Farm Credit Services of Western Arkansas, ACA

Quarterly Report
March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Services of Western Arkansas, ACA and its subsidiaries, Farm Credit Services of Western Arkansas, FLCA and Farm Credit Services of Western Arkansas, PCA. This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2024 (2024 Annual Report).

Due to the nature of our financial relationship with AgriBank, FCB (AgriBank), the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports or additional copies of our report, contact us at:

Farm Credit Services of Western Arkansas, ACA
5177 US Highway 64 West
Russellville, AR 72802
(479) 968-1434
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AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
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FinancialReporting@AgriBank.com

FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2024 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

AGRICULTURAL AND ECONOMIC CONDITIONS

According to Express Markets, Inc. (EMI) as of March 25, 2025, the number of broilers processed increased 3.7% from a year prior to 166.5 million head, with average live weights increasing by 4.1% year-over-year to 6.7 pounds. With two weeks remaining to be analyzed, estimates for the first quarter of 2025 anticipate a 3% increase in production year-over-year based on recent hatchery data which remains elevated from a year prior. However, continued disease issues and reduced hatchability are likely to be limiting factors in full production potential. According to the United States Department of Agriculture (USDA) as of the week ended March 15, 2025, United States (U.S.) chick placements totaled 191.7 million, with these placements anticipated to hit slaughter during early May 2025. Hatchability declined slightly week-over-week on the broiler hatchery report, averaging 78.7%, which is down from 79.0% a year prior. Based on current egg sets alone and changes compared to a year prior, chick placements are anticipated to increase 1.4% from a year prior through early April 2025.

According to WATTPoultry, the USDA recently implemented a five-pronged strategy to combat the highly pathogenic avian influenza (HPAI) as well as to lower egg prices. The five prongs are strengthening biosecurity, expediting relief for producers to help repopulation, reducing the regulatory burden to expand supply and lower prices, investing $100 million in HPAI research, and evaluating short-term import and export adjustments. The last of which includes the U.S. temporarily importing eggs from Turkey, South Korea, and potentially other countries to help stabilize supply, as well as reducing U.S. shell egg exports by 8% to retain eggs for the domestic market.

Based on EMI data as of March 19, 2025, estimated federally inspected (F.I.) cattle slaughter and heifers accounted for 32% of the total F.I. cattle slaughter. This was 6% more than in 2015, which was the last time ranchers were focused on rebuilding the cattle herd. In January 2025, heifers made up 38.7% of the number of cattle on feed, while in 2015, heifers made up between 31 to 33% of the number of cattle on feed. As of the week ended March 8, 2025, U.S. feeder cattle imports are on the rise, with the border now open to Mexican cattle imports. Tariff concerns and stronger feeder prices may have contributed to the increase in Canadian feeder imports, which were up 68.9% or about 7,237 head in the four weeks from mid-February to mid-March 2025 compared to a year ago. For the week ending March 15, 2025, the choice boxed beef cutout value averaged $319.6 per hundredweight, which is up 1.8% from the previous week and 3.0% from a year prior. A decline in cattle slaughter and solid demand are contributing to the increase in the cutout value. The heavier weight cattle continue to support the prime and choice beef grades, which were up 0.6% in the last four weeks. Beef demand remains solid despite January 2025 retail prices setting 5-year highs in both the choice and the fresh beef categories.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $2.0 billion at March 31, 2025, an increase of $52.1 million from December 31, 2024.

Portfolio Credit Quality

The credit quality of our portfolio remained stable from December 31, 2024. Adversely classified loans were 1.4% of the portfolio at March 31, 2025, and December 31, 2024. Adversely classified loans are loans we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

In certain circumstances, government agency guarantee programs are used to reduce the risk of loss. At March 31, 2025, $27.4 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) As of:	**March 31, 2025**	December 31, 2024
Loans:		
Nonaccrual	**$ 9,210**	$ 9,590
Accruing loans 90 days or more past due	**--**	--
Total nonperforming loans	**9,210**	9,590
Other property owned	**495**	718
Total nonperforming assets	**$ 9,705**	$ 10,308
Total nonperforming loans as a percentage of total loans	**0.5%**	0.5%
Nonaccrual loans as a percentage of total loans	**0.5%**	0.5%
Current nonaccrual loans as a percentage of total nonaccrual loans	**32.1%**	44.1%
Total delinquencies as a percentage of total loans[1]	**0.5%**	0.5%

[1]Total delinquencies include accrual and nonaccrual loans 30 days or more past due.

