



# Financial Statements: MS Facilities 2020 LLC

A Limited Liability Company Consolidated by the Federal Reserve Bank of Boston

For the years ended December 31, 2024 and 2023  
and Independent Auditors' Report

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KPMG LLP  
Two Financial Center  
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## Report of Independent Registered Public Accounting Firm

To the Managing Member of MS Facilities 2020 LLC:

### *Opinion on the Financial Statements*

We have audited the accompanying statements of financial condition of MS Facilities 2020 LLC (a Special Purpose Vehicle consolidated by the Federal Reserve Bank of Boston) (the LLC) as of December 31, 2024 and 2023, the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

### *Basis for Opinion*

These financial statements are the responsibility of the LLC's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The LLC is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the LLC's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Allowance for Credit Losses*

As discussed in Notes 2 and 4 to the financial statements as of December 31, 2024, the LLC's total allowance for credit losses was \$729 million, of which \$133 million related to the collectively evaluated allowance for loan credit losses. The LLC's collectively evaluated allowance includes a quantitative component. The LLC estimates the quantitative component of the allowance using a methodology that incorporates probability of default (PD) and loss given default (LGD) factors which are applied to the exposure at default (principal amount outstanding) based on internal risk rating models grouped into Services and Non-services loan segments for rating purposes. Such calculated loss factors include estimates of expected credit losses over the contractual life of loans.

We identified the assessment of the collectively evaluated allowance as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the collectively evaluated allowance methodology, including the methods and model used to estimate the PD factors, LGD factors, risk ratings and their significant assumptions, including the life of loan estimate. The assessment also included an evaluation of the conceptual soundness of the risk rating models. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the LLC's measurement of the estimate of the collectively evaluated allowance, including controls over the:

- development of the collectively evaluated allowance methodology
- performance monitoring, continued use and appropriate changes made to the risk rating models
- identification and determination of significant assumptions used in the risk rating models
- determination of the PD and LGD factors
- analysis of the collectively evaluated results and ratios.

We evaluated the LLC's process to develop the estimate of the collectively evaluated allowance by testing certain sources of data, factors, and assumptions that the LLC used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the LLC's collectively evaluated methodology for compliance with U.S. generally accepted accounting principles
- evaluating judgments made by the LLC relative to the assessment of the risk rating models and the PD and LGD factors by comparing them to relevant LLC specific metrics and the applicable industry and regulatory practices
- assessing the conceptual soundness of the risk rating models by inspecting the model documentation to determine whether the models are suitable for their intended use
- assessing the determination of the PD and LGD factors by comparing them to portfolio risk characteristics
- evaluating the length of the life of loan estimate period by comparing it to portfolio risk characteristics and relevant industry practices



We also assessed the sufficiency of the audit evidence obtained related to the estimate of the collectively evaluated allowance by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the LLC's accounting practices
- potential bias in the accounting estimate

*KPMG LLP*

We have served as the LLC's auditor since 2020.

Boston, Massachusetts  
March 12, 2025

## Abbreviations

ASC	Accounting Standards Codification
CECL	Current Expected Credit Losses
FASB	Financial Accounting Standards Board
FRBB	Federal Reserve Bank of Boston
GAAP	Accounting principles generally accepted in the United States of America
LLC	Limited liability company
Main Street	MS Facilities 2020 LLC
MSELF	Main Street Expanded Loan Facility
MSLP	Main Street Lending Program
MSNLF	Main Street New Loan Facility
MSPLF	Main Street Priority Loan Facility
NOELF	Nonprofit Organization Expanded Loan Facility
NONLF	Nonprofit Organization New Loan Facility
TDR	Troubled Debt Restructuring

# Statements of Financial Condition

As of December 31, 2024 and 2023

(Amounts in thousands)

