Report of Independent Auditors
and Consolidated Financial Statements

Liberty Northwest Bancorp, Inc.

December 31, 2023 and 2022

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors and Shareholders of
Liberty Northwest Bancorp, Inc., and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Liberty Northwest Bancorp, Inc., and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Liberty Northwest Bancorp, Inc., and Subsidiary as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and 3 to the consolidated financial statements, in 2023, Liberty Northwest Bancorp, Inc., and Subsidiary adopted new accounting guidance *Accounting Standards Codification Topic 326 Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Liberty Northwest Bancorp, Inc., and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Liberty Northwest Bancorp, Inc., and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Liberty Northwest Bancorp, Inc., and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Liberty Northwest Bancorp, Inc., and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Moss Adams LLP

Everett, Washington
March 21, 2024

Consolidated Financial Statements

Liberty Northwest Bancorp, Inc.
Consolidated Balance Sheets
(Dollars in Thousands, Except Share Data)
December 31, 2023 and 2022

	2023	2022
ASSETS		
CASH AND CASH EQUIVALENTS		
Cash and due from banks	$ 1,817	$ 2,844
Overnight funds	4,360	11,040
Total cash and cash equivalents	6,177	13,884
INTEREST-BEARING DEPOSITS WITH OTHER FINANCIAL INSTITUTIONS	3,536	440
INVESTMENT SECURITIES AVAILABLE FOR SALE, at fair value		
(amortized cost of $10,242 and $9,790 at December 32, 2023 and 2022, respectively)	9,586	8,932
INVESTMENT SECURITIES HELD TO MATURITY, at amortized cost		
(fair value of $11,390 and $12,372 at December 32, 2023 and 2022, respectively)	13,448	14,750
FEDERAL HOME LOAN BANK STOCK, at cost	1,218	1,540
LOANS	144,032	146,185
Less allowance for credit losses	1,150	1,235
Total loans, net	142,882	144,950
PREMISES AND EQUIPMENT, net	6,370	6,531
ACCRUED INTEREST RECEIVABLE	765	699
OTHER ASSETS	1,015	1,290
Total assets	$ 184,997	$ 193,016
LIABILITIES AND STOCKHOLDERS' EQUITY		
DEPOSITS		
Noninterest-bearing	$ 42,803	$ 46,152
Interest-bearing	99,395	95,616
Total deposits	142,198	141,768
BORROWED FUNDS	29,430	38,149
ACCRUED INTEREST PAYABLE	335	165
OTHER LIABILITIES	487	595
Total liabilities	172,450	180,677
STOCKHOLDERS' EQUITY		
Common stock, $1 par value, 50,000,000 shares authorized, 1,674,259 shares issued and outstanding at December 31, 2023, and 1,669,009 shares issued and outstanding at December 31, 2022	1,650	1,633
Additional paid-in capital	13,108	13,019
Accumulated deficit	(1,493)	(1,528)
Accumulated other comprehensive income (loss)	(718)	(785)
Total stockholders' equity	12,547	12,339
Total liabilities and shareholders' equity	$ 184,997	$ 193,016

See accompanying notes.

Liberty Northwest Bancorp, Inc.
Consolidated Statements of Income
(Dollars in Thousands, Except Share Data)
Years Ended December 31, 2023 and 2022

	2023	2022
INTEREST AND FEE INCOME		
Loans, including fees	$ 7,173	$ 6,128
Investment securities	483	386
Interest-bearing deposits with other financial institutions and overnight funds	323	68
Total interest and fee income	7,979	6,582
INTEREST EXPENSE		
Deposits	2,141	477
Borrowed funds	1,396	547
Total interest expense	3,537	1,024
NET INTEREST INCOME	4,442	5,558
(BENEFIT) PROVISION FOR CREDIT LOSSES	(105)	190
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	4,547	5,368
NONINTEREST INCOME		
Service charges on deposits	78	65
Debit and credit card interchange income, net	63	61
Other income	309	67
Total noninterest income	450	193
NONINTEREST EXPENSE		
Salaries and employee benefits	2,854	2,773
Occupancy and equipment	595	582
Data processing	532	507
Advertising and business development	51	54
Professional and regulatory	284	354
Other expenses	637	609
Total noninterest expense	4,953	4,879
NET INCOME BEFORE PROVISION FOR INCOME TAXES	44	682
PROVISION FOR INCOME TAXES	9	143
NET INCOME	$ 35	$ 539

See accompanying notes.

Liberty Northwest Bancorp, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Dollars in Thousands, Except Share Data)
Years Ended December 31, 2023 and 2022

	2023	2022
NET INCOME	$ 35	$ 539
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities available for sale	213	(884)
Reclassification for realized gain on sale	(5)	-
Tax effect on securities available for sale	(44)	186
Amortization of net unrealized holding gain from securities transferred to held to maturity	18	24
Unrealized loss on effective cash flow hedges	(146)	-
Tax effect on effective cash flow hedges	31	-
Other comprehensive income (loss), net	67	(674)
COMPREHENSIVE INCOME (LOSS)	$ 102	$ (135)

See accompanying notes.

Liberty Northwest Bancorp, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(Dollars in Thousands, Except Share Data)
Years Ended December 31, 2023 and 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE, December 31, 2021	1,637,724	$ 1,626	$ 12,984	$ (2,067)	$ (111)	$ 12,432
Net income	-	-	-	539	-	539
Cashless exercise of options	1,285	1	(1)	-	-	-
Vesting of restricted stock	-	6	(6)	-	-	-
Issuance of restricted stock	30,000	-	-	-	-	-
Other comprehensive loss, net	-	-	-	-	(674)	(674)
Stock-based compensation	-	-	42	-	-	42
BALANCE, December 31, 2022	1,669,009	1,633	13,019	(1,528)	(785)	12,339
Net income	-	-	-	35	-	35
Exercise of stock options	5,250	5	23	-	-	28
Vesting of restricted stock	-	12	(12)	-	-	-
Other comprehensive income, net	-	-	-	-	67	67
Stock-based compensation	-	-	78	-	-	78
BALANCE, December 31, 2023	1,674,259	$ 1,650	$ 13,108	$ (1,493)	$ (718)	$ 12,547

See accompanying notes.