Our nonperforming assets have decreased slightly from December 31, 2024, and remained at acceptable levels. Total nonperforming loans as a percentage of total loans were well within our established risk management guidelines.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is an estimate of expected credit losses in our portfolio. We determine the appropriate level of allowance for credit losses on loans based on a disciplined process and methodology that incorporates expected probabilities of default and loss given default based on historical portfolio performance, forecasts of future economic conditions, and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions.

Allowance for Credit Losses on Loans and Coverage Ratios

(dollars in thousands) As of:	**March 31, 2025**	December 31, 2024
Allowance for credit losses on loans	**$ 4,131**	$ 2,627
Allowance for credit losses on loans as a percentage of:		
Loans	**0.2%**	0.1%
Nonaccrual loans	**44.9%**	27.4%
Total nonperforming loans	**44.9%**	27.4%

The increase from December 31, 2024, was primarily related to the establishment of specific reserves for two nonaccrual loans in our production and intermediate-term and real estate loan portfolios as a result of updated appraisals during the first quarter of 2025. There was also an increase in the general reserves in our agribusiness loan portfolio.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the three months ended March 31,	**2025**	2024
Net income	**$ 7,499**	$ 8,893
Return on average assets	**1.4%**	1.9%
Return on average members' equity	**7.3%**	9.2%

Changes presented in the profitability information table relate directly to:

- Changes in net income discussed in this section
- Changes in assets discussed in the Loan Portfolio section
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income

(in thousands) For the three months ended March 31,	**2025**	2024	**Increase (decrease) in net income**
Net interest income	**$ 15,093**	$ 14,198	**$ 895**
Provision for credit losses	**1,581**	93	**(1,488)**
Non-interest income	**2,891**	2,768	**123**
Non-interest expense	**9,300**	8,203	**(1,097)**
Benefit from income taxes	**(396)**	(223)	**173**
Net income	**$ 7,499**	$ 8,893	**$ (1,394)**

Provision for Credit Losses

The "Provision for credit losses" in the Consolidated Statements of Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. The provision for credit losses recorded for the period ended March 31, 2025, was $1.6 million and was primarily due to the establishment of specific reserves for two nonaccrual loans in our production and intermediate-term and real estate loan portfolios as a result of updated appraisals during the first quarter of 2025. There was also an increase in the general reserves in our agribusiness loan portfolio. While the provision for credit losses for the period ended March 31, 2024, was $93 thousand and was primarily due to an increase in general reserves.

Non-Interest Expense

The change in non-interest expense was primarily related to an increase in loan servicing expense and an increase in salaries and employee benefits.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable is scheduled to mature on May 31, 2027. We intend to renegotiate the note payable no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. We also fund our portfolio from equity.

The components of cost of funds associated with our note payable include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

We were not subject to a risk premium at March 31, 2025, or December 31, 2024.

Total members' equity increased $4.7 million from December 31, 2024, primarily due to net income for the period, partially offset by patronage distribution accruals.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 7 in our 2024 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	**March 31, 2025**	December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**16.9%**	17.7%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**16.9%**	17.7%	6.0%	2.5%	8.5%
Total capital ratio	**17.1%**	18.0%	8.0%	2.5%	10.5%
Permanent capital ratio	**17.0%**	17.8%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**17.0%**	17.9%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**16.7%**	17.5%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 11 in our 2024 Annual Report.

CERTIFICATION

The undersigned have reviewed the March 31, 2025, Quarterly Report of Farm Credit Services of Western Arkansas, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Cody R. Jones
Chairperson of the Board
Farm Credit Services of Western Arkansas, ACA

Brandon Haberer
President and Chief Executive Officer
Farm Credit Services of Western Arkansas, ACA

Lori Schumacher
Senior Vice President of Finance and Chief Financial Officer
Farm Credit Services of Western Arkansas, ACA

May 8, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Services of Western Arkansas, ACA
(in thousands)

As of:		March 31, 2025		December 31, 2024
		(Unaudited)		
ASSETS				
Loans	**$**	**1,988,608**	$	1,936,502
Allowance for credit losses on loans		**4,131**		2,627
Net loans		**1,984,477**		1,933,875
Investment in AgriBank, FCB		**64,361**		64,361
Accrued interest receivable		**16,945**		16,299
Premises and equipment, net		**21,767**		21,908
Other assets		**19,512**		22,379
Total assets	**$**	**2,107,062**	$	2,058,822
LIABILITIES				
Note payable to AgriBank, FCB	**$**	**1,640,571**	$	1,587,877
Accrued interest payable		**15,097**		15,031
Patronage distribution payable		**2,750**		12,000
Other liabilities		**38,716**		38,724
Total liabilities		**1,697,134**		1,653,632
Contingencies and commitments (Note 3)				
MEMBERS' EQUITY				
Capital stock and participation certificates		**6,291**		6,274
Unallocated retained earnings		**403,637**		398,916
Total members' equity		**409,928**		405,190
Total liabilities and members' equity	**$**	**2,107,062**	$	2,058,822