<b>ASSETS</b>		<b>2024</b>	<b>2023</b>
Cash and cash equivalents	Note 3	\$ 688,450	\$ 792,606
Restricted cash and cash equivalents			
Cash deposit	Note 3	561,723	1,185,845
Short-term investments in non-marketable securities	Note 3	3,262,020	6,791,048
Loan participations			
Loan participations, at principal amount outstanding, net of charge-offs	Note 3	4,155,130	7,777,993
Principal and interest receivable		55,749	129,906
Allowance for credit losses	Note 4	(728,680)	(840,828)
Loan participations and interest, net of allowance and charge-offs		<u>3,482,199</u>	<u>7,067,071</u>
Other assets		1,809	2,935
Total assets		<u><u>\$ 7,996,201</u></u>	<u><u>\$ 15,839,505</u></u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
Liabilities:			
Loans payable to FRBB	Note 6	\$ 3,583,377	\$ 7,434,174
Interest payable	Note 6	14,404	22,496
Service fees payable		14,966	19,109
Transaction fees, deferred revenue	Note 2	7,598	29,136
Professional fees payable		5,099	3,461
Other liabilities	Note 2,8	754	570
Total liabilities		<u>3,626,198</u>	<u>7,508,946</u>
Members' equity	Note 7	<u>4,370,003</u>	<u>8,330,559</u>
Total liabilities and members' equity		<u><u>\$ 7,996,201</u></u>	<u><u>\$ 15,839,505</u></u>

The accompanying notes are an integral part of these financial statements.

# Statements of Operations

For the years ended December 31, 2024 and 2023  
(Amounts in thousands)

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		2024	2023
<b><u>INCOME</u></b>			
Interest income		\$ 727,285	\$ 1,167,437
Transaction fees and other income		22,337	37,739
Total operating income		<u>749,622</u>	<u>1,205,176</u>
<b><u>EXPENSES</u></b>			
Loans interest expense	Note 6	5,245	9,566
Loan participation servicing costs		21,616	27,526
Provision for credit losses	Note 4	631,420	218,441
Loss on sale of loan participations	Note 4	47,631	25,254
Professional fees		<u>26,450</u>	<u>19,496</u>
Total operating expense		<u>732,362</u>	<u>300,283</u>
Net operating income	Note 7	<u>\$ 17,260</u>	<u>\$ 904,893</u>

The accompanying notes are an integral part of these financial statements.

# Statements of Changes in Members' Equity

For the years ended December 31, 2024 and 2023

(Amounts in thousands)

	Members' contributed equity	Net operating income (loss)	Total members' equity
Members' equity, December 31, 2022	\$ 11,452,701	\$ (12,793)	\$ 11,439,908
CECL adoption adjustment	-	(21)	(21)
Members' contributions (distributions)	Note 7 (4,014,221)	-	(4,014,221)
Undistributed net operating income	Note 7 -	904,893	904,893
Members' equity, December 31, 2023	7,438,480	892,079	8,330,559
Members' contributions (distributions)	Note 7 (3,977,816)	-	(3,977,816)
Undistributed net operating income	Note 7 -	17,260	17,260
Members' equity, December 31, 2024	<u>\$ 3,460,664</u>	<u>\$ 909,339</u>	<u>\$ 4,370,003</u>

The accompanying notes are an integral part of these financial statements.

# Statements of Cash Flows

For the years ended December 31, 2024 and 2023  
(Amounts in thousands)

