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2022 Annual Report

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CHAIR Message

By all measures, 2022 was an exceptional year for the association, with strong earnings and growth in our financial foundation, loan portfolio and crop insurance business. Based on our earnings and financial position, the board voted to again return cash patronage dividends to eligible stockholders equal to 1.25% of their eligible average daily loan balances. For 2022, the association returned a record \$186.5 million to customers who reinvest these dollars back into their operations and local communities.

In addition to patronage, we increased our stewardship giving throughout the Northwest. In 2022, the board designated an additional \$4 million to support our local communities. Ninety-seven projects recommended by Local Advisory Committee members were funded totaling nearly \$1 million per state. These projects included gymnasium shot clocks for Class C high schools in Montana, renovations to Oregon State University's wine lab, improvements to fairgrounds in Idaho, a Commercial Driver's License training program for high school students in Washington and the replacement of equipment for a rural fire department in Oregon.

In 2022, our board of directors continued to effectively lead Northwest FCS by closely monitoring the association's performance while working to shape the future of the association as we moved forward with the proposed merger with our partners at Farm Credit West.

On January 1, 2023, Northwest FCS merged with Farm Credit West to form AgWest Farm Credit, serving more than 22,000 customers throughout eight western states. This strategic merger of two very successful, financially strong Farm Credit associations will enhance our current capabilities to serve generations of farmers and ranchers well into the future.

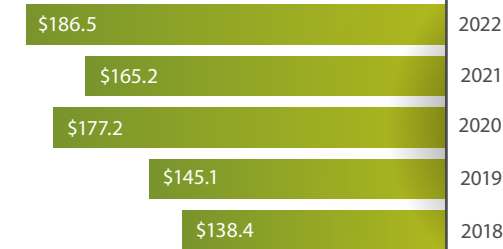
On behalf of the board, I want to thank Phil DiPofi for his profound contributions as President and CEO these past 12 years. His visionary leadership and steadfast commitment to building our capacities to better serve our customer-members, develop our staff, expand our stewardship and advance technology has positioned us well for the road ahead.

I also want to thank our talented leadership team and dedicated employees for the exceptional results we experienced in 2022. Your commitment to our cooperative's success and your passion for helping our customers succeed is greatly appreciated. Your efforts are making a significant difference in the lives of many. We are extremely grateful for your contributions over the years and excited about our bright future as AgWest Farm Credit.



Nate Riggers
Board Chair

Cash Patronage Paid (\$ in millions)





Tom Nakano
Chief Financial Officer

CFO Insights

Despite economic challenges, supply chain issues, global unrest, and mixed moisture conditions throughout the Northwest, 2022 was another year of solid performance by our customer-members. Against the headwinds of these events, we are extremely grateful for the resilience and flexibility demonstrated by our customers. As we've seen time and again, you are rising to the challenges and finding opportunities to position your businesses well for the future.

Interest rate increases were a black cloud in 2022, and we understand the constraints this places on many business owners. Overall, most of our customers entered 2022 well positioned to manage the volatility. While the path of the Federal Reserve is uncertain, our lending teams are working to assist customers in evaluating their financial operations and loan structures as needed.

Key to our strong performance continues to be the diversity of our portfolio and the strength of our customer-members. We experienced record loan portfolio growth and very few troubled loans. Our board and leadership team also successfully completed preparations for a merger with Farm Credit West to form AgWest Farm Credit, which was effective January 1, 2023.

In this report, we've highlighted 2022 accomplishments in the core areas of our business: building strong relationships with customer-members, growing and retaining highly talented employees, maximizing operational efficiencies and delivering strong financial performance.