Liberty Northwest Bancorp, Inc.
Consolidated Statements of Cash Flows
(Dollars in Thousands, Except Share Data)
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 35	$ 539
Adjustments to reconcile net income to net cash from operating activities		
(Benefit) provision for credit losses	(105)	190
Depreciation and amortization	258	198
Deferred expense for income taxes	55	112
Net amortization of investment security premium and discount	26	77
Gain on sale of investments available for sale	(4)	-
Amortization of sub-debt issuance costs	31	31
Stock-based compensation	78	42
Changes in operating assets and liabilities		
Accrued interest receivable	(66)	(192)
Other assets	189	65
Accrued interest payable	170	92
Other liabilities	(236)	(225)
Net cash provided by operating activities	431	929
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in interest-bearing deposits with other financial institutions	(3,096)	559
Activity in securities available for sale		
Maturities, repayments, and calls	1,136	1,206
Purchases	(2,544)	(2,069)
Sales	940	-
Activity in securities held to maturity		
Maturities, repayments, and calls	1,320	2,052
Purchases	-	-
Redemption (purchase) of Federal Home Loan Bank stock	322	(1,176)
Loan payments (originations), net	2,173	(26,018)
Purchase of premises and equipment, net	(97)	(3,904)
Net cash provided by (used in) investing activities	154	(29,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	430	(9,472)
Repayment of Paycheck Protection Program liquidity facility	-	(2,087)
Proceeds from term Federal Home Loan Bank advances	5,000	16,000
Repayments of term Federal Home Loan Bank advances	(15,000)	(1,500)
Proceeds (repayments) from revolving Federal Home Loan Bank advances, net	1,250	14,750
Proceeds from exercise of stock options	28	-
Net cash (used in) provided by financing activities	(8,292)	17,691
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,707)	(10,730)
CASH AND CASH EQUIVALENTS, beginning of year	13,884	24,614
CASH AND CASH EQUIVALENTS, end of year	$ 6,177	$ 13,884
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for income taxes	$ -	$ 136
Cash paid during the year for interest	$ 889	$ 907
SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS		
Initial recognition of right-of-use asset	$ -	$ 410
Initial recognition of lease liability	$ -	$ 410
Unrealized gain (loss) on securities available for sale	$ 208	$ (884)
Unrealized loss on cash flow hedges	$ (146)	$ -

See accompanying notes.

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of operations – Liberty Northwest Bancorp, Inc. (the Company), is a bank holding company whose wholly owned subsidiary is Liberty Bank (the Bank). The Bank provides a full range of banking services to individual and corporate customers through its main office in Poulsbo, Washington, and a leased space in Bellevue, Washington. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are commercial real estate loans, residential real estate loans, and commercial loans. The Bank is subject to significant competition from other financial institutions. The Bank is also subject to the regulations of certain federal and state of Washington agencies and undergoes periodic examinations by those regulatory authorities.

Financial statement presentation and use of estimates – The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reporting practices applicable to the banking industry. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the balance sheet, and revenues and expenses for the year. Actual results could differ from estimated amounts. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses, fair value of financial instruments, and deferred tax assets. All dollar amounts are stated in thousands.

Principles of consolidation – The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts have been eliminated in consolidation.

Subsequent events – Subsequent events are events or transactions that occur after the date of the balance sheet but before consolidated financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing consolidated financial statements. Unrecognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. Management has reviewed events occurring through March 21, 2024, the date the consolidated financial statements were available to be issued.

New accounting pronouncements – On January 1, 2023, the Bank adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology that delays recognition until it is probable a loss has been incurred with an expected loss methodology that is referred to as the Current Expected Credit Loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance-sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. Additionally, Accounting Standards Codification (ASC) Topic 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will not be required to sell.

The Bank adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326. The adoption resulted in no change to the allowance for credit losses (ACL), the allowance for unfunded commitments and letters of credit, or to the beginning balance of retained earnings.

Cash and cash equivalents – For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, overnight funds, and federal funds sold, all with original maturities of three months or less. Generally, federal funds are purchased and sold for one-day periods. The amounts on deposit fluctuate and, at times, exceed the insured limit by the Federal Deposit Insurance Corporation (FDIC), which potentially subjects the Bank to credit risk. Overnight funds include federal funds purchased and are made with major banks as approved by the Board of Directors.

Interest-bearing deposits with other financial institutions – Interest-bearing deposits with other financial institutions include interest-bearing deposits and certificates of deposit in federally insured financial institutions located throughout the United States. The amounts on deposit fluctuate and, at times, exceed the insured limit by the FDIC, which potentially subjects the Bank to credit risk.

Investments – Investment debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Investment debt securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive (loss) income, net of tax.

Interest income includes amortization of any purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management no longer evaluates securities for other-than-temporary impairment, as ASC 326 changes the accounting for recognizing impairment on available-for-sale and held-to-maturity debt securities. Each quarter management evaluates impairment where there has been a decline in fair value below the amortized cost basis of a security to determine whether there is a credit loss associated with the decline in fair value. Management considers the nature of the collateral, potential future changes in collateral values, default rates, delinquency rates, third-party guarantees, credit ratings, interest rate changes since purchase, volatility of the security’s fair value, and historical loss information for financial assets secured with similar collateral, among other factors. Credit losses are calculated individually, rather than collectively, using a discounted cash flow method, whereby management compares the present value of expected cash flows with the amortized cost basis of the security. The credit loss component is recognized through the provision for credit losses on the consolidated statements of income.

Federal Home Loan Bank stock – The Bank is a member of the Federal Home Loan Bank (FHLB) of Des Moines. As a member of the FHLB system, the Bank is required to maintain a minimum level of investment in FHLB stock, based on specified percentages of its outstanding FHLB advances. The Bank’s investment in FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value ($100 per share).

The Bank evaluates FHLB stock for impairment. The determination of whether this investment is impaired is based on the Bank's assessment of the ultimate recoverability of cost rather than by recognizing temporary declines in value. The Bank has determined that there is not an other-than-temporary impairment on the FHLB stock investment as of December 31, 2023 or 2022.

Loans – Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff generally are reported at their outstanding principal adjusted for any charge-offs, the allowance for credit losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

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. Past-due status is based on contractual terms of the loan. 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 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 ensured.

Significant group concentrations of credit risk – Most of the Bank's business activity is with customers located within Kitsap County, Washington. The Bank originates commercial, real estate, construction, and consumer loans. Generally, loans are secured by accounts receivable, inventory, deposit accounts, personal property, or real estate. Rights to collateral vary and are legally documented to the extent practicable. Although the Bank has a diversified loan portfolio, local economic conditions may affect borrowers' ability to meet the stated repayment terms.

The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial credit was granted primarily to commercial borrowers. The Bank, as a matter of policy, does not extend credit in excess of 20% of unimpaired capital and surplus to any single borrower or group of related borrowers.

Allowance for credit losses on available-for-sale securities – For available-for-sale securities in an unrealized loss position, management first assesses whether it intends to sell, or is more likely than not to be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available for sale that do not meet the aforementioned criteria, the Bank evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis.

Changes in the ACL are recorded as a benefit for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable on available-for-sale debt securities is not included in the estimate of credit losses.

Allowance for credit losses on loans – The allowance for credit losses on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed and recoveries are credited to the allowance when received. In the case of recoveries, amounts may not exceed the aggregate of amounts previously charged off.

Management utilizes relevant available information, from internal and external sources, relating to past events, current conditions, historical loss experience, and reasonable and supportable forecasts.

Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in the current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term, as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. As an accounting policy election, accrued interest receivable is excluded from the estimate of credit losses for loans.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Bank has segmented the portfolio based on traditional loan portfolio types and measures the allowance for credit losses using the Scaled CECL Allowance for Losses Estimator model (SCALE). The SCALE methodology was developed by the Federal Reserve and uses publicly available data from Schedule RI-C of the Call Report to derive proxy expected lifetime loss rates to calculate the allowance for credit losses. The Bank adjusts the proxy expected lifetime loss rates when appropriate for Bank-specific facts and circumstances.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs. When the discounted cash flow method is used to determine the allowance for credit losses, management adjusts the effective interest rate used to discount expected cash flows to incorporate expected prepayments.

Allowance for credit losses on off-balance-sheet credit exposures – The Bank estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Bank. The allowance for credit losses on off-balance-sheet credit exposure is adjusted through a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The estimate utilizes the same factors and assumptions as the allowance for credit losses on loans and is applied at the same collective cohort level.

The ultimate recovery of all loans is susceptible to future market factors beyond the Bank's control. These factors may result in losses or recoveries differing significantly from those provided in the financial statements.

Transfers of financial assets – Transfers of an entire financial asset, a group of entire financial assets, or participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Premises and equipment – Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation, which is computed on the straight-line method over the estimated useful lives of the assets. Gains or losses on dispositions are reflected in earnings. Assets are reviewed for impairment when events indicate that their carrying value may not be recoverable. If management determines impairment exists, the assets are reduced with an offsetting charge to expense.

Foreclosed assets – Foreclosed assets include real estate and personal property acquired through foreclosure and in-substance foreclosed properties. In-substance foreclosed properties are those properties for which the institution has taken physical possession, regardless of whether formal foreclosure proceedings have taken place.

At the time of foreclosure, foreclosed property is recorded at the fair value less cost to sell, which becomes the property's new basis. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for credit losses. After foreclosure, valuations are periodically performed by management and foreclosed property is carried at the lower of the new cost basis or fair value less costs to sell. Costs incurred in maintaining foreclosed property and subsequent adjustments to the carrying amount of the property are included in noninterest expense.

Derivative instruments and hedging – The Bank enters into derivative interest rate swap agreements to hedge interest rate exposure. At the inception of the swap agreement, the Bank designates the derivative as one of the two types based on the Bank's intentions and belief as to the likely effectiveness as a hedge. These two types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge") and, (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For both types of hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as noninterest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in noninterest income. The Bank formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the consolidated balance sheet or to specific firm commitments or forecasted transactions. The Bank also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Bank discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

Income taxes – Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Bank evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company does not have any uncertain tax positions as of December 31, 2023 and 2022. The Company's policy is to recognize tax related interest and penalties in income tax expense.

Financial instruments – In the ordinary course of business, the Bank enters into off-balance-sheet financial instruments consisting of commitments to extend credit, commercial letters of credit, standby letters of credit, and financial guarantees. Such financial instruments are recorded in the consolidated financial statements when they are funded, or related fees are incurred or received.

Advertising costs – The Bank expenses advertising costs as they are incurred. Total advertising expenses were $51 and $8 in 2023 and 2022, respectively.

Comprehensive (loss) income – Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale investments, are reported as a separate component of the equity section of the balance sheets. Reclassification adjustments during December 31, 2023 and 2022, are included within the consolidated statements of comprehensive income (loss).

Stock-based compensation – The Bank has a stock-based compensation plan for employees that includes stock options and restricted stock, which are recognized as stock-based compensation expense in the consolidated statements of income based on the grant-date fair value of the award with a corresponding increase in common stock. The fair value is amortized over the requisite service period, which is generally the vesting period. The fair value at the grant date is determined using the Black–Scholes pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock, the expected dividend yield, and the risk-free interest rate over the expected life of the option. The Black–Scholes option valuation model requires the input of subjective assumptions, including the expected life of the share-based award and stock price volatility. The assumptions used represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment.

Fair value measurements – Fair value measurements are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risks, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

(Dollars in Thousands, Except Share Data)

Note 2 – Investments

Securities have been classified as available for sale according to management's intent. The amortized cost of securities and their approximate fair value are as follows:

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. treasuries	$ 2,991	$ -	$ (220)	$ 2,771
Mortgage-backed securities	7,251	19	(455)	6,815
Total	$ 10,242	$ 19	$ (675)	$ 9,586
Held to maturity				
Mortgage-backed securities	$ 4,651	$ -	$ (776)	$ 3,875
Collateralized mortgage obligation securities	7,540	-	(961)	6,579
Municipal bonds	1,257	-	(321)	936
Total	$ 13,448	$ -	$ (2,058)	$ 11,390
December 31, 2022				
Available for sale				
U.S. treasuries	$ 2,988	$ -	$ (293)	$ 2,695
Mortgage-backed securities	6,806	9	(578)	6,237
Total	$ 9,794	$ 9	$ (871)	$ 8,932
Held to maturity				
Mortgage-backed securities	$ 5,128	$ -	$ (783)	$ 4,345
Collateralized mortgage obligation securities	8,365	-	(1,227)	7,138
Municipal bonds	1,257	-	(367)	890
Total	$ 14,750	$ -	$ (2,377)	$ 12,373

There was no allowance for credit losses on securities available for sale at December 31, 2023.

(Dollars in Thousands, Except Share Data)

The amortized cost and estimated fair value of investment securities at December 31, 2023, by contractual or expected maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in 1 to 5 years	$ 3,036	$ 2,814	$ -	$ -
Due after 5 to 10 years	3,841	3,611	1,295	1,137
Due after 10 years	3,365	3,161	12,153	10,253
	$ 10,242	$ 9,586	$ 13,448	$ 11,390

As of December 31, 2023, securities with a carrying value of $17,302 were pledged to secure borrowings at the FHLB and securities with a carrying value of $5,404 were pledged to secure public deposits. As of December 31, 2022, securities with a carrying value of $20,925 were pledged to secure borrowings at the FHLB and securities with a carrying value of $3,844 were pledged to secure public deposits.

During the years ended December 31, 2023 and 2022, the Bank sold one and zero investment securities, respectively for proceeds of $940 and a gain of $5 for the security sold in 2023.

At December 31, 2023 and 2022, the total portfolio had 49 and 50 securities, respectively, that were in an unrealized loss position, with 44 and 32, respectively, in a loss position for more than 12 months. The Bank has evaluated these securities and has determined that the decline in value is temporary and is related to the change in market interest rates since purchase. The decline in value is not related to any bank- or industry-specific event. The Bank anticipates full recovery of amortized cost with respect to these securities at maturity or sooner in the event of a more favorable market interest rate environment. Because management does not intend to sell and does not anticipate being required to sell these securities in the near term, no declines are deemed to be other than temporary.