		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net operating income		Note 7 \$ 17,260	\$ 904,893
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for credit losses		631,420	218,441
Capitalization of interest on loan participations		(37,669)	(32,778)
Recoveries and interest charge-offs, net		23,125	(5,580)
Loss on sale of loan participations	Note 4	47,631	25,254
Decrease in interest payable		(8,092)	(665)
Decrease in service fees payable		(4,143)	(4,514)
Decrease in transaction fees, deferred revenue		(21,538)	(37,517)
Decrease (increase) in principal and interest receivable and other assets		75,283	(37,160)
Increase (decrease) in professional fees payable and other liabilities		1,822	(519)
Cash provided by operating activities		<u>725,099</u>	<u>1,029,855</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from loan participation repayments		2,788,824	3,518,161
Proceeds from sale of loan participations		<u>57,384</u>	<u>7,787</u>
Cash provided by investing activities		<u>2,846,208</u>	<u>3,525,948</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Distributions of contributed capital		(3,977,816)	(4,014,221)
Repayment of loans payable to FRBB		(3,850,797)	(3,918,352)
Cash used in financing activities		<u>(7,828,613)</u>	<u>(7,932,573)</u>
Net decrease in cash and cash equivalents, restricted cash and cash equivalents		(4,257,306)	(3,376,770)
Beginning cash and cash equivalents, restricted cash and cash equivalents		<u>8,769,499</u>	<u>12,146,269</u>
Ending cash and cash equivalents, restricted cash and cash equivalents		<u>\$ 4,512,193</u>	<u>\$ 8,769,499</u>
<b><u>SUPPLEMENTAL CASH FLOW DISCLOSURE</u></b>			
Cash paid for interest		\$ 13,337	\$ 10,230

The accompanying notes are an integral part of these financial statements.

# MS Facilities 2020 LLC

## Notes to the Financial Statements

### (1) ORGANIZATION, NATURE OF BUSINESS, AND FINANCING

In accordance with section 13(3) of the Federal Reserve Act and with prior approval from the Secretary of the Treasury, the Board of Governors of the Federal Reserve System (Board of Governors) authorized the Federal Reserve Bank of Boston (FRBB) to establish MS Facilities 2020 LLC (the LLC), a limited liability company. On May 9, 2024, the LLC changed its name from MS Facilities LLC to MS Facilities 2020 LLC for administrative purposes. The LLC was created to support lending to small and medium-sized businesses and nonprofit organizations that were in sound financial condition before the onset of the COVID-19 pandemic. The Main Street Lending Program (MSLP) was established with five facilities: the Main Street New Loan Facility (MSNLF), the Main Street Priority Loan Facility (MSPLF), the Main Street Expanded Loan Facility (MSELF), the Nonprofit Organization New Loan Facility (NONLF) and the Nonprofit Organization Expanded Loan Facility (NOELF) (collectively the Facilities). Main Street's purpose was to provide credit to eligible borrowers by purchasing participations in eligible loans originated by eligible lenders. An eligible lender is a U.S. federally insured depository institution (including a bank, savings association, or credit union), a U.S. branch or agency of a foreign bank, a U.S. bank holding company, a U.S. savings and loan holding company, a U.S. intermediate holding company of a foreign banking organization, or a U.S. subsidiary of any of the foregoing (Eligible Lender). Eligible Lenders retained 5% of each loan in which the LLC purchased a participation. Eligible Lenders were able to originate new loans (under MSELF and NOELF) or increase the size of (or upsize) existing loans (under MSELF and NOELF) made to eligible borrowers. Loan participations purchased for the Facilities are held by the LLC. The authorization to purchase loan participations through the MSLP ended on January 8, 2021. No loans were originated under NOELF.

A Delaware LLC was formed in connection with the implementation of MSLP. The LLC has two members: FRBB, which is the LLC's managing member and the U.S. Department of the Treasury (Treasury), which is the preferred equity member. The managing member has the exclusive rights to manage the LLC. The preferred equity member contributed capital to the LLC using funds from the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act.

FRBB also serves as the lender to the LLC. During 2020 and 2021, FRBB extended \$16.6 billion in loans to the LLC to fund the purchase of loan participations. The loans made by FRBB are full recourse obligations of the LLC and secured by all assets of the LLC. The LLC records a liability in the Statements of Financial Condition when FRBB funds the loan to the LLC. Interest on the loans is paid on the repayment date of the relevant loan or in order of priority set forth in the credit agreement between the LLC and FRBB.

