Farm Credit Southeast Missouri, 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 Southeast Missouri, ACA and its subsidiaries, Farm Credit Southeast Missouri, FLCA and Farm Credit Southeast Missouri, 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 Southeast Missouri, ACA
1116 N. Main Street
Sikeston, MO 63801
(573) 471-0342
www.FarmCreditSEMO.com
info@FarmCreditSEMO.com

AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
www.AgriBank.com
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

Land Values: Average 2024 benchmark farmland value increased 4.3% compared to an increase of 15.4% and 14.1% in 2023 and 2022, respectively.

Commodity Prices: Commodity prices are at the lowest levels we have seen since 2020. These lower prices are being driven by large beginning stocks going into 2025 as a result of record crop production levels in 2024 as well as tariff concerns which have created uncertainty and volatility in the market. Weaker margins, and even negative margins in some cases, were recognized by producers for the 2024 crop year. Several years of elevated income and positive working capital have strengthened balance sheets for many producers, leaving them well positioned to withstand the weaker margins recognized in this low-price environment. The Emergency Commodity Assistance Program enacted in December 2024 is being implemented by the United States Department of Agriculture and will help provide some relief to producers impacted by increased input costs and falling commodity prices.

Crop Conditions: Weather conditions in the first quarter were favorable for producers to complete early field work and to begin the planting season. Heavy rainfall in early April slowed the early progress and a fair amount of replanting may be required. While it's too early to project yields at this time, winter wheat across the territory was planted in a timely manner last fall and looks good in its current growth stage.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $871.8 million at March 31, 2025, a decrease of $46.8 million from December 31, 2024. The decrease was primarily due to seasonal repayments of operating loans.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2024. Adversely classified loans increased to 1.6% of the portfolio at March 31, 2025, from 1.0% of the portfolio at 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, $33.5 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	**$ 7,213**	$ 1,192
Accruing loans 90 days or more past due	**336**	336
Total nonperforming loans	**7,549**	1,528
Other property owned	**--**	--
Total nonperforming assets	**$ 7,549**	$ 1,528
Total nonperforming loans as a percentage of total loans	**0.9%**	0.2%
Nonaccrual loans as a percentage of total loans	**0.8%**	0.1%
Current nonaccrual loans as a percentage of total nonaccrual loans	**21.4%**	49.9%
Total delinquencies as a percentage of total loans[1]	**1.7%**	0.3%

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

Our nonperforming assets increased from December 31, 2024, but remained at acceptable levels. Despite the increase in nonperforming assets, total nonperforming loans as a percentage of total loans were well within our established risk management guidelines.

The increase in nonaccrual loans was primarily due to production and intermediate-term and real estate mortgage loans for four customers transferring to nonaccrual status during the first quarter of 2025. Nonaccrual loans remained at an acceptable level at March 31, 2025, and December 31, 2024.

Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection. Based on our analysis, accruing loans 90 days or more past due were eligible to remain in accruing status.

The increase in total delinquencies as a percentage of total loans was primarily due an increase in production and intermediate loans 30-60 days past due and an increase in past due nonaccrual loans.

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	**$ 5,513**	$ 2,109
Allowance for credit losses on loans as a percentage of:		
Loans	**0.6%**	0.2%
Nonaccrual loans	**76.4%**	176.9%
Total nonperforming loans	**73.0%**	138.0%

The increase from December 31, 2024, was primarily related to a $3.3 million increase in specific reserves as a result of the transfer of production and intermediate-term loans to nonaccrual status during the first quarter of 2025 and required specific reserves.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the three months ended March 31,	2025	2024
Net income	**$ 1,261**	$ 4,636
Return on average assets	**0.5%**	2.0%
Return on average members' equity	**2.3%**	8.8%

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	**$ 6,824**	$ 6,678	**$ 146**
Provision for credit losses	**3,460**	(51)	**(3,511)**
Non-interest income	**980**	1,310	**(330)**
Non-interest expense	**3,680**	3,298	**(382)**
(Benefit from) provision for income taxes	**(597)**	105	**702**
Net income	**$ 1,261**	$ 4,636	**$ (3,375)**

Provision for Credit Losses

The “Provision for credit losses” in the Consolidated Statements of Comprehensive 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 of $3.5 million at March 31, 2025, was primarily due to four customers with loans that transferred to nonaccrual status during the first quarter of 2025 and required specific reserves.

Non-Interest Income

The change in non-interest income was primarily due to a decrease in patronage income and partially offset by an increase in other non-interest income.

Patronage Income: We may receive patronage from AgriBank and other Farm Credit institutions. Patronage distributions from AgriBank and other Farm Credit institutions are declared solely at the discretion of each institution’s Board of Directors. AgriBank may distribute patronage in the form of cash or stock. All other patronage from other Farm Credit institutions is typically distributed in cash.

