



LIBERTY BANK
Proxy Statement related to
Special Shareholders' Meeting
To be held on October 1, 2020

LIBERTY NORTHWEST BANCORP, INC.
Prospectus related to issuance of up to
1,602,419 shares of Common Stock

PROPOSED REORGANIZATION; YOUR VOTE IS IMPORTANT

To the Shareholders of Liberty Bank:

Liberty Bank continues to make significant progress in growth, quality, and market expansion.

- The Bank ends the 2nd quarter with its highest level of assets at \$ 179.8 million. We grew our loan portfolio by 67% or \$ 55.4 million over the six-month period ending June 30, 2020. This is the largest percentage of loan growth for any bank chartered in the State of Washington during this six-month period.
- We are ranked # 1 in percentage portfolio loan growth for all banks chartered in the State of Washington (YTD June 30, 2020). This loan growth is driven primarily by our successful implementation of the SBA Paycheck Protection Program. These loans are 100% guaranteed by the US Small Business Administration (SBA). Our success with this program has helped Liberty Bank receive positive media coverage, during this pandemic crisis. We have created new opportunities to establish banking relationships in both Kitsap and King County by this endeavor.

While this growth is considerable, our success in continuing this trend can be improved by the structure and support through the formation of a Bank Holding Company. To accomplish this, the Board of Directors of Liberty Bank (the "Board") is proposing a reorganization whereby Liberty Bank (the "Bank") will become a wholly-owned subsidiary of a newly-organized bank holding company, Liberty Northwest Bancorp, Inc. ("Liberty Northwest Bancorp"), that will, in turn, be owned by the current shareholders of the Bank (the "Reorganization").

The Reorganization involves only a change in the form of ownership of the Bank, does not involve a sale of the Bank and will not change your equity or voting interest relative to other shareholders. If the Reorganization is completed, the outstanding shares of Bank stock will be converted to and treated as an equal number of shares of Liberty Northwest Bancorp common stock without further action by the Bank shareholders.

The principal advantage of a bank holding company structure is it allows the Bank to be internally leveraged with holding company debt, which simultaneously reduces the amount of common equity required from shareholders to support the Bank's capital while increasing the shareholders' return on the capital invested. The ability to utilize bank holding company debt as a source of bank-level capital will allow the Bank to grow without dilution of the equity ownership of shareholders. The bank holding company structure will also provide operational flexibility, because Management will be able to tap holding company debt to meet common strategic challenges and opportunities such as providing growth capital for a bank subsidiary, buying another bank or branch, and repurchasing stock to support shareholder liquidity. Management and the Board believe that the opportunities afforded to financial holding companies can have a material and lasting impact on shareholder value. (See "THE

REORGANIZATION – Reasons for the Reorganization – Meeting Capital Needs” beginning on page 10.)

The Reorganization will be effected by the approval of a Reorganization Agreement and Plan of Share Exchange (the “Reorganization Plan”), which has been approved by the Board and is being recommended to the shareholders of the Bank for their approval. A copy of the Reorganization Plan is attached to this proxy statement/prospectus as Exhibit A.

APPROVAL OF THE REORGANIZATION REQUIRES THE AFFIRMATIVE VOTE OF TWO-THIRDS (2/3) OF THE ISSUED AND OUTSTANDING SHARES OF LIBERTY BANK COMMON STOCK. THEREFORE, YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF HOW MANY SHARES YOU OWN.

Whether you plan to attend the Special Meeting virtually or not, please complete, date, sign and return the proxy card, or vote online at www.transferonline.com/proxy.

The attached document is both a proxy statement by which the Board of Directors of the Bank is soliciting proxies for use at the Special Meeting, and a prospectus relating to the shares of Liberty Northwest Bancorp common stock that the Bank’s shareholders will receive if the Reorganization is completed.

You should carefully read the information under “RISK FACTORS” beginning on page 14 before voting.

Our Board of Directors believes that the Reorganization is in the best interests of the Bank and its shareholders, unanimously approves the Reorganization proposal, and unanimously recommends that you vote “FOR” approval of the Reorganization.

THE SHARES OF LIBERTY NORTHWEST BANCORP, INC. COMMON STOCK TO BE ISSUED IN THE REORGANIZATION WILL NOT BE SAVINGS ACCOUNTS OR DEPOSITS, AND WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SECURITIES TO BE ISSUED IN THE REORGANIZATION, PASSED UPON THE ACCURACY OF THIS PROXY STATEMENT/PROSPECTUS OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

On behalf of the Board of Directors, and all Liberty Bank employees, we appreciate your continued support. Please return your proxy as soon as possible.

Sincerely,



Richard C. Darrow
Chief Executive Officer of Liberty Bank and President and Chief Executive Officer of Liberty Northwest Bancorp, Inc.