customer deposit accounts further contributed to the period-over-period savings. Interest expense on borrowings increased marginally due to an average balance increase in advances, primarily FHLB advances, of $10.2 million offset by a decrease in the cost of advances to 4.35% from 4.41% compared to the same period in 2024.

Average deposit account balances were composed of 85% in interest-bearing deposits and 15% in noninterest-bearing deposits at both September 30, 2025 and September 30, 2024. During the three months ended September 30, 2025, interest expense decreased for CDs due to a decrease in the average rates paid of 57 basis points, compared to the three months ended September 30, 2024, partially offset by a decrease in the average balances of $83.2 million. Interest-bearing demand accounts further contributed the decreased expense with a 30 basis point reduction in the rate paid and a $25.4 million decline in average balances. During the same period, the average balances of money market accounts increased $32.9 million offset by a 23 basis point average rate decrease, resulting in a decrease to interest expense. The average cost of all interest-bearing deposit accounts decreased to 2.60% for the three months ended September 30, 2025, from 3.00% for the three months ended September 30, 2024, primarily due to the reduction in brokered CDs. The mix of customer deposit balances shifted from demand accounts towards higher cost CD and money market products. Customer CDs represented 28.3% and 29.3% of customer deposits at September 30, 2025 and 2024, respectively.

The following table details average balances, cost of funds and the change in interest expense for the periods shown:

	Three Months Ended September 30,				
	2025		2024		
	Average Balance Outstanding	Rate	Average Balance Outstanding	Rate	(Decrease) Increase in Interest Expense
			(Dollars in thousands)		
Interest-bearing demand deposits	$ 141,469	0.15%	$ 166,846	0.45%	$ (135)
Money market accounts	464,265	2.42	431,346	2.65	(43)
Savings accounts	231,431	1.57	224,159	1.64	(9)
Certificates of deposit, customer	443,312	3.74	415,450	4.16	(165)
Certificates of deposit, brokered	103,959	4.24	215,016	4.88	(1,525)
Advances	265,554	4.35	255,348	4.41	81
Subordinated debt	34,617	3.95	39,484	3.97	(49)
Total interest-bearing liabilities	$ 1,684,607	2.91	$ 1,747,649	3.23	$ (1,845)

Provision for Credit Losses. The Company recorded a $673,000 recapture of provision for credit losses in the three months ended September 30, 2025. A recapture of provision for credit losses on loans of $620,000 was the result of a reduction in the pooled loan reserve and a small decrease in the reserve on individually evaluated loans, partially offset by net loan charge-offs for the quarter. Decreases in commercial business and multi-family loan balances were the primary contributors to the reduction in the pooled loan reserve. The pooled loan reserve was further reduced by decreased estimated CECL loss factors applied at quarter end to one-to-four family, commercial business, consumer and home equity loan balances while loss factors applied to pooled multi-family, commercial real estate and construction loans increased. A recapture of provision for credit losses on unfunded commitments of $53,000 was also recorded during the quarter ended September 30, 2025, due to reduced loss factors and commitment balances at quarter end. The total provision for credit losses on loans was $3.1 million for the quarter ended September 30, 2024, and the provision on unfunded commitments was $57,000. The ACLL as a percentage of nonaccrual loans at period end increased to 121% compared to 72% for the same period in 2024.

The following table details activity and information related to the allowance for credit losses on loans and reserve for unfunded commitments for the periods shown:

	Three Months Ended September 30,	
	2025	2024
	(Dollars in thousands)	
Total loans receivable	$ 1,623,132	$ 1,734,807
Net charge-offs	(1,522)	(450)
(Recapture of) provision for credit losses on loans	(620)	3,077
Allowance for credit losses on loans	16,203	21,970
Allowance for credit losses on loans as a percentage of total loans receivable at period end	1.00%	1.27%
Total nonaccrual loans	13,372	30,376
Allowance for credit losses on loans as a percentage of nonaccrual loans at period end	121%	72%
Nonaccrual loans as a percentage of total loans receivable	0.82%	1.75%
Unfunded loan commitments	$ 158,118	$ 166,446
(Recapture of) provision for credit losses on unfunded commitments	(53)	57
Reserve for unfunded commitments	497	704

Noninterest Income. Noninterest income increased $223,000, or 12.5%, to $2.0 million for the three months ended September 30, 2025, from $1.8 million for the three months ended September 30, 2024. The increase is primarily due to the BOLI cash surrender value increase as a result of the conversion into higher-yielding BOLI policies during 2024 and 2025. Loan and deposit service fees also received a small boost from higher interchange and ATM network fee income. Other income for the current quarter included swap fee income of $113,000 and period-over-period decrease in the recorded value of equity and fintech partnership investments of $140,000.

The following table provides a detailed analysis of the changes in the components of noninterest income for the periods shown:

	Three Months Ended September 30,		Increase (Decrease)	
	2025	2024	Amount	Percent
	(Dollars in thousands)			
Loan and deposit service fees	$ 1,114	$ 1,059	$ 55	5.2%
Sold loan servicing fees and servicing rights mark-to-market	85	10	75	750.0
Net (loss) gain on sale of loans	(39)	58	(97)	(167.2)
Increase in BOLI cash surrender value	539	315	224	71.1
Other income	303	337	(34)	(10.1)
Total noninterest income	$ 2,002	$ 1,779	$ 223	12.5

Noninterest Expense. Noninterest expense increased $1.5 million, or 9.7%, to $17.4 million for the three months ended September 30, 2025, compared to $15.9 million for the three months ended September 30, 2024. The increase in expenses compared to the third quarter of 2024 is mainly due to a period-over-period increase of $1.8 million in legal services as the Company continues to defend against the claims detailed in Note 15 contained in Item 1 of this Form 10-Q. Compensation and benefits, while lower than the same period one year ago, included nonrecurring expenses totaling $1.2 million for executive transition costs. Other expense includes commercial credit related costs totaling $516,000. The Company continues to focus on controlling expenses to improve earnings.

The following table provides an analysis of the changes in the components of noninterest expense for the periods shown:

	Three Months Ended September 30,		Increase (Decrease)	
	2025	2024	Amount	Percent
	(Dollars in thousands)			
Compensation and benefits	$ 8,353	$ 8,582	$ (229)	(2.7)%
Data processing	1,941	2,085	(144)	(6.9)
Occupancy and equipment	1,505	1,553	(48)	(3.1)
Supplies, postage, and telephone	344	360	(16)	(4.4)
Regulatory assessments and state taxes	558	548	10	1.8
Advertising	282	409	(127)	(31.1)
Professional fees	2,668	698	1,970	282.2
FDIC insurance premium	411	533	(122)	(22.9)
Other expense	1,328	1,080	248	23.0
Total noninterest expense	$ 17,390	$ 15,848	$ 1,542	9.7

Provision for Income Tax. An income tax benefit of $948,000 was recorded for the three months ended September 30, 2025, compared to a benefit of $1.2 million for the three months ended September 30, 2024. The lower benefit is due to a period-over-period increase in income before taxes of $3.0 million. The provision includes accruals for both federal and state income taxes. For additional information, see Note 7 of the Notes to Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

Comparison of Results of Operations for the Nine Months Ended September 30, 2025 and 2024

General. The Company recorded a net loss of $4.6 million for the nine months ended September 30, 2025, compared to a net loss of $3.8 million for the nine months ended September 30, 2024. A $4.4 million increase in noninterest expense and a $3.4 million decrease in noninterest income were partially offset by a $6.1 million decrease in provision for credit losses, a $426,000 increase in net interest income and a $473,000 increase in income tax benefit.

Net Interest Income. Net interest income increased $426,000 to $42.6 million for the nine months ended September 30, 2025, from $42.2 million for the nine months ended September 30, 2024, as reduced deposit and borrowing costs outpaced declines in loan, investment and interest-earning deposit income.

Average earning assets decreased $43.7 million year-over-year. The yield on average interest-earning assets decreased 9 basis points to 5.38% for the nine months ended September 30, 2025, compared to 5.47% for the same period in the prior year, due to decreases in average net loans receivable and FHLB stock balances, along with decreased yields on all interest-earning assets.

The average cost of interest-bearing liabilities decreased to 2.99% for the nine months ended September 30, 2025, compared to 3.22% for the same period last year, due primarily to decreases in the average balances of brokered CDs and advances along with lower rates paid on advances, CDs, and savings accounts. Total cost of funds decreased 20 basis points to 2.61% for the nine months ended September 30, 2025, from 2.81% for the same period in 2024.