To be eligible for purchase by the LLC, eligible loans must have met certain requirements specified in program term sheets. These term sheets required loans to have been originated after specified dates, have a maturity of 5 years, charge a specified LIBOR based floating interest rate, defer interest and principal payments on a set schedule, permit prepayment without penalty, maintain a certain level of priority and meet other program-specific eligibility requirements. LIBOR rates were replaced prospectively by new reference rates as LIBOR was discontinued in 2023. Upon the LLC's purchase of a loan participation, the Eligible Lender was required to pay the LLC a non-refundable transaction fee of 100 basis points of the principal amount of the MSELF, MSPLF, NONLF loan, and 75 basis points of the principal amount of the MSELF increased loan amount at the time of upsizing. No transaction fees were paid to the LLC on loans with an initial principal amount of less than \$250,000. In addition, the LLC pays an eligible lender an annual servicing fee on the original principal amount of the loan participation of 25 basis points for loans with an initial principal amount of \$250,000 or more and 50 basis points for loans with an initial principal amount

## MS Facilities 2020 LLC

### Notes to the Financial Statements

of less than \$250,000. The servicing fee is paid by the LLC to the Eligible Lender annually in arrears within sixty (60) days of each one-year anniversary of the loan participation agreement date.

All available cash receipts of the LLC are used to pay its obligations as described in Note 7. Distributions of residual proceeds to the members will occur after all loans from FRBB are repaid in full. During the life of the LLC, undistributed net operating income or loss is reported as “Undistributed net operating income (loss)” in the Statements of Changes in Members’ Equity.

The LLC invests unused cash receipts from transaction fees and related investment earnings in a government money market fund.

Various service providers for legal, accounting, custodial, credit administrative, and workout advisor services were engaged to provide services to the LLC. State Street Bank and Trust Company (State Street) is the custodian and accounting administrator, Guidehouse, Inc. is the credit administrator, PwC US Consulting LLP is the credit servicer, and FTI Consulting, Inc. is the workout advisor and administrator. A variety of legal firms and other professional services firms, including temporary staffing agencies may also be engaged by the LLC on an as-needed basis to support LLC operations. The LLC does not have any employees and therefore does not bear any employee-related costs.

### **(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP), which require the managing member to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expense during the reporting period. Significant items subject to such estimates and assumptions include the carrying value of investments and allowance for credit losses. Actual results could differ from those estimates.

Significant accounts and accounting policies are explained below.

#### **a. Cash and Cash Equivalents, Restricted Cash and Cash Equivalents**

The LLC defines investments in money market funds and other highly liquid investments with original maturities of three months or less, when acquired, as cash equivalents.

For the LLC, cash is received from fees and interest earnings from purchased loan participations and investments. This cash is used primarily for the payment of operating expenses. The funds are invested in a government money market fund registered under the Investment Company Act of 1940. As of December 31, 2024 and December 31, 2023, the LLC had approximately \$646.9 million and \$745.0 million, respectively, invested in a government money market fund. Investments in money market funds are valued at their closing net asset value (NAV) each business day. Interest earned and not yet received from the government money market fund investment is included in “Other assets” in the Statements of Financial Condition.

In accordance with the terms of the LLC Preferred Equity Investment Agreement, approximately 85 percent of the Treasury’s initial equity contribution was invested in overnight non-marketable securities issued by the Treasury to the LLC. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 230-10, Statements of Cash Flows, the Treasury’s investments are reported as restricted cash and cash equivalents as there are contractual limitations and restrictions on the use of the

## MS Facilities 2020 LLC

### Notes to the Financial Statements

funds and ability to withdraw the funds. The investments in overnight non-marketable Treasury securities are recorded at amortized cost and shown as “Restricted cash and cash equivalents: Short-term investments in non-marketable securities” on the Statements of Financial Condition and are included in “Net decrease in cash and cash equivalents, restricted cash and cash equivalents” on the Statements of Cash Flows. The remaining Treasury equity contribution is held in cash on deposit at Federal Reserve Bank of New York to support the liquidity needs of the LLC and is reported as “Restricted cash and cash equivalents: Cash deposit” in the Statements of Financial Condition and is included in “Net decrease in cash and cash equivalents, restricted cash and cash equivalents” in the Statements of Cash Flows.