Patronage Income

(in thousands) For the three months ended March 31,	2025	2024
Patronage from AgriBank	**$ 673**	$ 1,101
Other patronage	**20**	11
Total patronage income	**$ 693**	$ 1,112

The decrease in patronage income in 2025 compared to the same period in 2024 was primarily due to pool program and wholesale patronage income received from AgriBank. The pool program patronage decreased due to lower net earnings on loans in the pool and a lower patronage rate earned on the average daily balance of outstanding loans in the pool programs. The decrease in wholesale patronage income was primarily due to a lower patronage rate earned on the average daily balance of our wholesale note payable to AgriBank.

Other Non-interest Income: The increase in other non-interest income was primarily due to our share of the Allocated Insurance Reserve Accounts (AIRA) distribution received from the Farm Credit System Insurance Corporation (FCSIC) of $146 thousand. The AIRA was established by the FCSIC when premiums collected increased the level of the Farm Credit Insurance Fund beyond the required 2% of insured debt. Refer to the 2024 Annual Report for additional information about the FCSIC.

Non-Interest Expense

The change in non-interest expense was primarily related to increases in salaries and incentives, purchased services, director expenses, and travel expenses, year-over-year.

(Benefit from) Provision for Income Taxes

The change in (benefit from) provision for income taxes was primarily related to our estimate of taxes based on taxable income. The increase is due to a net loss at March 31, 2025, in our taxable entity as a result of increased provision for credit losses expense.

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 December 31, 2026. 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 decreased $165 thousand from December 31, 2024, primarily due to patronage distribution accruals and partially offset by net income for the period.

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	**18.7%**	18.4%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**18.7%**	18.4%	6.0%	2.5%	8.5%
Total capital ratio	**18.9%**	18.5%	8.0%	2.5%	10.5%
Permanent capital ratio	**18.7%**	18.5%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**19.4%**	18.7%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**19.2%**	18.5%	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 Southeast Missouri, 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.

/s/ Ed C. Marshall III
Chairperson of the Board
Farm Credit Southeast Missouri, ACA

/s/ Gregory M. Cunningham
President / Chief Executive Officer
Farm Credit Southeast Missouri, ACA

/s/ Michelle M. Beacham
Executive Vice President / Chief Financial & Operations Officer
Farm Credit Southeast Missouri, ACA

May 8, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Southeast Missouri, ACA
(in thousands)

As of:	March 31, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Loans	**$ 871,848**	$ 918,661
Allowance for credit losses on loans	**5,513**	2,109
Net loans	**866,335**	916,552
Investment in AgriBank, FCB	**38,073**	38,073
Investment securities	**22,461**	24,854
Accrued interest receivable	**19,487**	27,603
Other assets	**13,386**	14,305
Total assets	**$ 959,742**	$ 1,021,387
LIABILITIES		
Note payable to AgriBank, FCB	**$ 732,623**	$ 783,712
Accrued interest payable	**6,529**	7,458
Patronage distribution payable	**1,500**	9,000
Other liabilities	**1,492**	3,454
Total liabilities	**742,144**	803,624
Contingencies and commitments (Note 4)		
MEMBERS' EQUITY		
Capital stock and participation certificates	**1,666**	1,660
Unallocated retained earnings	**215,905**	216,076
Accumulated other comprehensive income	**27**	27
Total members' equity	**217,598**	217,763
Total liabilities and members' equity	**$ 959,742**	$ 1,021,387

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Southeast Missouri, ACA

(in thousands)
(Unaudited)

	Three Months Ended	
For the period ended March 31,	**2025**	2024
Interest income	**$ 13,353**	$ 12,748
Interest expense	**6,529**	6,070
Net interest income	**6,824**	6,678
Provision for credit losses	**3,460**	(51)
Net interest income after provision for credit losses	**3,364**	6,729
Non-interest income		
Patronage income	**693**	1,112
Financially related services income	**47**	85
Fee income	**83**	110
Other non-interest income	**157**	3
Total non-interest income	**980**	1,310
Non-interest expense		
Salaries and employee benefits	**1,748**	1,638
Other operating expense	**1,932**	1,660
Total non-interest expense	**3,680**	3,298
Income before income taxes	**664**	4,741
(Benefit from) provision for income taxes	**(597)**	105
Net income	**$ 1,261**	$ 4,636
Other comprehensive income		
Employee benefit plans activity	**$ --**	$ (1)
Total other comprehensive income	**--**	(1)
Comprehensive income	**$ 1,261**	$ 4,635

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Southeast Missouri, ACA

(in thousands)