The net interest margin increased 9 basis points to 2.83% for the nine months ended September 30, 2025, compared to 2.74% for the same period in 2024.

Interest Income. Total interest income decreased $3.3 million, or 3.9%, to $80.9 million for the nine months ended September 30, 2025, from $84.1 million for the comparable period in 2024, primarily due to a decrease in yields on all interest-earning assets and a decrease in average net loans receivable and FHLB stock balances. Interest and fees on loans receivable decreased $2.2 million, to $67.9 million for the nine months ended September 30, 2025, from $70.0 million for the nine months ended September 30, 2024, primarily due to a decrease in the average balance of net loans receivable of $48.6 million compared to the prior year, coupled with a slight decrease in average loan yields to 5.54% for the nine months ended September 30, 2025, from 5.55% for the same period in 2024. As a market comparison, the Fed Funds rate decreased 75 basis points over the same period. Average balances in the loan portfolio decreased primarily due to lower average balances of construction and multi-family loans partially offset by higher average purchased manufactured home loan balances, commercial real estate, one-to-four family and purchased auto loans. Loan yields decreased over the prior year due to the repricing of variable- and adjustable-rate loans tied to the Prime Rate or other variable-rate indices. The yield earned on investment securities also decreased 39 basis points to 4.50% compared to the same period in 2024, due to variable-rate bond yields and maturities of higher yielding investments.

The following table compares average earning asset balances, associated yields, and resulting changes in interest income for the periods shown:

	Nine Months Ended September 30,				
	2025		2024		
	Average Balance Outstanding	Yield	Average Balance Outstanding	Yield	(Decrease) Increase in Interest Income
			(Dollars in thousands)		
Loans receivable, net	$ 1,637,919	5.54%	$ 1,686,546	5.55%	$ (2,177)
Investment securities	312,525	4.50	310,653	4.89	(854)
FHLB stock	13,241	9.29	13,397	9.39	(22)
Interest-earning deposits in banks	46,651	4.51	43,456	5.53	(226)
Total interest-earning assets	$ 2,010,336	5.38	$ 2,054,052	5.47	$ (3,279)

Interest Expense. Total interest expense decreased $3.7 million, or 8.8%, to $38.3 million for the nine months ended September 30, 2025, compared to $42.0 million for the nine months ended September 30, 2024. Interest expense on deposits decreased $2.9 million due to a $25.3 million decrease in the in the average balance and a 22 basis point decrease in the cost of interest-bearing deposits. A shift in the deposit mix from brokered CDs and savings accounts to higher average balances of customer CDs and money market accounts resulted in a lower cost of deposits. Interest expense on borrowings decreased $825,000 due to a $4.7 million decrease in the average balance and a 29 basis point decrease in the cost of borrowings, primarily FHLB advances, compared to the same period in 2024.

During the nine months ended September 30, 2025, interest expense on brokered CDs decreased due to lower average balances of $81.5 million along with a 44 basis point decrease in the average rate paid, compared to the nine months ended September 30, 2024. During the same period, the average balances of money market accounts increased $36.3 million, resulting in an increase which partially offset the reduced brokered CDs expense. The average cost of all interest-bearing deposit accounts decreased to 2.70% for the nine months ended September 30, 2025, from 2.92% for the nine months ended September 30, 2024. The mix of customer deposit balances shifted from demand and savings accounts towards money market accounts and CDs. The Bank uses promotional products designed to retain existing deposits and generate new deposits. Promotional rates are regularly reviewed and adjusted. Customer CDs represented 26.5% and 25.8% of total deposits at September 30, 2025 and 2024, respectively. Brokered CDs represented 6.3% and 11.9% of total deposits at September 30, 2025 and 2024, respectively.

The following table details average balances, cost of funds and the change in interest expense for the periods shown:

	Nine Months Ended September 30,				
	2025		2024		
	Average Balance Outstanding	Rate	Average Balance Outstanding	Rate	(Decrease) Increase in Interest Expense
			(Dollars in thousands)		
Interest-bearing demand deposits	$ 158,020	0.47%	$ 165,816	0.46%	$ (15)
Money market accounts	441,125	2.38	404,845	2.39	593
Savings accounts	225,665	1.53	229,180	1.63	(210)
Certificates of deposit, customer	448,955	3.90	417,716	4.13	180
Certificates of deposit, brokered	128,672	4.48	210,186	4.92	(3,428)
Advances	273,359	4.31	274,475	4.64	(716)
Subordinated debt	35,849	4.01	39,465	4.00	(109)
Total interest-bearing liabilities	$ 1,711,645	2.99	$ 1,741,683	3.22	$ (3,705)

Provision for Credit Losses. The Company recorded a $6.9 million loan loss provision offset by a $102,000 unfunded commitment provision recapture for the nine months ended September 30, 2025. This compares to a $13.0 million loan loss provision offset by a $113,000 unfunded commitment provision recapture for the nine months ended September 30, 2024. The current period provision for credit losses on loans reflects changes due to underlying collateral deficiencies or uncertain collectability of three commercial real estate loans, six commercial business loans, a commercial construction loan, a group of commercial equipment loans and consumer unsecured loans resulting in net charge-offs totaling $11.1 million for the nine-month period. Net charge-offs were partially offset by a decrease in the reserve on individually evaluated loans, as the loans with reserves were sold or paid off, and lower pooled reserve loan balances at September 30, 2025. The lower unfunded commitment provision recapture compared to the same period in 2024 was due to lower qualitative loss factors.

The following table details activity and information related to the allowance for credit losses on loans and reserve for unfunded commitments for the periods shown:

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
	(Dollars in thousands)	
Total loans receivable	$ 1,623,132	$ 1,734,807
Net charge-offs	(11,100)	(8,496)
Provision for credit losses on loans	6,854	12,956
Allowance for credit losses on loans	16,203	21,970
Allowance for credit losses on loans as a percentage of total loans receivable at period end	1.00%	1.27%
Total nonaccrual loans	13,372	30,376
Allowance for credit losses on loans as a percentage of nonaccrual loans at period end	121%	72%
Nonaccrual loans as a percentage of total loans receivable	0.82%	1.75%
Unfunded loan commitments	$ 158,118	$ 166,446
Recapture of provision for credit losses on unfunded commitments	(102)	(113)
Reserve for unfunded commitments	497	704

Noninterest Income. Noninterest income decreased $3.4 million, or 29.7%, to $8.0 million for the nine months ended September 30, 2025, from $11.3 million for the nine months ended September 30, 2024. The prior year included a $7.9 million gain recorded for the sale-leaseback transaction partially offset by a $2.1 million loss on the sale of investment securities. Additional income recorded in the current year includes a $1.1 million BOLI death benefit and a $846,000 gain on the extinguishment of debt related to repurchasing $5.0 million of subordinated debt at a discount recorded in other income. The BOLI cash surrender value increased as a result of the conversion into higher-yielding BOLI policies in 2024 and 2025.

The following table provides a detailed analysis of the changes in the components of noninterest income for the periods shown:

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Dollars in thousands)			
Loan and deposit service fees	$ 3,315	$ 3,237	$ 78	2.4%
Sold loan servicing fees and servicing rights mark-to-market	372	303	69	22.8
Net (loss) gain on sale of loans	16	260	(244)	(93.8)
Net loss on sale of investment securities	—	(2,117)	2,117	(100.0)
Net gain on sale of premises and equipment	—	7,919	(7,919)	(100.0)
Increase in BOLI cash surrender value	1,396	851	545	64.0
Income from BOLI death benefit, net	1,059	—	1,059	100.0
Other income	1,791	861	930	108.0
Total noninterest income	$ 7,949	$ 11,314	$ (3,365)	(29.7)

Noninterest Expense. Noninterest expense increased $4.4 million, or 9.6%, to $50.2 million for the nine months ended September 30, 2025, compared to $45.8 million for the nine months ended September 30, 2024. Expenses increased compared to the same period in 2024 due to a $5.8 million legal settlement and a $599,000 loss on disposal of leasehold improvements, both included in other expense, and a $528,000 employee retention credit ("ERC") consulting cost included in professional fees recorded in the second quarter of 2025. Other increases include $1.2 million of nonrecurring executive transition costs recorded during the third quarter of 2025. Legal expense included in professional fees increased $1.8 million period-over-period as the Company continues to defend against the claims detailed in Note 15 contained in Item 1 of this Form 10-Q. These increases were partially offset by a $2.6 million ERC recorded in compensation during the second quarter of 2025 along with lower compensation and benefit costs due to a smaller workforce. The Company continues to focus on controlling expenses to improve earnings.