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Farm Credit Services of Western Arkansas, ACA
(in thousands)
(Unaudited)

	Three Months Ended	
For the period ended March 31,	**2025**	2024
Interest income	**$ 30,190**	$ 27,743
Interest expense	**15,097**	13,545
Net interest income	**15,093**	14,198
Provision for credit losses	**1,581**	93
Net interest income after provision for credit losses	**13,512**	14,105
Non-interest income		
Patronage income	**1,718**	2,000
Financially related services income	**2**	6
Fee income	**856**	691
Other non-interest income	**315**	71
Total non-interest income	**2,891**	2,768
Non-interest expense		
Salaries and employee benefits	**5,342**	5,056
Other operating expense	**3,955**	3,147
Other non-interest expense	**3**	--
Total non-interest expense	**9,300**	8,203
Income before income taxes	**7,103**	8,670
Benefit from income taxes	**(396)**	(223)
Net income	**$ 7,499**	$ 8,893

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Services of Western Arkansas, ACA
(in thousands)
(Unaudited)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Total Members' Equity
Balance at December 31, 2023	$ 6,232	$ 377,094	$ 383,326
Net income	--	8,893	8,893
Unallocated retained earnings designated for patronage distributions	--	(2,597)	(2,597)
Capital stock and participation certificates issued	122	--	122
Capital stock and participation certificates retired	(124)	--	(124)
Balance at March 31, 2024	$ 6,230	$ 383,390	$ 389,620
Balance at December 31, 2024	$ 6,274	$ 398,916	$ 405,190
Net income	**--**	**7,499**	**7,499**
Unallocated retained earnings designated for patronage distributions	**--**	**(2,778)**	**(2,778)**
Capital stock and participation certificates issued	**150**	**--**	**150**
Capital stock and participation certificates retired	**(133)**	**--**	**(133)**
Balance at March 31, 2025	**$ 6,291**	**$ 403,637**	**$ 409,928**

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial information and conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the three months ended March 31, 2025, are not necessarily indicative of the results to be expected for the year ending December 31, 2025. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2024 (2024 Annual Report).

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of Farm Credit Services of Western Arkansas, ACA and its subsidiaries Farm Credit Services of Western Arkansas, FLCA and Farm Credit Services of Western Arkansas, PCA. All material intercompany transactions and balances have been eliminated in consolidation.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standard to be applicable to our business. While we are a nonpublic business entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other System institutions.

Standard and effective date	Description	Adoption status and financial statement impact
In December 2023, the FASB issued Accounting Standards Update 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance is effective for annual periods beginning after December 15, 2025.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding information by state jurisdiction to the rate reconciliation and income taxes paid disclosures.	We expect to adopt the standard as of January 1, 2026. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Throughout Note 2 accrued interest receivable on loans of $16.9 million at March 31, 2025, and $16.3 million at December 31, 2024, has been excluded from the amortized cost of loans and is presented in "Accrued interest receivable" in the Consolidated Statements of Condition.

Loans by Type

(dollars in thousands)

As of:	**March 31, 2025**		December 31, 2024	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	**$ 1,268,775**	**63.8%**	$ 1,252,040	64.6%
Production and intermediate-term	**216,010**	**10.9%**	204,871	10.6%
Agribusiness	**371,716**	**18.7%**	350,439	18.1%
Other	**132,107**	**6.6%**	129,152	6.7%
Total	**$ 1,988,608**	**100.0%**	$ 1,936,502	100.0%

The other category is primarily composed of rural infrastructure and rural residential real estate related loans.

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands) **As of March 31, 2025**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	**$ 3,710**	**$ 3,912**	**$ 7,622**	**$ 1,261,153**	**$ 1,268,775**
Production and intermediate-term	**613**	**1,166**	**1,779**	**214,231**	**216,010**
Agribusiness	**729**	**--**	**729**	**370,987**	**371,716**
Other	**65**	**--**	**65**	**132,042**	**132,107**
Total	**$ 5,117**	**$ 5,078**	**$ 10,195**	**$ 1,978,413**	**$ 1,988,608**

As of December 31, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	$ 3,819	$ 3,706	$ 7,525	$ 1,244,515	$ 1,252,040
Production and intermediate-term	329	1,030	1,359	203,512	204,871
Agribusiness	--	--	--	350,439	350,439
Other	--	--	--	129,152	129,152
Total	$ 4,148	$ 4,736	$ 8,884	$ 1,927,618	$ 1,936,502

There were no loans 90 days or more past due and still accruing interest at March 31, 2025, or December 31, 2024.