(Unaudited)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2023	$ 1,651	$ 206,027	$ 30	$ 207,708
Net income	--	4,636	--	4,636
Other comprehensive loss	--	--	(1)	(1)
Unallocated retained earnings designated for patronage distributions	--	(1,500)	--	(1,500)
Capital stock and participation certificates issued	32	--	--	32
Capital stock and participation certificates retired	(24)	--	--	(24)
Balance at March 31, 2024	$ 1,659	$ 209,163	$ 29	$ 210,851
Balance at December 31, 2024	$ 1,660	$ 216,076	$ 27	$ 217,763
Net income	**--**	**1,261**	**--**	**1,261**
Unallocated retained earnings designated for patronage distributions	**--**	**(1,432)**	**--**	**(1,432)**
Capital stock and participation certificates issued	**34**	**--**	**--**	**34**
Capital stock and participation certificates retired	**(28)**	**--**	**--**	**(28)**
Balance at March 31, 2025	**$ 1,666**	**$ 215,905**	**$ 27**	**$ 217,598**

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 Southeast Missouri, ACA and its subsidiaries Farm Credit Southeast Missouri, FLCA and Farm Credit Southeast Missouri, 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 $19.3 million at March 31, 2025, and $27.3 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	**$ 564,937**	**64.8%**	$ 566,348	61.6%
Production and intermediate-term	**252,425**	**29.0%**	297,672	32.4%
Agribusiness	**35,906**	**4.1%**	34,715	3.8%
Other	**18,580**	**2.1%**	19,926	2.2%
Total	**$ 871,848**	**100.0%**	$ 918,661	100.0%

The other category is composed of certain assets characterized as mission related investments, as well as 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 2,512**	**$ --**	**$ 2,512**	**$ 562,425**	**$ 564,937**	**$ --**
Production and intermediate-term	**9,429**	**1,754**	**11,183**	**241,242**	**252,425**	**--**
Agribusiness	**--**	**--**	**--**	**35,906**	**35,906**	**--**
Other	**895**	**336**	**1,231**	**17,349**	**18,580**	**336**
Total	**$ 12,836**	**$ 2,090**	**$ 14,926**	**$ 856,922**	**$ 871,848**	**$ 336**

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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 114	$ --	$ 114	$ 566,234	$ 566,348	$ --
Production and intermediate-term	784	169	953	296,719	297,672	--
Agribusiness	720	--	720	33,995	34,715	--
Other	568	336	904	19,022	19,926	336
Total	$ 2,186	$ 505	$ 2,691	$ 915,970	$ 918,661	$ 336

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 (Reversed) Recognized
Nonaccrual loans:			
Real estate mortgage	**$ 1,640**	**$ 1,640**	**$ (6)**
Production and intermediate-term	**5,560**	**396**	**244**
Other	**13**	**13**	**--**
Total	**$ 7,213**	**$ 2,049**	**$ 238**

	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	$ 1	$ 1	$ 77
Production and intermediate-term	1,191	--	114
Total	$ 1,192	$ 1	$ 191

Reversals of interest income on loans that transferred to nonaccrual status were not material for the three months ended March 31, 2025, and there were no reversals of interest income on loans that transferred to nonaccrual status for the three months ended March 31, 2024.

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 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	**$**	**2,109**	$	748
Provision for credit losses on loans		**3,430**		(51)
Loan recoveries		**--**		87
Loan charge-offs		**(26)**		(12)
Balance at end of period	**$**	**5,513**	$	772
Allowance for Credit Losses on Unfunded Commitments				
Balance at beginning of period	**$**	**30**	$	20
Provision for credit losses on unfunded commitments		**30**		--
Balance at end of period	**$**	**60**	$	20
Total allowance for credit losses	**$**	**5,573**	$	792

The change in the allowance for credit losses on loans from December 31, 2024, was primarily driven by increases to the specific reserves.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $22.5 million at March 31, 2025, and $24.9 million at December 31, 2024. Our investment securities consisted of pools of loans fully guaranteed by the Small Business Administration. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction to interest income.

The investment securities have been classified as held-to-maturity. There was no allowance for credit losses on investment securities at March 31, 2025, or December 31, 2024.

Accrued interest receivable on investment securities is presented in “Accrued interest receivable” in the Consolidated Statements of Condition and was $161 thousand at March 31, 2025, and $345 thousand at December 31, 2024.

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $281 thousand and $455 thousand for the three months ended March 31, 2025, and 2024, respectively.

Contractual Maturities of Investment Securities

(in thousands)

As of March 31, 2025		Amortized Cost
One to five years	**$**	**636**
Five to ten years		**8,623**
More than ten years		**13,202**
Total	**$**	**22,461**

NOTE 4: 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 5: 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	**$ --**	**$ --**	**$ 736**	**$ 736**

As of December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$ 64	$ 64

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.

NOTE 6: 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.