The following table provides an analysis of the changes in the components of noninterest expense for the periods shown:

	Nine Months Ended September 30,		Increase (Decrease)	
	2025	2024	Amount	Percent
	(Dollars in thousands)			
Compensation and benefits	$ 20,766	$ 25,298	$ (4,532)	(17.9)%
Data processing	5,878	6,037	(159)	(2.6)
Occupancy and equipment	4,604	4,592	12	0.3
Supplies, postage, and telephone	988	970	18	1.9
Regulatory assessments and state taxes	1,538	1,518	20	1.3
Advertising	846	1,095	(249)	(22.7)
Professional fees	4,894	2,292	2,602	113.5
FDIC insurance premium	1,308	1,392	(84)	(6.0)
Other expense	9,333	2,566	6,767	263.7
Total noninterest expense	$ 50,155	$ 45,760	$ 4,395	9.6

Provision for Income Tax. An income tax benefit of $1.8 million was recorded for the nine months ended September 30, 2025, compared to a benefit of $1.3 million for the nine months ended September 30, 2024, due to a period-over-period increase in net loss before taxes of $1.2 million. Both periods include a tax penalty estimate for the early surrender of BOLI contracts. The provision also includes accruals for both federal and state income taxes. For additional information, see Note 7 of the Notes to Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

Average Balances, Interest and Average Yields/Cost

The following tables set forth, for the periods indicated, information regarding average balances of assets and liabilities as well as the total dollar amounts of interest income from average interest-earning assets and interest expense on average interest-bearing liabilities, resultant yields, interest rate spread, net interest margin (otherwise known as net yield on interest-earning assets), and the ratio of average interest-earning assets to average interest-bearing liabilities. Also presented is the weighted average yield on interest-earning assets, rates paid on interest-bearing liabilities and the net spread as of September 30, 2025 and 2024. Income and all average balances are monthly average balances, which management deems to be not materially different than daily averages. Nonaccrual loans have been included within loans receivable in the table as loans carrying a zero yield.

	Three Months Ended September 30,					
	2025			2024		
	Average Balance Outstanding	Interest Earned/ Paid	Yield/ Rate	Average Balance Outstanding	Interest Earned/ Paid	Yield/ Rate
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable, net (1) (2)	$ 1,632,684	$ 22,814	5.54%	$ 1,699,302	$ 23,536	5.51%
Total investment securities	293,723	3,244	4.38	307,623	3,786	4.90
FHLB dividends	12,810	282	8.73	12,697	302	9.46
Interest-earning deposits in banks	50,150	570	4.51	42,348	582	5.47
Total interest-earning assets (3)	1,989,367	26,910	5.37	2,061,970	28,206	5.44
Noninterest-earning assets	146,042			147,363		
Total average assets	$ 2,135,409			$ 2,209,333		
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 141,469	$ 52	0.15	$ 166,846	$ 187	0.45
Money market accounts	464,265	2,832	2.42	431,346	2,875	2.65
Savings accounts	231,431	914	1.57	224,159	923	1.64
Certificates of deposit, customer	443,312	4,175	3.74	415,450	4,340	4.16
Certificates of deposit, brokered	103,959	1,110	4.24	215,016	2,635	4.88
Total interest-bearing deposits (4)	1,384,436	9,083	2.60	1,452,817	10,960	3.00
Advances	265,554	2,913	4.35	255,348	2,832	4.41
Subordinated debt	34,617	345	3.95	39,484	394	3.97
Total interest-bearing liabilities	1,684,607	12,341	2.91	1,747,649	14,186	3.23
Noninterest-bearing deposits (4)	251,448			252,911		
Other noninterest-bearing liabilities	47,978			48,294		
Total average liabilities	1,984,033			2,048,854		
Average equity	151,376			160,479		
Total average liabilities and equity	$ 2,135,409			$ 2,209,333		
Net interest income		$ 14,569			$ 14,020	
Net interest rate spread			2.46			2.21
Net earning assets	$ 304,760			$ 314,321		
Net interest margin (5)			2.91			2.70
Average interest-earning assets to average interest-bearing liabilities	118.1%			118.0%		

(1) The average loans receivable, net balances include nonaccrual loans.
(2) Interest earned on loans receivable includes net deferred (costs) fees of ($410,000) and $22,000 for the three months ended September 30, 2025 and 2024, respectively.
(3) Includes interest-earning deposits (cash) at other financial institutions.
(4) Cost of all deposits, including noninterest-bearing demand deposits, was 2.20% and 2.56% for the three months ended September 30, 2025 and 2024, respectively.
(5) Net interest income divided by average interest-earning assets.

	Nine Months Ended September 30,					
	2025			2024		
	Average Balance Outstanding	Interest Earned/ Paid	Yield/ Rate	Average Balance Outstanding	Interest Earned/ Paid	Yield/ Rate
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable, net (1) (2)	$ 1,637,919	$ 67,859	5.54%	$ 1,686,546	$ 70,036	5.55%
Total investment securities	312,525	10,513	4.50	310,653	11,367	4.89
FHLB dividends	13,241	920	9.29	13,397	942	9.39
Interest-earning deposits in banks	46,651	1,572	4.51	43,456	1,798	5.53
Total interest-earning assets (3)	2,010,336	80,864	5.38	2,054,052	84,143	5.47
Noninterest-earning assets	147,755			144,285		
Total average assets	$ 2,158,091			$ 2,198,337		
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 158,020	$ 552	0.47	$ 165,816	$ 567	0.46
Money market accounts	441,125	7,837	2.38	404,845	7,244	2.39
Savings accounts	225,665	2,581	1.53	229,180	2,791	1.63
Certificates of deposit, customer	448,955	13,093	3.90	417,716	12,913	4.13
Certificates of deposit, brokered	128,672	4,309	4.48	210,186	7,737	4.92
Total interest-bearing deposits (4)	1,402,437	28,372	2.70	1,427,743	31,252	2.92
Advances	273,359	8,809	4.31	274,475	9,525	4.64
Subordinated debt	35,849	1,074	4.01	39,465	1,183	4.00
Total interest-bearing liabilities	1,711,645	38,255	2.99	1,741,683	41,960	3.22
Noninterest-bearing deposits (4)	246,252			251,218		
Other noninterest-bearing liabilities	48,656			43,633		
Total average liabilities	2,006,553			2,036,534		
Average equity	151,538			161,803		
Total average liabilities and equity	$ 2,158,091			$ 2,198,337		
Net interest income		$ 42,609			$ 42,183	
Net interest rate spread			2.39			2.25
Net earning assets	$ 298,691			$ 312,369		
Net interest margin (5)			2.83			2.74
Average interest-earning assets to average interest-bearing liabilities	117.5%			117.9%		

(1) The average loans receivable, net balances include nonaccrual loans.
(2) Interest earned on loans receivable includes net deferred costs of ($896,000) and ($115,000) for the nine months ended September 30, 2025 and 2024, respectively.
(3) Includes interest-earning deposits (cash) at other financial institutions.
(4) Cost of all deposits, including noninterest-bearing demand deposits, was 2.30% and 2.49% for the nine months ended September 30, 2025 and 2024, respectively.
(5) Net interest income divided by average interest-earning assets.

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Rate/Volume Analysis

The following table presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. It distinguishes between the changes related to outstanding balances and changes in interest rates. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (i.e., changes in volume multiplied by old rate) and (ii) changes in rate (i.e., changes in rate multiplied by old volume). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately to the change due to volume and the change due to rate.