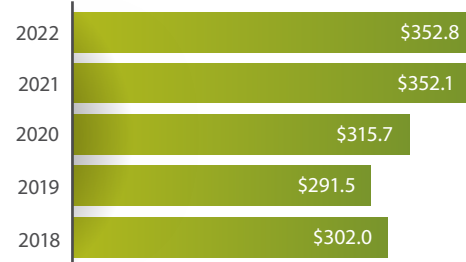
Customer Capacity

We continue to focus on customer engagement and putting our customers at the center of everything we do. Our customer engagement scores from Gallup improved from 4.61 in 2021 to 4.67 in 2022, which reflects our teams' commitment to delivering a positive experience for our customers. With these insights, we focus our efforts on being accessible and responsive, helpful and clear in our communications, and making it easier for you to do business with us.

We've continued to invest in technology to help customers save time and gain efficiencies. The use of our online banking platform continues to grow and additional improvements were made to the platform in 2022. Over the course of the year 1,674 customers adopted online banking services, and more customers used Mobile Check Capture to deposit checks remotely.

To help customers manage risk and navigate change we continue to invest in our Business Management Center. During the height of the pandemic in 2020-2021 our teams pivoted quickly to provide customer learning through webinars and on-demand content. 2022 was a refreshing change for everyone to be back in person for our customer learning events. Going forward, we will continue to provide economic insights and management resources when and where you want to consume them.

Earnings (\$ in millions)



Capital (\$ in billions)



Human Resource Capacity

Understanding and supporting our employees' experiences remains a top priority and is being reinforced through engagement activities. Employee learning is ongoing with on-demand, virtual and onsite experiences. Our robust learning and development programs include leadership and coaching opportunities for all employees, demonstrating our commitment to helping them learn and grow.

The scope and amount of work done by our employees in 2022 is truly monumental. Not only did they carry out a heavy workload to support business growth, many team members were also involved in the preparation and due diligence required for a successful merger with Farm Credit West. We couldn't be more proud of our employees and the commitment they show to our customers, fellow employees and our communities.

Operations Capacity

Making it easier for employees to provide high-quality service by improving processes and technology has been our focus for many years. In 2022 we continued to support ongoing improvements of nCino, our loan origination system, and related systems and processes. The allocation of resources in this area continues to drive system improvements and help our staff use technology effectively, while eliminating significant dependencies on legacy software.

Financial Capacity

Financially, the association performed exceptionally well, with nearly all key earnings and credit quality ratios being favorable to our 2022 plan. Northwest FCS had very strong loan growth in 2022 which led to \$352.8 million in earnings, which is a record year for the association. In addition, capital increased from \$3.0 billion in 2021 to \$3.1 billion, positioning us well to remain a reliable, consistent source of credit for our customer-members.

The association's loan portfolio is well diversified and we expect credit quality to remain strong overall in the near term. Nonaccrual loan volume and delinquencies remain low in relation to annual goals and historical averages.

Based on these strong financial results, the Northwest FCS Board of Directors approved a cash patronage dividend to stockholders equal to 1.25% of their average daily loan balances in 2022. In total, cash patronage paid to eligible customers was \$186.5 million.

Looking Ahead

As we reflect on these 2022 results, and all that has been accomplished by our cooperative over the past 31 years, we honor the legacy of Northwest Farm Credit and pause to appreciate the profound efforts of the directors, local advisors and employees who were instrumental to our success.

As part of this reflection, we thank Phil DiPofi as President and CEO of Northwest FCS for the past 12 years. The association has grown tremendously across our customer, human resource, operations and financial capacities as a result of Phil's vision and leadership. This has allowed Northwest FCS to deliver strong patronage returns to our customers, demonstrate a high level of stewardship to our communities and be recognized as a Gallup Best Places to Work for multiple years.

In our merger with Farm Credit West, we start 2023 as a new association with a new name, AgWest Farm Credit, and a new brand. We are excited about many new opportunities to come, knowing we will carry on the best pieces of Northwest FCS going forward.

Looking ahead, the future is bright for the next generation of agriculture, forestry and fisheries producers in the West.

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Caldwell
American Falls
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Miles City
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Hillsboro
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Pasco
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Cotton
East Wenatchee
Odessa*

As of 12.31.2022

(BEGIN) 2022 Annual Report to Stockholders

(END) 2022 Annual Report to Stockholders