(Dollars in Thousands, Except Share Data)

Information pertaining to investment securities with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position is as follows at December 31:

	Less Than 12 Months		Over 12 Months		
December 31, 2023	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Total Unrealized Losses
Securities available for sale					
U.S. treasuries	$ -	$ -	$ 220	$ 2,771	$ 220
Mortgage-backed securities	2	943	453	4,630	455
	$ 2	$ 943	$ 673	$ 7,401	$ 675
Held to maturity					
Mortgage-backed securities	$ -	$ -	$ 776	$ 3,978	$ 776
Collateralized mortgage obligation securities	-	-	961	6,476	961
Municipal bonds	-	-	321	936	321
	$ -	$ -	$ 2,058	$ 11,390	$ 2,058
December 31, 2022					
Securities available for sale					
U.S. treasuries	$ 9	$ 491	$ 284	$ 2,204	$ 293
Mortgage-backed securities	164	2,854	414	2,783	578
	$ 173	$ 3,345	$ 698	$ 4,987	$ 871
Held to maturity					
Mortgage-backed securities	$ -	$ -	$ 783	$ 4,345	$ 783
Collateralized mortgage obligation securities	-	-	1,227	7,138	1,227
Municipal bonds	-	-	367	890	367
	$ -	$ -	$ 2,377	$ 12,373	$ 2,377

Note 3 – Loans and Allowance for Credit Losses

The major classifications of loans at December 31 are as follows:

	2023	2022
Commercial real estate	$ 49,306	$ 41,854
Commercial	21,380	22,347
Construction and land	5,103	5,274
Consumer	10,544	9,002
Residential real estate	57,598	67,533
Gross loans	143,931	146,010
Deferred fees, net	(309)	(311)
Premiums on purchased loans, net	410	486
Allowance for credit losses	(1,150)	(1,235)
Total loans, net	$ 142,882	$ 144,950

The Bank pledged certain commercial and residential loans as collateral for purposes of borrowings with the FHLB. Loans totaling $72,152 and $62,886 were pledged to the FHLB at December 31, 2023 and 2022, respectively (Note 7).

The disclosures below reflect these changes made in 2023 to conform with the adoption of ASC 326, *Financial Instruments—Credit Losses*, using the modified retrospective approach. Accordingly, the prior period was not modified to conform to the current period presentation. The adoption of ASC 326 requires certain tables to be presented at amortized cost; however, for the year ended December 31, 2023, the difference between amortized cost and principal balance is immaterial and therefore the applicable tables below reflect principal balances.

Allowance for credit losses – The Bank has an established methodology to determine the adequacy of the allowance for credit losses that assesses the risks and losses expected in the Company's portfolio. For purposes of determining the allowance for credit losses, the Company segments certain loans in its portfolio by product type.

(Dollars in Thousands, Except Share Data)

The following tables present, by portfolio segment, the changes in the allowance for credit losses for the years ended December 31 and the amount of loans evaluated for impairment individually and collectively:

	Commercial Real Estate	Commercial	Construction and Land	Consumer	Residential Real Estate	Total
2023						
Allowance						
Balance, beginning of the period, prior to the adoption of ASC 326	$ 480	$ 116	$ 55	$ 99	$ 485	$ 1,235
Impact of adopting ASC 326	37	11	20	105	(173)	-
Charge-offs	-	-	-	(17)	-	(17)
Recoveries	-	18	-	19	-	37
Provision (benefit)	(16)	(40)	(5)	(9)	(35)	(105)
Balance, end of the period	$ 501	$ 105	$ 70	$ 197	$ 277	$ 1,150
2022						
Allowance						
Balance, beginning of the period	$ 530	$ 396	$ 37	$ 124	$ 438	$ 1,525
Charge-offs	-	(480)	-	-	-	(480)
Recoveries	-	-	-	-	-	-
Provision (benefit)	(50)	200	18	(25)	47	190
Balance, end of the period	$ 480	$ 116	$ 55	$ 99	$ 485	$ 1,235
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance collectively evaluated for impairment	$ 480	$ 116	$ 55	$ 99	$ 485	$ 1,235
Loans						
Ending balance	$ 41,854	$ 22,347	$ 5,274	$ 9,002	$ 67,533	$ 146,010
Ending balance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ 661	$ 661
Ending balance collectively evaluated for impairment	$ 41,854	$ 22,347	$ 5,274	$ 9,002	$ 66,872	$ 145,349

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. An asset is considered substandard if it is inadequately protected by the current net worth and pay 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 the Bank classifies problem assets as either substandard or doubtful, it may establish a specific allowance to address the risk specifically or the Bank may allow the loss to be addressed in the general allowance. General allowances represent loss allowances that have been established to recognize the inherent risk associated with lending activities, but, unlike specific allowances, have not been specifically allocated to particular problem assets. 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 the Bank to sufficient risk to warrant classification as substandard or doubtful but possess identified weaknesses are designated as either watch or special mention assets. At December 31, 2023 or 2022, the Bank had no loans classified as doubtful or loss.

Management has assigned a risk rating to individual loans based on the above criteria. The following table represents credit exposures by risk category by year of origination as of December 31, 2023:

	Term Loans Amortized Cost Basis by Origination Year						
(dollars in thousands)	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Amortized Cost Basis Converted to Term	Total
Commercial real estate							
Pass	$ 6,620	$ 4,492	$ 9,826	$ 25,843	$ 934	$ -	$ 47,715
Watch	-	-	-	1,591	-	-	1,591
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total commercial real estate	6,620	4,492	9,826	27,434	934	-	49,306
Commercial							
Pass	683	6,897	6,720	4,808	2,272	-	21,380
Watch	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total commercial	683	6,897	6,720	4,808	2,272	-	21,380
Construction and land							
Pass	4,069	636	398	-	-	-	5,103
Watch	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total construction and land	4,069	636	398	-	-	-	5,103
Consumer							
Pass	3,979	3,277	1,482	1,805	1	-	10,544
Watch	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total consumer	3,979	3,277	1,482	1,805	1	-	10,544

(continued)

(dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year 2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Amortized Cost Basis Converted to Term	Total
Residential real estate							
Pass	$ 1,475	$ 23,704	$ 16,910	$ 10,576	$ 4,933	$ -	$ 57,598
Watch	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total residential real estate	1,475	23,704	16,910	10,576	4,933	-	57,598
Total loans							
Pass	16,826	39,006	35,336	43,032	8,140	-	142,340
Watch	-	-	-	1,591	-	-	1,591
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total loans	$ 16,826	$ 39,006	$ 35,336	$ 44,623	$ 8,140	$ -	$ 143,931

The following table presents current year gross charge-offs by year of origination as of December 31, 2023.