	Three Months Ended September 30, 2025 Compared to September 30, 2024 Increase (Decrease) Due to			Nine Months Ended September 30, 2025 Compared to September 30, 2024 Increase (Decrease) Due to		
	Volume	Rate	Total Increase (Decrease)	Volume	Rate	Total Increase (Decrease)
			(In thousands)			
Interest-earning assets:						
Loans receivable, net	$ (885)	$ 163	$ (722)	$ (2,037)	$ (140)	$ (2,177)
Investments	(165)	(377)	(542)	63	(917)	(854)
FHLB stock	3	(23)	(20)	(12)	(10)	(22)
Other (1)	108	(120)	(12)	131	(357)	(226)
Total interest-earning assets	$ (939)	$ (357)	$ (1,296)	$ (1,855)	$ (1,424)	$ (3,279)
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ (29)	$ (106)	$ (135)	$ (27)	$ 12	$ (15)
Money market accounts	223	(266)	(43)	637	(44)	593
Savings accounts	31	(40)	(9)	(42)	(168)	(210)
Certificates of deposit, customer	298	(463)	(165)	958	(778)	180
Certificates of deposit, brokered	(1,361)	(164)	(1,525)	(3,003)	(425)	(3,428)
Advances	117	(36)	81	(40)	(676)	(716)
Subordinated debt	(48)	(1)	(49)	(110)	1	(109)
Total interest-bearing liabilities	$ (769)	$ (1,076)	$ (1,845)	$ (1,627)	$ (2,078)	$ (3,705)
Change in net interest income	$ (170)	$ 719	$ 549	$ (228)	$ 654	$ 426

(1) Includes interest-earning deposits (cash) at other financial institutions.

Off-Balance Sheet Activities

In the normal course of operations, First Fed engages in a variety of financial transactions that are not recorded in the financial statements. These transactions involve varying degrees of off-balance sheet credit, interest rate and liquidity risks. These transactions are used primarily to manage customers' requests for funding and take the form of loan commitments and lines of credit. For the nine months ended September 30, 2025 and the year ended December 31, 2024, we engaged in no off-balance sheet transactions likely to have a material effect on our financial condition, results of operations or cash flows.

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Contractual Obligations

At September 30, 2025, our scheduled maturities of contractual obligations were as follows:

	Within 1 Year	After 1 Year Through 3 Years	After 3 Years Through 5 Years	Beyond 5 Years	Total Balance
			(In thousands)		
Certificates of deposit	$ 448,082	$ 91,009	$ 4,052	$ —	$ 543,143
FHLB advances	115,000	95,000	—	—	210,000
Line of credit	15,000	—	—	—	15,000
Subordinated debt obligation	—	—	—	34,625	34,625
Operating leases	2,078	4,276	3,974	16,641	26,969
Borrower taxes and insurance	2,356	—	—	—	2,356
Deferred compensation	290	279	278	682	1,529
Total contractual obligations	$ 582,806	$ 190,564	$ 8,304	$ 51,948	$ 833,622

Commitments and Off-Balance Sheet Arrangements

The following table summarizes our commitments and contingent liabilities with off-balance sheet risks as of September 30, 2025:

	Amount of Commitment by Expiration				
	Within 1 Year	After 1 Year Through 3 Years	After 3 Years Through 5 Years	Beyond 5 Years	Total Amounts Committed
			(In thousands)		
Commitments to originate loans:					
Variable-rate	$ 6,847	$ —	$ —	$ —	$ 6,847
Unfunded commitments under lines of credit	21,222	12,424	6,377	77,518	117,541
Unfunded commitments under existing construction loans	30,462	10,115	—	—	40,577
Standby letters of credit	208	—	—	200	408
Unfunded commitments under partnership agreements	2,540	—	—	—	2,540
Total commitments	$ 61,279	$ 22,539	$ 6,377	$ 77,718	$ 167,913

Liquidity Management

Liquidity is the ability to meet current and future short-term and long-term financial obligations. Our primary sources of funds consist of investment security principal and interest payments, customer and brokered deposit inflows, loan repayments and maturities, sales of securities, borrowings from the FHLB and utilization of the NexBank line of credit. While maturities and scheduled amortization of loans and securities are usually predictable sources of funds, deposit flows, calls of investment securities and borrowed funds, and prepayments on loans and investment securities are greatly influenced by general interest rates, economic conditions and competition, which can cause those sources of funds to fluctuate.

Management regularly adjusts investments in liquid assets based upon an assessment of expected loan demand, expected deposit flows, yields available on interest-earning deposits and securities, and the objectives of our liquidity management, interest-rate risk and investment policies.

The Company's most liquid assets are cash and cash equivalents followed by available-for-sale securities. The levels of these assets depend on our operating, financing, lending and investing activities during any given period. At September 30, 2025, cash and cash equivalents totaled $79.2 million and unpledged securities classified as available-for-sale had a market value of $225.2 million. The Bank pledged collateral of $542.8 million to support borrowings from the FHLB, with a remaining borrowing capacity of $272.0 million at September 30, 2025. The Bank also has an established discount window borrowing arrangement with the FRB, for which available-for-sale securities with a market value of $18.3 million were pledged as of September 30, 2025, providing a borrowing capacity of $17.5 million. Another source of short-term funding for the Bank is through PCBB's Fed Funds Borrowing Facility, which provides up to $50.0 million of unsecured borrowing for up to ten consecutive days. First Northwest has a $20.0 million borrowing arrangement with NexBank which is secured by First Northwest's personal property assets (with certain exclusions), including all the outstanding shares of First Fed, cash, loans receivable, and limited partnership investments. The remaining borrowing capacity of the NexBank line of credit was $5.0 million at September 30, 2025.

At September 30, 2025, we had commitments to fund $408,000 in standby letters of credit and $158.1 million in undisbursed loans, including $40.6 million in undisbursed construction loan commitments.

CDs due within one year as of September 30, 2025, totaled $448.1 million, or 82.5% of CDs with a weighted-average rate of 3.84%. If these maturing deposits are not renewed, we will seek other sources of funds, including other CDs, non-maturity deposits, and borrowings. We can attract and retain deposits by adjusting the interest rates offered and through sales and marketing efforts in the markets we serve. Depending on market conditions, we may be required to pay higher rates on such deposits or other borrowings than we currently pay on CDs. We believe that our branch network, and the general cash flows from our existing lending and investment activities, will provide adequate short-term and long-term liquidity. For additional information, see the Consolidated Statements of Cash Flows in Item 1 of this Form 10-Q.

First Fed has a diversified deposit base with approximately 62% of deposit account balances held by consumers, 23% held by business and 9% by public fund depositors, and 6% in brokered deposits. The average deposit account balance, excluding brokered and public fund accounts, was $29,000 at September 30, 2025. We estimate that 20-25% of our customer deposit balances are over the $250,000 FDIC insurance limit, representing less than 5% of deposit customers. Management believes that maintaining a diversified deposit base is an important factor in managing and maintaining adequate levels of liquidity.

The Company is a separate legal entity from the Bank and provides for its own liquidity. At September 30, 2025, the Company, on an unconsolidated basis, had liquid assets of $7.7 million. In addition to its operating expenses, the Company is responsible for paying dividends declared, if any, to its shareholders, and for Company stock repurchases, interest payments on subordinated notes held at the Company level, payments on the NexBank revolving credit facility, and commitments to limited partnership investments. The Company may receive dividends or capital distributions from the Bank, although there may be regulatory limitations on the ability of the Bank to pay dividends.

Capital Resources

At September 30, 2025, shareholders' equity totaled $154.5 million, or 7.3% of total assets. Our book value per share of common stock was $16.33 at September 30, 2025, compared to $16.45 at December 31, 2024.

At September 30, 2025, the Bank exceeded all regulatory capital requirements and was considered "well capitalized" under FDIC regulatory capital guidelines.

The following table provides the capital requirements and actual results for First Fed at September 30, 2025.

	Actual		Minimum Capital Requirements		Minimum Required to be Well-Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
Tier 1 leverage capital (to average assets)	$ 200,624	9.3%	$ 86,091	4.0%	$ 107,613	5.0%
Common equity tier 1 (to risk-weighted assets)	200,624	12.7	71,393	4.5	103,123	6.5
Tier 1 risk-based capital (to risk-weighted assets)	200,624	12.7	95,190	6.0	126,920	8.0
Total risk-based capital (to risk-weighted assets)	216,586	13.7	126,920	8.0	158,650	10.0

In order to avoid limitations, based on percentages of eligible retained income, on paying dividends, engaging in share repurchases, and paying discretionary bonuses, the Bank must maintain risk-based capital in an amount greater than the required minimum levels plus a capital conservation buffer, comprised of common equity tier 1 capital ("CET1"), of 2.5% of risk-weighted assets. The Bank's capital conservation buffer was 5.7% at September 30, 2025, exceeding this requirement.