Nonaccrual Loans

Nonaccrual Loans Information

	As of March 31, 2025		**For the Three Months Ended March 31, 2025**
(in thousands)	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	**$ 7,695**	**$ 6,177**	**$ 297**
Production and intermediate-term	**1,459**	**801**	**76**
Agribusiness	**37**	**37**	**--**
Other	**19**	**19**	**--**
Total	**$ 9,210**	**$ 7,034**	**$ 373**

	As of December 31, 2024		For the Three Months Ended March 31, 2024
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$ 7,492	$ 6,403	$ 169
Production and intermediate-term	1,176	1,046	54
Agribusiness	902	902	--
Other	20	20	--
Total	$ 9,590	$ 8,371	$ 223

Reversals of interest income on loans that transferred to nonaccrual status were not material for the three months ended March 31, 2025, or 2024.

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

Included within our loans are loan modifications; some of which are granted to borrowers experiencing financial difficulty. Modifications are one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant term extension, or other-than-insignificant payment deferrals. Other-than-insignificant term extensions are defined as those greater than or equal to six months. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Other-than-insignificant payment deferrals are defined as cumulative or individual payment delays greater than or equal to six months. Our loans classified as modified loans at March 31, 2025, or 2024, and activity on these loans during the three months ended March 31, 2025, or 2024, were not material. We did not have any material commitments at March 31, 2025, or December 31, 2024, to lend to borrowers whose loans were modified during the three months ended March 31, 2025, or during the year ended December 31, 2024, respectively.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type which are the segments used to estimate the allowance for credit losses. As our lending authorities limit the types of loans we can originate, our portfolio is concentrated in the agriculture sector. The credit risk associated with each of our portfolio segments includes a strong correlation to agricultural commodity prices and input costs. Specifically for our real estate mortgage segment, the value of poultry houses and agricultural land that serves as collateral is a key risk characteristic. Additionally, unemployment rates and gross domestic product levels are additional key risk characteristics attributable to our portfolio. We consider these characteristics, among others, in assigning internal risk ratings and forecasting credit losses on our loan portfolio and related unfunded commitments.

We develop our reasonable and supportable forecast by considering a multitude of macroeconomic variables. Our forecasts of United States (U.S.) net farm income, U.S. real gross domestic product, and the U.S. unemployment rate represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and unfunded commitments.

We utilize a single macroeconomic scenario in the estimate of the allowance for credit losses on loans and unfunded commitments which represents the most probable forecasted outcome. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

Changes in Allowance for Credit Losses

(in thousands) Three months ended March 31,	**2025**	2024
Allowance for Credit Losses on Loans		
Balance at beginning of period	**$ 2,627**	$ 4,390
Provision for credit losses on loans	**1,467**	96
Loan recoveries	**264**	11
Loan charge-offs	**(227)**	(2)
Balance at end of period	**$ 4,131**	$ 4,495
Allowance for Credit Losses on Unfunded Commitments		
Balance at beginning of period	**$ 524**	$ 567
Provision for credit losses on unfunded commitments	**114**	(3)
Balance at end of period	**$ 638**	$ 564
Total allowance for credit losses	**$ 4,769**	$ 5,059

The change in the allowance for credit losses on loans from December 31, 2024, was primarily driven by the establishment of specific reserves for two nonaccrual loans in our production and intermediate-term and real estate loan portfolios as a result of updated appraisals during the first quarter of 2025. There was also an increase in the general reserves in our agribusiness loan portfolio.

NOTE 3: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

Refer to Note 11 in our 2024 Annual Report for additional detail regarding contingencies and commitments.

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 in our 2024 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2025, or December 31, 2024.

Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands)

As of March 31, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	**$ --**	**$ --**	**$ 1,174**	**$ 1,174**
Other property owned	**--**	**--**	**569**	**569**

As of December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$ 716	$ 716
Other property owned	--	--	826	826

Valuation Techniques

Loans: Represents the carrying amount of loans evaluated individually for credit losses and deemed to be collateral dependent. The carrying value amount is based on the estimated value of the underlying collateral, less costs to sell. When the fair value of the collateral, less costs to sell, is less than the amortized cost basis of the loan, a specific allowance for expected credit losses is established. Costs to sell represent transaction costs and are not included as a component of the collateral's estimated fair value. Typically, the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters and, therefore, are classified as Level 3 fair value measurements.

Other Property Owned: Represents the fair value of foreclosed assets measured based on the collateral value, which is generally determined using appraisals, or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses observable market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, they are classified as Level 3.

NOTE 5: SUBSEQUENT EVENTS

We have evaluated subsequent events through May 8, 2025, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.