	Gross Charge-Offs						
(dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year 2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Amortized Cost Basis Converted to Term	Total
Commercial real estate	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial	-	-	-	-	-	-	-
Construction and land	-	-	-	-	-	-	-
Consumer	-	-	17	-	-	-	17
Residential real estate	-	-	-	-	-	-	-
Total current year gross charge-offs	$ -	$ -	$ 17	$ -	$ -	$ -	$ 17

(Dollars in Thousands, Except Share Data)

The following tables represent the credit risk profile by internally assigned grade and performing status as of December 31, 2023 and 2022, by class of loans:

Credit Risk Profile by Internally Assigned Grade

2023	Commercial Real Estate	Commercial	Construction and Land	Consumer	Residential Real Estate	Total
Grade						
Pass	$ 47,715	$ 21,380	$ 5,103	$ 10,544	$ 57,598	$ 142,340
Watch	1,591	-	-	-	-	1,591
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
	$ 49,306	$ 21,380	$ 5,103	$ 10,544	$ 57,598	$ 143,931
2022						
Grade						
Pass	$ 39,847	$ 22,347	$ 5,274	$ 8,616	$ 66,156	$ 142,240
Watch	2,007	-	-	386	-	2,393
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	1,377	1,377
Doubtful	-	-	-	-	-	-
	$ 41,854	$ 22,347	$ 5,274	$ 9,002	$ 67,533	$ 146,010

Past-due loans receivable by class – The following table includes an aging analysis of the outstanding amortized cost and principal balance of past-due loans receivable as of December 31, 2023 and 2022:

2023	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans
Commercial real estate	$ -	$ -	$ -	$ -	$ 49,306	$ 49,306
Commercial	-	-	-	-	21,380	21,380
Construction and land	-	-	-	-	5,103	5,103
Consumer	-	-	-	-	10,544	10,544
Residential real estate	-	-	-	-	57,598	57,598
	$ -	$ -	$ -	$ -	$ 143,931	$ 143,931
2022						
Commercial real estate	$ -	$ -	$ -	$ -	$ 41,854	$ 41,854
Commercial	-	-	-	-	22,347	22,347
Construction and land	-	-	-	-	5,274	5,274
Consumer	-	-	-	-	9,002	9,002
Residential real estate	383	-	-	383	67,150	67,533
	$ 383	$ -	$ -	$ 383	$ 145,627	$ 146,010

Nonaccrual loans – Additionally, the Bank categorizes loans as performing or nonperforming based on payment activity. Loans that are more than 90 days past due and nonaccrual loans are considered nonperforming.

The following table presents the recorded investment in nonaccrual loans at December 31, 2022:

Residential real estate	$ 661

(Dollars in Thousands, Except Share Data)

There were no loans considered nonaccrual or collateral-dependent as of December 31, 2023.

Loan modifications – The Bank may agree to modify the contractual terms of a loan to a borrower experiencing financial difficulties as part of ongoing loss mitigation strategies. These modifications may result in principal forgiveness, other-than-significant payment delay, term extension, interest rate modification, or a combination thereof. During the year ended December 31, 2023, there were no loans modified to borrowers experiencing financial difficulty. There were no loans modified by the Bank as troubled debt restructurings, when a modification of a loan to a borrower experiencing financial difficulty results in a concession, during the year ended December 31, 2022.

Note 4 – Premises and Equipment

Bank land, leaseholds, and equipment at December 31 are classified as follows:

	2023	2022
Land	$ 673	$ 673
Building	5,477	5,465
Leasehold improvements	56	56
Furniture, fixtures, and office equipment	842	769
Vehicles	32	32
	7,080	6,995
Less accumulated depreciation and amortization	(710)	(464)
	$ 6,370	$ 6,531

Note 5 – Leases

The Bank executed a sublease agreement for a branch in Bellevue, Washington, effective November 2019 with terms extending through January 2022, and subsequently modified to extend through March 2024.

The components of lease cost (included in occupancy and equipment expense on the consolidated statements of income) are as follows for the year ended December 31:

	2023	2022
Lease cost		
Minimum rent payments	$ 192	$ 320
Other operating costs	8	2
	$ 200	$ 322

(Dollars in Thousands, Except Share Data)

The following table provides supplemental information related to operating leases for the purpose of the measurement of lease liabilities at or for the year ended December 31:

	2023	2022
Operating cash flows from operating leases	$ 200	$ 322
Weighted average remaining lease term (years)	0.25	1.25
Weighted average discount rate	1.48%	1.48%

Lease expense under operating leases was $200 and $322 for the years ended December 31, 2023 and 2022, respectively.

Note 6 – Deposits

Deposits as of December 31 consisted of the following:

	2023	2022
Savings accounts	$ 9,637	$ 12,816
Certificates of deposit	49,200	31,286
Demand accounts		
Noninterest-bearing	42,803	46,152
Interest-bearing	21,405	23,891
Money market accounts	19,153	27,623
	$ 142,198	$ 141,768

At December 31, scheduled maturities of certificates of deposit are as follows:

2024	$ 47,987
2025	691
2026	522
Total	$ 49,200

The Bank had $23,967 and $15,706 of certificates of deposit that met or exceeded the $250,000 federally insured limit at December 31, 2023 and 2022, respectively.

(Dollars in Thousands, Except Share Data)

Note 7 – Credit Arrangements

Line of credit – At December 31, 2023, committed line-of-credit agreements totaling approximately $10,000 were available to the Bank from unaffiliated banks, subject to interest at then-current rates. Such lines generally provide for interest at the lending bank's prime rate or other money market rates. These arrangements require total combined compensating balances of at least $485 maintained in a demand deposit account. The compensating balance is included in cash and cash equivalents. There was no balance on line-of-credit agreements at December 31, 2023 and 2022.

FHLB borrowings – The Bank is a member of the FHLB of Des Moines and has a committed credit line to borrow funds under fixed-rate advance agreements and through overnight borrowings that renew daily until paid. The terms of the credit line call for pledging of certain investments held in safekeeping by the FHLB and a portion of the Bank's mortgage and commercial loan portfolio. The maximum borrowing line with the FHLB is calculated as a percentage of the market value of pledged collateral, depending on the collateral type. The total available credit line was $62,966 and $62,648 at December 31, 2023 and 2022, respectively. The market value of collateral pledged at December 31, 2023 and 2022, was approximately $84,840 and $78,754, respectively. As of December 31, 2023, the Bank had $16,000 of repurchase agreement advances and $8,500 of long-term advances outstanding with the FHLB, with fixed interest rates ranging from 2.32% and 4.22%, and a weighted average interest rate of 3.80% as of December 31, 2023. At December 31, 2022, the Bank had $18,500 of long-term advances outstanding with the FHLB with fixed interest rates ranging from 1.77% and 4.48%, and a weighted-average rate of 3.75%.