Effect of Inflation and Changing Prices

The consolidated financial statements and related financial data presented in this report have been prepared according to GAAP, which require the measurement of financial and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time due to inflation. The primary impact of inflation on our operations is reflected in increased operating costs and the effect that general inflation may have on both short-term and long-term interest rates. Unlike companies in many other industries, virtually all the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than do general levels of inflation. Although inflation expectations do affect interest rates, interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There has not been any material change in the market risk disclosures contained in the 2024 Form 10-K.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

An evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) was carried out under the supervision and with the participation of the Company's Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial and Accounting Officer), and other members of the Company's management team as of the end of the period covered by this quarterly report. The Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures in effect as of September 30, 2025, were effective in ensuring that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (i) accumulated and communicated to the Company's management (including the Chief Executive Officer and Chief Financial Officer) in a timely manner, and (ii) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) Changes in Internal Controls.

There have been no changes in the Company's internal control over financial reporting (as defined in 13a-15(f) of the Exchange Act) that occurred during the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company intends to continually review and evaluate the design and effectiveness of its disclosure controls and procedures and to improve its controls and procedures over time and to correct any deficiencies that it may discover in the future. The goal is to ensure that senior management has timely access to all material financial and non-financial information concerning the Company's business. While the Company believes the present design of its disclosure controls and procedures is effective to achieve its goal, future events affecting its business may cause the Company to modify its disclosure controls and procedures. The Company does not expect that its disclosure controls and procedures and internal control over financial reporting will prevent every error or instance of fraud. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedure are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns in controls or procedures can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any control procedure is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control procedure, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is engaged in legal proceedings in the ordinary course of business, none of which are currently considered to have a material impact on the Company’s financial position or results of operations other than the matters discussed in Note 15 of the Notes to Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes to the risk factors set forth in Part I. Item 1A of the Company's 2024 Form 10-K.

Our business may be adversely impacted by litigation and regulatory enforcement actions, which could expose us to significant liabilities and/or damage our reputation.

From time to time, we have and may become party to various litigation claims and legal proceedings. Our businesses involve the risk that clients or others may sue us, claiming that we have failed to perform under a contract or otherwise failed to carry out a duty perceived to be owed to them. For example, we are currently engaged in litigation with 3|5|2 Capital and Socotra, as described in more detail in Notes 15 and 16 of the Notes to Consolidated Financial Statements contained in Item 1 of this Form 10-Q. The risk of litigation may be heightened during periods when credit, equity or other financial markets are deteriorating in value or are particularly volatile, or when clients or investors are experiencing losses. In addition, as a publicly-traded company, we are subject to the risk of claims under the federal securities laws, and volatility in our stock price and those of other financial institutions increases this risk. Actions brought against us may result in injunctions, settlements, damages, fines or penalties, which could have an adverse effect on our business, financial condition or results of operations or require changes to our business. Even if we defend ourselves successfully, the cost of litigation may be substantial, and public reports regarding claims made against us may cause damage to our reputation among existing and prospective clients or negatively impact the confidence of counterparties, rating agencies and stockholders, consequently negatively affecting our earnings.

In the ordinary course of our business, we also are subject to various regulatory, governmental and enforcement inquiries, investigations and subpoenas. These may be directed generally to participants in the businesses in which we are involved or may be specifically directed at us. In enforcement matters, claims for disgorgement, the imposition of civil and criminal penalties and the imposition of other remedial sanctions are possible.

Actual outcomes, losses and related expenses of pending legal proceedings may differ materially from assessments and estimates, and may exceed the amount of any reserves we have established, which could adversely affect our reputation, business, financial condition and results of operations.

We are dependent on key personnel and the loss of one or more of those key persons, including the recent departure of our President and Chief Executive Officer, the Chief Banking Officer and Chief Strategy Officer of First Fed, may materially and adversely affect our prospects.

We rely heavily on the efforts and abilities of our executive officers, and certain other key management personnel, which make up our management team. As previously disclosed, our former President, Chief Executive Officer and member of the Board of Directors departed effective July 12, 2025. In addition, the former Chief Banking Officer of First Fed retired on July 2, 2025, and the former Chief Strategy Officer of First Fed departed on August 9, 2025. The loss of the services of these individuals, and the potential loss of any of our current management team, could have a material adverse impact on our business, financial condition, and results of operations. While we believe that our relationship with our remaining management team is good, we cannot guarantee that all members of our management team will remain with our organization. The ability to attract, retain, and season replacements to our management team presents risks to executing our business plan.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

(a) Not applicable.

(b) Not applicable.

(c) The following table summarizes common stock repurchases during the three months ended September 30, 2025:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans (2)	Maximum Number of Shares that May Yet Be Repurchased Under the Plans
July 1, 2025 - July 31, 2025	1,461	$ —	—	846,123
August 1, 2025 - August 31, 2025	—	—	—	846,123
September 1, 2025 - September 30, 2025	165	—	—	846,123
Total	1,626	$ —	—	

(1) Shares repurchased by the Company during the quarter represent shares acquired from restricted stock award participants in connection with the cancellation of restricted stock to pay withholding taxes upon vesting totaling 1,461 shares, 0 shares, and 165 shares, respectively, for the periods indicated.

(2) On April 25, 2024, the Company announced that its Board of Directors had authorized the repurchase of up to an additional 944,279 shares of its common stock, or approximately 10% of its shares of common stock issued and outstanding as of April 24, 2024. As of September 30, 2025, a total of 98,156 shares, or 10.4% percent of the shares authorized in the April 2024 stock repurchase plan, have been purchased at an average cost of $10.23 per share, leaving 846,123 shares available for future purchases. No shares were repurchased pursuant to the Company's April 2024 stock repurchase plan during the periods indicated.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the fiscal quarter ended September 30, 2025, no director or officer of First Northwest adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

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Item 6. Exhibits

Exhibit No.	Exhibit Description	Filed Herewith	Form	Original Exhibit No.	Filing Date
10.1*	Executive Separation and Release Agreement, dated as of July 9, 2025, between the Company and Matthew P. Deines		8-K	10.1	7/9/2025
10.2*	Letter Agreement, dated as of July 9, 2025, between the Company and Geraldine L. Bullard		8-K	10.2	7/9/2025
10.3*	Executive Separation and Release Agreement, dated as of August 9, 2025, between the Company and Christopher Riffle	X			
10.4*	Employment Agreement amount First Northwest Bancorp, First Fed Bank and Curt Queyrouze dated September 11, 2025		8-K	10.1	9/12/2025
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X			
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X			
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act	X			
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in Inline Extensible Business Reporting Language (iXBRL): (1) Consolidated Balance Sheets; (2) Consolidated Statements of Operations; (3) Consolidated Statements of Comprehensive Income; (4) Consolidated Statements of Changes in Shareholders' Equity; (5) Consolidated Statements of Cash Flows; and (6) Selected Notes to Consolidated Financial Statements				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Denotes a management contract or compensatory plan or arrangement.

SIGNATURES

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

	FIRST NORTHWEST BANCORP
Date: November 6, 2025	/s/ Curt Queyrouze
	Curt Queyrouze President and Chief Executive Officer (Principal Executive Officer)
Date: November 6, 2025	/s/ Phyllis R. Nomura
	Phyllis R. Nomura Chief Financial Officer and Executive Vice President (Principal Financial and Accounting Officer)

EXHIBIT 10.3

EXECUTIVE SEPARATION AND RELEASE AGREEMENT

This Executive Separation and Release Agreement ("Agreement") is entered into by and between First Northwest Bancorp (the "Company"), the Company's wholly owned subsidiary First Fed Bank (the "Bank," and together with the Company, "Employer") and Christoper Riffle ("Executive"). Employer and Executive are collectively referred to as the "Parties."

WHEREAS, Employer and Executive have mutually decided to end Executive's employment, and Executive's employment shall terminate effective August 9, 2025 (the "Separation Date"); and

WHEREAS, in connection with Executive's termination of employment, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Employer and any of the Released Parties (as defined below), including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Employer.

NOW, THEREFORE, in consideration of the mutual promises and releases contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. <u>Payments and Benefits</u>.

a. The Employer will pay or provide Executive the following:

i. Executive's current base salary through the Separation Date;

ii. any amounts owing to Executive for reimbursement of expenses incurred prior to the Separation Date and eligible for reimbursement, provided that Executive provides appropriate substantiation for any expenses no later than sixty (60) days after the Separation Date; and

iii. benefits vested and accrued as of the Separation Date under the Employer's retirement, health and other welfare benefit plans, in accordance with and subject to the terms and conditions of such plans; if Executive is currently enrolled in Employer's group health plan, Executive will have a right to elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA").

b. If Executive timely returns an executed, unaltered copy of this Agreement and does not revoke it (as described in Section 4 below), then Employer will provide to Executive the sum of:

i. $250,000.00;

ii. $7,500, intended to be used for continuing legal education credits and related travel; and

iii. an amount equal to the COBRA premiums for continuation of group health insurance coverage for Executive and Executive's family for nine (9) months based on such premiums in effect on the Separation Date (the sum of the payments in Section 1(b)(i)–(iii) the "Severance Payment"). Executive shall not be obligated to use any portion of the Severance Payment for COBRA premiums or for continuing legal education credits and related travel.

c. The Severance Payment will be payable in a single lump sum, subject to withholding, within fourteen (14) days following the later of the Separation Date or the expiration of the revocation period described in Section 4 of this Agreement.

d. Executive's entitlement to the Severance Payment is subject to Executive's continued employment through the Separation Date, and fulfilling all such duties assigned to him during this time, and full compliance with Executive's obligations under this Agreement. Executive agrees that Executive will forfeit any right to the Severance Payment and will be required to repay the gross amount of the Severance Payment, if Executive breaches Executive's obligations under this Agreement, including but not limited to Executive's obligations under Sections 7 and 8.

2. Treatment of Equity. All restricted shares held by Executive that have not vested prior to the Separation Date shall be forfeited back to the Company and all performance shares or other equity-linked awards held by Executive that have not vested prior to the Separation Date shall be forfeited without any payment in respect thereof.

3. Release of Claims. Executive, on Executive's own part and on behalf of Executive's descendants, ancestors, dependents, heirs, executors, administrators, assigns, and successors, and each of them, hereby releases, acquits, and discharges Employer and affiliates, parents, successors, predecessors, assigns, and all of their respective insurers, attorneys, and past and present officers, directors, trustees, employees, members of the Employer's Boards of Directors (the "Board"), and agents (collectively, the "Released Parties") with respect to and from any and all claims, wages, agreements, contracts, covenants, actions, complaints, grievances, liabilities, obligations, losses, damages, fees, costs, causes of action, suits, rights, and demands, of any and every nature whatsoever, known or unknown, suspected or unsuspected, disclosed or undisclosed (collectively, "Claims") which Executive has at any time heretofore had owned or held against said Released Parties, including, without limitation, all Claims that Executive may have under any federal, state, local, or municipal laws or the common law and all Claims arising out of or relating to Executive's employment with Employer or the termination of that employment.

a. Nothing in this Agreement prevents, or is intended to prevent, Executive from filing, or to participating in, any charge, complaint, investigation, or proceeding before the U.S. Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board ("NLRB"), the Securities and Exchange Commission ("SEC"), or any other federal, state, or local government body or agency, or from reporting possible violations of law to a governmental agency or entity. Executive understands that Executive is not required to inform Employer before making such reports or filing such charges. If any such charge, complaint, investigation, or proceeding is filed with the EEOC by Executive or someone on Executive's behalf against Released Parties relating to any act or omission occurring prior to the date of this Agreement, Executive waives, to the maximum extent permissible under applicable law, any personal monetary or equitable relief from such charge, complaint, investigation, or proceeding. Nothing in this Agreement is intended to or shall prevent, impede, or interfere with Executive's right to receive and fully retain a monetary award from a government administered whistleblower award program (such as, but not limited to, the SEC or IRS whistleblower award programs).

b. In addition, nothing in this Agreement restricts or impedes, or shall be deemed to restrict or impede, Executive from: (i) exercising protected rights, to the extent that such rights cannot be waived by agreement; (ii) providing truthful testimony or information pursuant to subpoena, court order, or similar legal process; (iii) providing truthful information to any government agency or body; or (iv) complying with any applicable law, regulation, or order, provided that such compliance does not exceed that required by the law, regulation, or order.

c. Provided, further, nothing in this Agreement releases or affects any rights Executive may have to: (i) Executive's own vested accrued employee benefits under Employer's ERISA-covered health, welfare, or retirement benefit plans as of Executive's Separation Date; (ii) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; (iii) any right to defense or indemnification Executive may have pursuant to the by-laws of Employer or under any agreement between Executive and Employer; or (iv) pursue claims which by law cannot be waived by signing this Agreement.

4. Waiver of Claims Under the Age Discrimination in Employment Act; Effective Date.

a. Executive recognizes that, in signing this Agreement, Executive is knowingly and voluntarily waiving Executive's right to pursue any and all claims under the Age Discrimination in Employment Act, 29 U.S.C. § 626 *et seq*. ("ADEA") arising prior to the date that Executive executes this Agreement. Executive understands that Executive may take twenty-one (21) days from the date this Agreement is presented to Executive to consider whether to execute this Agreement ("Review Period"), and agrees that any changes, whether material or immaterial, to this Agreement before Executive signs it will not restart the running of the Review Period. Executive is further advised that Executive may wish to consult with an attorney prior to execution of this Agreement. Once Executive has executed this Agreement, Executive may revoke Executive's release of the ADEA claims at any time during the seven (7) day period following Executive's execution of this Agreement by notifying Cindy Finnie, Board Chair, in writing. Should Executive exercise Executive's right to revoke the ADEA claims, Executive shall receive a cash payment of $1,000, less withholdings, as full consideration for Executive's other promises and releases in this Agreement, but shall not receive the Severance Payment unless the Company determines otherwise.

b. All provisions of this Agreement except for the waiver and release of ADEA claims become effective upon the execution of this Agreement by Executive. The waiver and release of ADEA claims becomes effective on the 8th day following execution of the Agreement unless Executive revokes the ADEA waiver and release prior to the eighth day as provided in Section 4(a).

5. Disclaimer of Liability. This Agreement shall not be construed as an admission of liability or wrongdoing by either party.

6. Acknowledgments and Representations. Except for the amounts to be paid (or benefits granted or authorized) under this Agreement, Executive affirms that Executive has been paid and/or has received all leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits to which Executive may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to Executive. Executive also affirms that Executive has no known workplace injuries or occupational diseases relating to Executive's employment.

7. Nonsolicitation and Noncompetition.

a. *Employee Nonsolicitation*. Executive agrees that for a period of one year after the Separation Date, Executive shall not directly or indirectly solicit or attempt to solicit any employee of Employer to leave the employ of Employer, or in any way interfere with the relationship between Employer or any other employee of Employer.

b. *No Solicitation of Current Customers*. Executive agrees that for a period of one year after the Separation Date, Executive shall not directly or indirectly solicit or attempt to solicit any customers of Employer (the "Current Customers"), including but not limited to all successors, owners, directors, partners, and management personnel of such Current Customers, to cease doing business with Employer, or to otherwise divert the Current Customers' business from Employer, or solicit or attempt to solicit any supplier, licensee, or other business associate of Employer to cease doing business with Employer.

c. *Noncompetition and Nonsolicitation.* Executive agrees that for a period of eight (8) months after the Separation Date (the "Restricted Period"), Executive will not directly or indirectly (i) become interested in, as a founder, organizer, principal shareholder, director, officer, or employee of or consultant to any bank, savings bank, savings and loan association, credit union, or similar financial institution or holding company of such an entity, now existing or organized hereafter, that competes or may compete with Employer, including any successor, within any county in which Employer operates a full-service branch office or lending center, or (ii) without limitation of Executive's obligations under Section 7(b) with respect to Current Customers, solicit or attempt to solicit any (A) customers, which in to Executive's knowledge, sought or received services from Employer within the 12 month period before the Separation Date, or (B) potential customers whom, within the knowledge of Executive's knowledge, Employer actively solicited at any time during the 12 month period before the Separation Date ((A) and (B) collectively, the "Restricted Customers"), including but not limited to all successors, owners, directors, partners, and management personnel of such Restricted Customers, to cease doing business with Employer, not commence doing business with Employer, or to otherwise divert the Restricted Customers' business from Employer. Executive will not be deemed a "principal shareholder" unless (1) Executive's investment in such institution exceeds three percent (3%) of the institution's outstanding voting securities or (2) Executive is active in the organization, management, or affairs of the institution. Section 7(c)(i) shall not, in contravention of applicable professional ethics rules, prohibit or restrict Executive from the private practice of law.