The contractual maturities of long-term FHLB advances at December 31, 2023, are as follows:

2024	$ 1,000
2025	500
2026	500
2027	3,500
2028	3,000
	$ 8,500

Subordinated notes – In March 2021, the Company issued four unsecured subordinated term notes (the Subordinated Notes) in the aggregate principal amount of $5,000 due April 1, 2031 (maturity date), pursuant to Subordinated Loan Agreements with various investors. The Subordinated Notes bear interest at an annual fixed interest rate of 5.50% until April 1, 2026, and floating from April 2, 2026, until maturity at the 90-day average secured overnight financing rate (SOFR) plus 5.00%, payable by the Company quarterly in arrears beginning January 1, April 1, July 1, and October 1 of each year. The notes are presented net of $101 in debt issuance costs on the consolidated balance sheets.

(Dollars in Thousands, Except Share Data)

Note 8 – Derivatives and Hedging Activity

The Bank is exposed to certain risks arising from both its business operations and economic conditions. The Bank principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Bank manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities and through the use of derivative financial instruments. During 2023, the Bank entered into four derivative financial instruments to manage exposures 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. The Bank's derivative financial instruments are used as part of the Bank's asset and liability management strategy with the overall goal of minimizing the impact of interest rate volatility. The Bank's objective in using interest rate derivatives is to manage its exposure to interest rate movements. To accomplish this objective, the Bank primarily uses interest rate swaps. The Bank does not use derivatives for trading or speculative purposes.

Fair value hedges of interest rate risk – To hedge the risk of fixed interest rates offered to the Bank's loan customers, the Bank entered into pay-fixed, receive-variable swap contracts, designated as fair value hedges, and are carried at fair value as derivative assets and liabilities in the Bank's consolidated financial statements. The change in the fair value of derivatives designated and that qualify as fair value hedges is recorded in interest and fees on loans on the consolidated statements of income. The change in fair value of the hedged instrument related to hedged risk is recorded in interest and fees on loans on the consolidated statements of income.

Cash flow hedges of interest rate risk – To hedge the risk for variable rates associated with the repricing of short-term borrowings, the Bank entered in to pay-fixed, receive-variable interest rate swap contracts, designated as cash flow hedges, and are carried at fair value as derivative assets and liabilities in the Bank's consolidated financial statements. The change in fair value of derivatives designated and that qualify as cash flow hedges is recorded as an unrealized gain or loss in other comprehensive income and is reclassified to the interest expense section of the consolidated statements of income, as the interest on the borrowings is recognized in earnings.

The Bank tests for hedge effectiveness at inception using a quantitative regression methodology. Subsequent prospective and retrospective tests are qualitative. In addition, the Bank verifies that it is probable that the counterparty will not default as part of its need to consider possibility of counterparty default.

The following table summarizes information pertaining to the interest rate contract terms as of December 31, 2023:

						Interest Rate	
Derivative Positions	Notional Amount Current	Notional Amount Original	Inception Date	Termination Date	Index	Receive Variable	Pay Fixed
Designated cash flow hedges							
Interest rate contract on borrowings	$ 10,000	$ 10,000	31-Mar-23	31-Mar-28	USD-SOFR	5.320%	3.498%
Interest rate contract on borrowings	6,000	6,000	15-Nov-23	15-Nov-28	USD-SOFR	5.320%	4.170%
Designated fair value hedges							
Interest rate contract on loans receivable	$ 15,929	$ 17,606	19-Apr-23	20-Apr-30	USD-SOFR	5.320%	3.715%
Interest rate contract on loans receivable	7,733	8,000	09-Aug-23	09-Aug-28	USD-SOFR	5.320%	4.077%

(Dollars in Thousands, Except Share Data)

The following table presents the total gross fair value of the Bank's derivative financial instruments, as well as their classification on the consolidated balance sheets, as of December 31, 2023:

		December 31, 2023	
		Fair Value	
	Balance Sheet Location	Derivative Assets	Derivative Liabilities
Derivatives designated as hedging instruments			
Cash flow hedges			
Interest rate contracts on borrowings	Other liabilities	$ 25	$ (171)
Fair value hedges			
Interest rate contracts on loans receivable	Other liabilities	$ -	$ (119)

The following table presents the net gain (loss) recognized on the consolidated statements of income related to the derivatives designated as fair value hedges for the year ended December 31, 2023:

	2023
	Interest Income and Fees on Loans
Total interest and fees on loans line item presented in the consolidated statements of income in which the effects are recorded	$ 215
Gain (loss) on fair value hedge relationships related to	
Interest rate swaps on loans receivable	
Hedged items	$ 119
Derivatives designated hedging instruments	$ (119)

The following table presents the carrying amount and associated cumulative basis adjustment related to the application of fair value hedge accounting that is included in the carrying amount of the hedged loans as of December 31, 2023:

	2023	
	Carrying Value	Cumulative Fair Value Adjustment
Line item in the consolidated balance sheet in which the hedged item is included		
Loans, net	$ 23,663	$ 119

(Dollars in Thousands, Except Share Data)

Note 9 – Income Taxes

Reconciliation of the provision for income tax expense based on the statutory income tax rate to actual income tax expense for the years ended December 31:

	2023		2022	
	Amount	Percent	Amount	Percent
Federal income tax at statutory rate	$ 9	21%	$ 143	21%
Equity compensation	14	32%	5	1%
Other	(14)	-32%	(5)	-1%
	$ 9	21%	$ 143	21%

Provision for income tax expense consists of the following for the years ended December 31:

	2023	2022
Current	$ (46)	$ 31
Deferred	55	112
Total tax expense	$ 9	$ 143

The nature and components of the Bank's net deferred tax asset at December 31 are as follows:

	2023	2022
Deferred tax assets		
Net operating loss carryforward	$ 242	$ -
Organization expenditures	12	30
Property and equipment depreciation	-	89
Other, net	19	16
Unrealized loss on securities	138	181
Allowance for credit losses	213	235
Lease liability	10	51
Cash flow hedge	30	-
Subtotal	664	602
Deferred tax liabilities		
Cash basis method of accounting	109	69
Deferred costs	26	18
Right-of-use asset	10	50
Property and equipment depreciation	122	-
Subtotal	267	137
Net deferred tax asset	$ 397	$ 465

A valuation allowance is required for deferred tax assets if, based on available evidence, it is more likely than not that all or some portion of the asset will not be realized due to the inability to generate sufficient taxable income to use the benefit of the deferred tax asset. After evaluating the positive and negative evidence associated with the deferred tax asset, including the consideration of the Bank's earnings history over the recent three-year period, and projections, the Bank determined that the deferred tax asset could be supported at December 31, 2023 and 2022.

At December 31, 2023, the Bank has approximately $1,152 of net operating loss carryforward remaining.

At December 31, 2023, the Bank had unamortized preopening expenditures of approximately $18 (for tax reporting purposes) that can be used to offset future federal income taxes. These expenditures are being amortized over 15 years on the straight-line basis.