d. *Interpretation*. The parties agree that the terms of Section 7(a) through Section 7(c) (collectively, the "Restrictive Covenants") are reasonable as to both time and scope. The parties additionally agree (i) that the Restrictive Covenants are necessary for the protection of the Employer's business and goodwill; (ii) that the Restrictive Covenants are not any greater than are reasonably necessary to secure Employer's business and goodwill; and (iii) that the degree of injury to the public from the loss of the service and skill of Executive or the restrictions placed on Executive's opportunity to make a living with Executive's skills upon enforcement of the Restrictive Covenants does not and will not warrant non-enforcement of them. If an arbitrator, court, or any other administrative body with jurisdiction over a dispute related to this Agreement determines that the Restrictive Covenants are unreasonably broad, the parties hereby authorize and direct the arbitrator, court, or administrative body to narrow them so as to make them reasonable, given all relevant circumstances, and to enforce them.

e. *Acknowledgement*. Executive acknowledges and agrees that the Severance Payment is equal to or greater than "compensation equivalent to [his] base salary at the time of termination for the period of enforcement," as referenced in the Revised Code of Washington Section 49.62.020, for the Restricted Period. Executive understands and agrees that any violation of this Section 7 would constitute a material breach of this Agreement and would irreparably harm Employer. Accordingly, without limitation of the Employer's other rights and remedies, any violation by Executive of this Section 7 at any time will result in the immediate forfeiture of Executive's entitlement to, and a requirement to repay, the Severance Payment.

8. Non-Disparagement.

a. Executive covenants and agrees that Executive will not at any time—whether directly, indirectly, or through any entity in which Executive is an officer, director, member, partner, employee, consultant, or shareholder—make, publish, or communicate to any person or entity any statement, verbally or written, that disparages, defames, criticizes, or otherwise reflects adversely upon Employer, Employer's businesses, processes, services, methods of doing business, strategic decisions, or products, or any of Employer's past, present, or future officers, directors, employees, Board members, consultants, successors, affiliates, parents, investors, customers, business partners, constituents, or trustees. In addition, Executive agrees not to take any other action (whether through Executive's statements, communications, or conduct) that is intended to, or that could reasonably be expected to, adversely affect the competitive standing or reputation of Employer, any of Employer's products, or any of Employer's directors, officers, Board members, agents, or employees. By way of example and without limitation, Executive understands and agrees that any statements, communications, or conduct that disparages or intends to disparage Employer's strategic decisions or leadership team is prohibited under this Section 8(a).

b. The Company will instruct its executive officers and directors to not make, publish, or communicate to any person or entity any statement, verbally or written, that disparages, defames, criticizes, or otherwise reflects adversely upon Executive, including Executive's professionalism and job performance; provided that nothing herein prevents the Employer, or its executive officers and directors, from exercising their fiduciary duties to, or otherwise acting in a manner they reasonably believe to be in the best interests of, Employer, including but not limited to communications with shareholders, auditors, tax advisors, legal counsel, or government agencies, or reporting violations of law, and this subsection 8(b) shall not apply to confidential internal discussions between or among Employer's officers, directors and employees and/or with their professional advisors or government regulatory agencies.

c. Executive understands and agrees that any violation of Section 8(a) would constitute a material breach of this Agreement and would irreparably harm Employer. Accordingly, without limitation of the Employer's other rights and remedies, any violation by Executive of this Section 8 at any time will result in the immediate forfeiture of Executive's entitlement to, and a requirement to repay, the Severance Payment.

d. To the best of Executive's knowledge and belief, and without limiting Executive's rights under federal law, Executive is not currently aware of any unreported violation of law, regulation, or Employer policy by the Employer or its personnel that Executive is obligated to report by law, regulation, or Employer policy. For the avoidance of doubt, nothing in this Agreement prohibits Executive from making a good faith report to, providing truthful information to, or participating in any investigation or proceeding conducted by, any federal or state government agency or self-regulatory organization, including without limitation, the NLRB and SEC to the extent that such rights cannot be waived by agreement.

9. **<u>Return of Property</u>**. Employer agrees that Executive may retain his Employer-issued MacBook Pro and iPad if Executive gives each device to the Employer to wipe the devices at a time and place agreed upon by the parties, but in no event after the Separation Date. In addition to the devices described in the preceding sentence, Executive agrees to inform Employer of all Employer property, documents, and other data relating to his employment which is in his possession and control. Executive certifies by execution of this Agreement that he has made a reasonable search to locate any such property, data, and other documents, and to the best of Executive's knowledge, Executive has returned to Employer, and thereafter not retained, all original forms and copies of data (including work product, financial data, documents and computer data, regardless of form or medium, and including data stored on personal devices), documents, and equipment (including keys, devices, and software) in Executive's possession or control that relate to the business of Employer, except that Executive may retain documents regarding Executive's own compensation and benefits.

10. **<u>Cooperation</u>**.

a. Executive agrees to assist and cooperate with Employer to ensure a smooth transition of Executive's work responsibilities. At any time following the Separation Date, Executive agrees to execute all documents and perform all lawful acts which Employer considers necessary or advisable to secure its rights hereunder and to carry out the intent of this Agreement and provide any information as Employer or members of the Board may reasonably request with respect to any Employer-related transaction or other matter in which Executive was involved in any way while employed by Employer.

b. Executive further agrees to reasonably assist and cooperate with Employer in connection with the defense, prosecution, government investigation, or internal investigation of any claim or matter that may be made against, concerning, or by Employer. Such assistance and cooperation shall include, upon reasonable request, (i) timely, comprehensive, and truthful disclosure of all relevant facts known to Executive, including through in-person interview(s) with Employer's executives, Board members, representatives of a government agency, or outside counsel for Employer, (ii) preparing for and/or providing deposition and/or trial testimony in legal proceedings arising out of or relating to Employer, and (iii) cooperating with the reasonable requests of Employer's outside counsel in connection with discovery, testimony, or trial in any legal proceeding relating to Employer. Executive shall be entitled to reimbursement for properly documented expenses incurred in connection with rendering services under this Section 10(b), including reimbursement for all reasonable travel, lodging, and meal expenses, in accordance with Employer's policies.

11. Confidential Information.

a. *Confidential Information*. Employer has developed and had access to certain Confidential Information of Employer, which has a great value in Employers business, and access to Confidential Information of Customers. "Customers" shall mean any persons or entities for whom Employer performs services or from whom Employer obtains information. Confidential Information includes information disclosed to Executive during the course of his employment and information developed or learned by Executive during the course of his employment. Confidential Information is broadly defined and includes all information which has or could have commercial value or other utility in Employer's business or the businesses of Employer's Customers. Confidential Information also includes all information which could be detrimental to the interests of Employer or its Customers if it were disclosed. By example and without limitation, Confidential Information includes all information concerning loan information, pending and threatened litigation, Customer data, including but not limited to Customer and supplier identities, Customer characteristics or agreements and Customer lists, applicant data, employment categories, job classifications, employment histories, job analyses and validations, preferences, credit history, agreements, and any personally identifiable information related to Customers; any information provided to Executive by a Customer, including but not limited to electronic information, documents, software, and trade secrets; historical sales information; advertising and marketing materials and strategies; financial information related to Employer, Customers, Customer's employees or any other party; labor relations strategies; research and development strategies and results, including new materials research; pending projects and proposals; production processes; scientific or technological data, formulae and prototypes; employee data; pricing and product information; computer data information; inventory levels and products; supplier information and data; testing techniques; processes; formulas; trade secrets; inventions; discoveries; improvements; specifications; data, know-how, and formats; marketing plans; pending projects and proposals; business plans; computer processes; computer programs and codes; technological data; strategies; forecasts; budgets; and projections.

b. *Protection of Confidential Information*. Executive agrees that at all times during and after his employment by Employer, Executive has and will keep confidential and not disclose to any third party or make any use of the Confidential Information of Employer or its Customers, except during in and the course of his employment for the benefit of Employer or its Customers. For purposes of this Agreement, the disclosure of any Confidential Information, at any time except as required by law or as expressly provided in this Agreement, shall be considered to be "unfair competition." Executive acknowledges that he is aware that the unauthorized disclosure of Confidential Information of Employer or its Customers may be highly prejudicial to their interests, an invasion of privacy, and an improper disclosure of trade secrets and financial information in violation of state and federal law.