The Bank files income tax returns in the U.S. federal jurisdiction. In general, the Bank is no longer subject to U.S. federal income tax examinations by tax authorities for the years before 2020.

Note 10 – Employee Benefit Plans

The Bank has a 401(k) defined contribution plan for those employees who meet the eligibility requirements. Individuals who are 21 years of age and have completed three consecutive months of service are considered eligible to participate. Eligible employees can contribute up to an amount or percentage of compensation not to exceed certain limits based on federal tax laws. In addition, the Bank has elected discretionary contributions under the 401(k) plan. Contributions vest at 20% per year after the first year and will be fully vested after six years of service. There were no discretionary contributions for the years ended December 31, 2023 and 2022.

Note 11 – Stock-Based Compensation

In 2020, shareholders approved the Liberty Bank 2020 Equity Incentive plan (the 2020 Plan), which permits the grant of incentive stock options, nonqualified stock options, and restricted stock awards to certain key employees and directors, at the discretion of the Board Governance Committee of the Bank. The 2020 Plan authorized the Bank to grant up to an initial 48,610 shares of common stock, subject to change through an annual review by the Board, provided the total number of shares available for issuance under the 2020 Plan, when added to awards currently outstanding, do not exceed the lesser of 15% of currently outstanding shares, or 650,000. The 2020 Plan limits the grant of restricted shares to 45% of the authorized shares. The Bank believes that such awards better align the interests of its employees with those of its shareholders. Restricted stock is granted at the fair value on date of grant, and option awards are generally granted with an exercise price equal to or greater than the market price of the Bank's stock at the date of grant; those option awards generally vest and become exercisable in incremental percentages over five years of continuous service from the grant date and expire after 10 years.

(Dollars in Thousands, Except Share Data)

The Bank granted options in 2023 and 2022. The fair value of each option award is estimated on the date of grant using the Black–Scholes–Merton valuation model that uses the assumptions noted in the following table. Expected volatilities are based on historical volatility of the Bank's stock and other factors. The expected term of options granted was evaluated by a calculation that factored in the contractual term and vesting period and considered different employee segments. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	2023	2022
Assumptions		
Risk-free interest rate	4.22%	1.96% - 3.56%
Dividend yield rate	0.00%	0.00%
Expected volatility	13.93%	11.28% - 13.31%
Expected term (in years)	7.0	7.0

A summary of stock option transactions is presented below:

	Granted Options for Common Stock	Weighted-Average Exercise Price of Shares Under Plan	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2022	$ 195,952	$ 6.73	3.96
Granted	82,000	5.50	-
Exercised	(5,250)	5.50	-
Expired	(76,170)	5.50	-
Forfeited	(5,000)	8.00	-
Outstanding at December 31, 2023	$ 191,532	$ 6.69	8.25
Options exercisable at December 31, 2023	$ 75,572	$ 7.41	4.81

Restricted stock grants – A summary of nonvested restricted stock grants activity is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2022	36,000	$ 6.65
Granted	-	-
Vested	(12,000)	6.39
Forfeited	-	-
Nonvested at December 31, 2023	24,000	$ 6.78

At December 31, 2023, there was approximately $297 of total unrecognized compensation cost related to share-based compensation arrangements. The cost is expected to be recognized over a period of approximately three years.

Note 12 – Regulatory Capital

The Company and the Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total, Common equity Tier 1, and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2023 and 2022, that the Company and Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2023, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, Common equity Tier 1, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed the Bank's category. The Company's consolidated assets are less than $1 billion at the beginning of the year; therefore, consolidated ratios are not required to be disclosed.

(Dollars in Thousands, Except Share Data)

The Bank's actual capital amounts and ratios as of December 31 are also presented in the table:

	Actual		For Capital Adequacy Purposes		For Capital Adequacy with Capital Buffer		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2023								
Total capital								
(to risk-weighted assets)	$ 18,697	15.09%	$ 9,910	8.00%	$ 13,006	10.50%	$ 12,387	10.00%
Tier 1 capital								
(to risk-weighted assets)	17,537	14.16%	7,432	6.00%	10,529	8.50%	9,910	8.00%
Common equity Tier 1 capital								
(to risk-weighted assets)	17,537	14.16%	5,574	4.50%	8,671	7.00%	8,052	6.50%
Tier 1 capital								
(to average assets)	17,537	9.56%	7,334	4.00%	N/A		9,168	5.00%
As of December 31, 2022								
Total capital								
(to risk-weighted assets)	$ 18,329	14.63%	$ 10,021	8.00%	$ 13,153	10.50%	$ 12,527	10.00%
Tier 1 capital								
(to risk-weighted assets)	17,084	13.64%	7,516	6.00%	10,648	8.50%	10,021	8.00%
Common equity Tier 1 capital								
(to risk-weighted assets)	17,084	13.64%	5,637	4.50%	8,769	7.00%	8,142	6.50%
Tier 1 capital								
(to average assets)	17,084	9.37%	7,297	4.00%	N/A		9,121	5.00%

Banking regulations limit the transfer of assets in the form of dividends from the Bank to its shareholders. Dividends may also be subject to approval by regulators depending upon the financial condition of the Bank.

The amended rules also established a "capital conservation buffer" of 2.5% above the new regulatory minimum capital ratios and resulted in the following phased-in minimum ratios: (i) a common equity Tier 1 capital ratio of 7.0%; (ii) a Tier 1 capital ratio of 8.5%; and (iii) total capital repurchase, and paying discretionary bonuses if its capital level falls below the buffer amount. These limitations established a maximum percentage of eligible retained income that could be utilized for such actions. The net unrealized gain or loss on available-for sale securities is not included in computing regulatory capital.

(Dollars in Thousands, Except Share Data)

Note 13 – Related-Party Transactions

Certain directors, executive officers, and principal shareholders are Bank customers and have had banking transactions with the Bank. All loans and commitments included in such transactions were made in compliance with applicable laws on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons and do not involve more than the normal risk of collectability or present any other unfavorable features.

The activity of related-party loans through December 31 is as follows:

	2023	2022
Balance, beginning of year	$ 593	$ 1,396
New loans	-	112
Repayments	(593)	(915)
Balance, end of year	$ -	$ 593

There were $2,811 and $2,538 of related-party deposits at December 31, 2023 and 2022, respectively.

Note 14 – Commitments and Contingencies

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby letters of credit, and financial guarantees. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of these instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to extend credit, standby letters of credit, and financial guarantees – Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates customers' creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable; inventory; property, plant, and equipment; income-producing commercial properties; and other real estate.

(Dollars in Thousands, Except Share Data)

Standby letters of credit and financial guarantees written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit and financial guarantees is essentially the same as that involved in extending loan facilities to customers. The Bank maintains various levels of collateral supporting those commitments for which collateral is deemed necessary.