c. *Continuing Professional Obligations*. Executive acknowledges and agrees that his continuing Rules of Professional Responsibility obligations to the Employer survive the termination of his employment in accordance with their terms and are incorporated herein by reference. Executive acknowledges that during the course of his employment as General Counsel of the Employer, he had access to Confidential Information, including but not limited to information that is protected by the Attorney-Client Privilege and Attorney Work Product protections. Executive acknowledges and agrees to comply with his continuing duties to the Employer to maintain the confidentiality of all Confidential Information and/or privileged information.

d. *Sanctions for Unauthorized Taking of Trade Secrets*. Executive understands that taking of Employer's trade secrets is a crime and could also result in civil liability under the Washington Trade Secrets Act and that willful misappropriation may result in an award against Executive of double the amount of the Employer's damages and Employer's attorney fees for collecting such damages.

e. *Notice of Immunity*. Notwithstanding any other provision of this Agreement: (i) Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed under seal in a lawsuit or other proceeding; and (ii) If Executive files a lawsuit for retaliation by Employer for reporting a suspected violation of law, Executive may disclose Employer's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (A) files any document containing trade secrets under seal; and (B) does not disclose trade secrets except pursuant to court order.

f. *Exceptions.* Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. If permitted to do so, Executive will provide Employer and its legal counsel with immediate notice of any request for Confidential Information, or legal process seeking Confidential Information, so that Employer may consider seeking a protective order. Nothing in this Agreement prohibits or restricts Executive from reporting, without any prior authorization from, or notification to Employer, possible violations of federal or state law or regulation to any governmental agency or entity, or self-regulatory agency, including but not limited to the SEC or the Financial Industry Regulatory Authority, or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. Further, nothing in this Agreement shall be construed to restrict or impede Executive from disclosing the underlying facts or circumstances regarding conduct that Executive reasonably believes to be illegal discrimination, harassment, retaliation, a wage and hour violation, or sexual assault, or that is recognized as against a clear mandate of public policy, or the existence of a settlement involving such conduct.

12. Section 409A; Tax Liability; Payment Limitations.

a. The severance payments and other benefits under this Agreement are intended to be exempt from the requirements of Section 409A of the Code to the maximum extent possible and to otherwise comply with the requirements of Section 409A of the Code, and all provisions of this Agreement shall be interpreted in a manner consistent with such intent. If Executive is a "specified employee" as defined in Section 409A of the Code, and Treasury regulations promulgated thereunder ("Section 409A Rules"), then any amounts subject to the Section 409A rules that are otherwise required to be paid to him upon his separation from service (as defined in the Section 409A Rules) shall not be paid until the date that is six months after the date of his separation from service or, if earlier, the date of his death. To the extent that this Agreement provides for the reimbursement of specified expenses incurred, such reimbursement will be made in accordance with the provisions of the Agreement (or other applicable plan or policy), but in no event later than the last day of the taxable year following the taxable year in which the expense was incurred. The amount of expenses eligible for reimbursement or in-kind benefits provided by Employer in any taxable year will not affect the amount of expenses or in-kind benefits to be reimbursed or provided in any other year.

b. Executive is solely responsible for any and all income, excise, or other taxes imposed on Executive with respect to any and all compensation or other benefits provided to Executive made under this Agreement, except that Employer will make all employee payroll withholdings and deductions and comply with all reporting requirements to the extent required by law or otherwise in accordance with its practices.

c. Employer's obligation to make payments to Executive herein is subject to applicable law, including, without limitation, Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. § 1828(k), and part 359 of the regulations of the Federal Deposit Insurance Corporation, 12 C.F.R. Pt. 359.

13. Governing Law; Arbitration. This Agreement is made with reference to and is intended to be construed in accordance with the laws of the State of Washington. Any dispute or controversy arising under or in connection with this Agreement must be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

14. Remedies. Notwithstanding Section 13, (i) in the event of a breach or threatened breach by Executive of Sections 7, 8, 9, 10, 11, 13, or 14, the Washington Trade Secrets Act, or interference with the business expectancies of Employer, Executive hereby consents and agrees that money damages would not afford an adequate remedy to Employer and that Employer shall be entitled to seek a temporary or permanent injunction or other equitable relief against such breach or threatened breach, from any court of competent jurisdiction, without the necessity of showing any actual damages, and without the necessity of posting any bond or other security, and (ii) in the event of a breach or threatened breach by Employer of Section 7(a) through Section 7(c), Employer hereby consents and agrees that money damages would not afford an adequate remedy to Executive and that Executive shall be entitled to seek a temporary or permanent injunction or other equitable relief against such breach or threatened breach, from any court of competent jurisdiction, without the necessity of showing any actual damages, and without the necessity of posting any bond or other security. Any equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available relief. All rights and remedies of First Fed, including any obligation for Executive to repay the Severance Payment, shall be cumulative and in addition to all other rights and remedies and shall not limit any other rights or remedies.

15. Entire Agreement. This Agreement sets forth the entire agreement between Executive and Employer concerning Executive's employment and separation of employment, and the other subject matter addressed herein between the Parties, and supersedes and replaces all prior negotiations and all prior agreements proposed or otherwise, whether written or oral, concerning the subject matter thereof.

16. Modification; No Waiver. This Agreement may not be amended or modified except by an agreement in writing signed by both Parties. The drafting of this Agreement shall be deemed a mutual endeavor by the Parties and shall not be construed against any single party as the drafter. The failure of any party to enforce any term of this Agreement shall not be deemed a waiver of that term or any other term of this Agreement.

17. Assignment. This Agreement shall inure to the benefit of Employer and its successors and assigns, and Employer may freely assign this Agreement at any time. Because this Agreement is personal to Executive, Executive may not assign this Agreement in whole or in part.

18. **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be and have the same force and effect as an original, and all of which, taken together, shall constitute and be construed as a single agreement. A copy of an executed original shall have the same force and effect as an original.

19. **Severability**. If any provision of this Agreement shall for any reason be held to be illegal or unenforceable, this Agreement shall be revised only to the extent necessary to make such provision(s) legal and enforceable. In the event that any provision is determined to be entirely unenforceable, such provision shall be deemed severable, such that all other provisions of this Agreement shall remain valid and binding.

20. **Enforcement; Attorneys' Fees**. In the event of litigation, arbitration, or any other action or proceeding between the Parties to interpret or enforce this Agreement or any part thereof or otherwise arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its costs related to any such action or proceeding and its reasonable fees of attorneys, accountants, and expert witnesses incurred by such party in connection with any such action or proceeding. The prevailing party shall be deemed to be the party which obtains substantially the relief sought by final resolution, compromise or settlement, or as may otherwise be determined by order of a court of competent jurisdiction in the event of litigation, an award or decision of one or more arbitrators in the event of arbitration, or a decision of a comparable official in the event of any other action or proceeding.

* * * * *

[Signature Page Follows]

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS THAT CAN BE RELEASED UNDER THE LAW. BY SIGNING THIS AGREEMENT, EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS READ THIS AGREEMENT IN ITS ENTIRETY AND FULLY UNDERSTANDS ALL OF ITS TERMS.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date signed below.

		FIRST NORTHWEST BANCORP FIRST FED BANK		
/s/ Christopher Riffle	8/6/2025	By:	/s/ Geraldine Bullard	8/6/2025
Christopher Riffle	Date			Date
		Title:	Interim CEO And COO	

EXHIBIT 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Curt Queyrouze, President and Chief Executive Officer of First Northwest Bancorp, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Northwest Bancorp;

2. Based on my knowledge, this report does not contain any untrue statement 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 quarterly 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 fiscal fourth 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 registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weakness 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.

Date: November 6, 2025

/s/Curt Queyrouze
Curt Queyrouze
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification of Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Phyllis R. Nomura, Chief Financial Officer and Executive Vice President of First Northwest Bancorp, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Northwest Bancorp;

2. Based on my knowledge, this report does not contain any untrue statement 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 quarterly 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 fiscal fourth 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 registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weakness 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.

Date: November 6, 2025

/s/Phyllis R. Nomura
Phyllis R. Nomura
Chief Financial Officer and Executive Vice President
(Principal Financial and Accounting Officer)

EXHIBIT 32

Certification of Chief Executive Officer and Chief Financial Officer of First Northwest Bancorp
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with this Quarterly Report on Form 10-Q, for the quarter ended September 30, 2025, that:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

/s/Curt Queyrouze	/s/Phyllis R. Nomura
Curt Queyrouze President and Chief Executive Officer (Principal Executive Officer)	Phyllis R. Nomura Chief Financial Officer and Executive Vice President (Principal Financial and Accounting Officer)

Dated: November 6, 2025