The Bank has not been required to perform on any financial guarantees. The Bank has not incurred any losses on its commitments in 2023 or 2022.

A summary of the notional amounts of the Bank's financial instruments with off-balance-sheet risk at December 31 follows:

	2023	2022
Commitments to extend credit		
Real estate secured	$ 8,548	$ 8,518
Commercial real estate, construction, and land development	2,417	2,688
Commercial loans	4,505	4,967
Other	207	294
Total commitments to extend credit	$ 15,677	$ 16,467

Contingencies – At periodic intervals, the state of Washington and the FDIC routinely examine the Bank's consolidated financial statements as part of their legally prescribed oversight of the banking system. Based on these examinations, the regulators can direct that the Bank's consolidated financial statements be adjusted in accordance with their findings.

Various legal claims also arise from time to time in the normal course of business that, in the opinion of management, will have no material effect on the Bank's consolidated financial statements.

Note 15 – 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 on the measurement date. The accounting guidance establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. In determining fair value, the Bank maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Observable inputs are those assumptions that market participants would use in pricing the particular asset or liability. These inputs are based on market data and are obtained from a source independent of the Bank.

Unobservable inputs are assumptions based on the Bank's own information or estimate of assumptions used by market participants in pricing the asset or liability. Unobservable inputs are based on the best and most current information available on the measurement date.

There is a three-level valuation hierarchy for 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.

There were no transfers between levels during the years ended December 31, 2023 and 2022.

Qualitative disclosures of valuation techniques

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, or discounted cash flows. Such instruments are classified as Level 2. In certain cases, where there is limited activity in the market for particular instruments, assumptions must be made to determine their fair value. Such instruments are classified as Level 3.

Interest rate swaps – The Bank enters into interest rate swap contracts to allow the Bank to convert fixed rate loans and borrowings to variable rate loans and borrowings as part of the Bank’s asset and liability management strategy with the overall goal of minimizing the impact of interest rate volatility. The Bank receives interest at variable rates based on the SOFR. At December 31, 2023, the Bank had $39,662 of notional value in interest rate swaps which measures the fair value of the interest rate swap based on the overnight index swap (OIS) discount curve, and, therefore, is considered a Level 2 input for the purpose of determining fair value.

(Dollars in Thousands, Except Share Data)

Assets and liabilities measured at fair value on a recurring basis – Assets and liabilities are considered to be fair valued on a recurring basis if fair value is measured regularly (i.e., daily, weekly, monthly, or quarterly).

The following table presents the Bank's assets measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	Level 1	Level 2	Level 3	Total
2023				
Assets				
Securities available for sale				
U.S. treasuries	$ -	$ 2,771	$ -	$ 2,771
Mortgage-backed securities	-	6,815	-	6,815
Hedged loans	-	23,808	-	23,808
	$ -	$ 33,394	$ -	$ 33,394
Liabilities				
Interest rate swaps	$ -	$ 265	$ -	$ 265
2022				
Assets				
Securities available for sale				
U.S. treasuries	$ -	$ 2,695	$ -	$ 2,695
Mortgage-backed securities	-	6,237	-	6,237
	$ -	$ 8,932	$ -	$ 8,932

Assets measured at fair value on a nonrecurring basis – Assets are considered to be fair 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 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 table presents the Bank's assets and liabilities measured at fair value on a nonrecurring basis as of December 31, 2022. There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2023:

2022	Level 1	Level 2	Level 3	Total
Impaired loans	$ -	$ -	$ 661	$ 661

Valuations of impaired loans are periodically performed by management, and the fair value of the loans is carried at the fair value of the underlying collateral less cost to foreclose, sell, and carry the collateral. Fair value of the underlying collateral is determined by an appraisal performed by a qualified independent appraiser.

(Dollars in Thousands, Except Share Data)

Quantitative information about Level 3 fair value measurements – The range and weighted average of the significant unobservable inputs used to fair value Level 3 are as follows:

	Fair Value at December 31, 2022	Valuation Technique	Unobservable Input	Range [1]
Impaired loans	$ 661	Appraisal	Discount to appraisal	0%-10% [1]

[1] Discount for selling costs

Fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment; therefore, they are not necessarily indicative of the amounts the Bank could realize in a current market exchange. The Bank has not included certain material items in its disclosure, such as the value of the long-term relationships with the Bank's lending and deposit clients, because this is an intangible and not a financial instrument. Additionally, the estimates do not include any tax ramifications. There may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates and estimates of future cash flows that could materially affect the results. For all these reasons, the aggregation of the fair value calculations presented herein do not represent, and should not be construed to represent, the underlying value of the Bank.

Carrying amounts and estimated fair values of financial instruments, not previously presented, as of December 31 are as follows:

	Carrying	Estimated	Estimated Fair Value Level		
December 31, 2023	Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Securities available for sale	$ 9,586	$ 9,586	$ -	$ 9,586	$ -
Securities held to maturity	13,448	11,390	-	11,390	-
Loans receivable, net	142,882	132,347	-	-	132,347
Federal Home Loan Bank stock	1,218	1,218	1,218	-	-
Financial liabilities					
Time deposits	49,200	49,095	-	49,095	-
Borrowed funds	29,430	29,682	-	29,682	-
December 31, 2022					
Financial assets					
Securities available for sale	$ 8,932	$ 8,932	$ -	$ 8,932	$ -
Securities held to maturity	14,750	12,373		12,373	
Loans receivable, net	144,950	133,021	-	-	133,021
Federal Home Loan Bank stock	1,540	1,540	1,540	-	-
Financial liabilities					
Time deposits	31,286	31,106	-	31,106	-
Borrowed funds	38,149	38,827	-	38,827	-

(Dollars in Thousands, Except Share Data)

Note 16 – Earnings Per Common Share

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

	2023	2022
Net income	$ 35	$ 539
Basic weighted-average common shares outstanding	1,641,634	1,629,367
Plus dilutive incremental shares	15,084	20,912
Diluted weighted-average common shares outstanding	1,656,718	1,650,279
Basic earnings per common share	$ 0.02	$ 0.33
Diluted earnings per common share	$ 0.02	$ 0.33

Antidilutive options for 2023 and 2022 were 179,532 and 8,391, respectively.

Note 17 – Accumulated Other Comprehensive Income (Loss)

The following table discloses the changes in accumulated other comprehensive income (loss) by component, net of tax, for the year ended December 31, 2023:

	Net Unrealized Gain (Loss) on Securities Available for Sale	Net Unrealized Gain (Loss) on Cash Flow Hedges	Total
Balance, December 31, 2022	$ (785)	$ -	$ (785)
Other comprehensive income (loss) before reclassification	164	-	164
Amounts reclassified from accumulated other comprehensive income (loss)	18	(115)	(97)
Net current period other comprehensive income (loss)	182	(115)	67
Balance, December 31, 2023	$ (603)	$ (115)	$ (718)

MOSSADAMS