#### b. Loan Participations

Under the MSLP, the LLC purchased 95 percent participation interests in loans originated by Eligible Lenders. Purchased loan participations are recorded at cost of purchase, plus capitalized interest, less any principal paydowns and charge-offs and treated as loans. The LLC recognizes interest income on loan participations daily based on the underlying contractual terms of the loans. Interest income on the purchased loan participations is reported as “Interest income” in the Statements of Operations. If a borrower is experiencing financial difficulty, the LLC may sell the loan participation if the sale meets certain criteria established by the LLC. When a loan participation is sold, the credit loss allowance that was allocated to that loan participation is reversed through the “Provision for credit losses” on the Statements of Operations and the full amount of the gain or loss, the difference between the proceeds from sale less principal and interest outstanding on the participation, is recognized net in “Loss on sale of loan participations” in the Statements of Operations.

#### c. Allowance for Credit Losses

Upon adoption of the Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL), effective January 1, 2023, the LLC changed its allowance methodology to estimate expected credit losses over the contractual life of loan participations. The allowance for credit losses (the allowance) represents management's estimate of expected credit losses in the LLC's loan participations portfolio.

The allowance is established in accordance with the LLC's credit allowance policies and the adequacy of the allowance is reviewed and approved by the LLC Credit Subcommittee on a quarterly basis.

The LLC may approve loan modifications in certain cases when a borrower is experiencing financial difficulty and is unable to meet its financial obligations. These modifications are accounted for in accordance with ASU 2022-02, Financial Instruments – Credit Losses (Topic 326) Troubled Debt Restructurings (TDR) and Vintage Disclosures and are generally not treated as new loans. All loan participations held by the LLC are the same vintage because they were originated within one year. No new loans have been originated since January 2021.

#### d. Interest Income

Interest income on short-term investments in non-marketable securities is recorded when earned and received daily based on an overnight rate established by the Treasury's Bureau of the Fiscal Service. Interest income earned on the invested portion of the preferred equity member contributions for the years ended December 31, 2024 and 2023 was approximately \$207.2 million and \$350.0 million, respectively, and is reported as a component of “Interest income” in the Statements of Operations.

## MS Facilities 2020 LLC

### Notes to the Financial Statements

Interest income from investments in a money market fund is recorded when earned and received monthly. Interest income earned from the money market investment for the years ended December 31, 2024 and 2023 was approximately \$18.5 million and \$20.4 million, respectively, and is reported as a component of “Interest income” in the Statements of Operations.

The LLC recognizes interest income on loan participations based on the underlying contractual terms of the loans. Interest income recognition prospectively ceases when the underlying loan is placed on non-accrual status. A loan is placed on non-accrual status if the instrument becomes due and unpaid for 90 days or earlier based on credit indicators. Payments received while a loan is on non-accrual status are applied as principal before they are applied to interest.

Loan participations are reviewed periodically for restoration to accrual status based on performance and credit indicators. Once a loan is restored to accrual status, foregone interest from the time the loan was on non-accrual is capitalized into principal over the remaining life of the loan participation based on the new expected yield to maturity. Interest income earned on loan participations for the years ended December 31, 2024 and 2023 was approximately \$501.6 million and \$797.0 million, respectively, and is reported as a component of “Interest income” in the Statements of Operations.

#### e. Transaction Fees and Other Income

The transaction fee collected upon the purchase of an eligible loan participation from an eligible lender is recorded separately from the loan participation and reported as “Transaction fees, deferred revenue” in the Statements of Financial Condition and as “Transaction fees and other income” in the Statements of Operations when earned. In accordance with FASB ASC 310-20, *Receivables-Nonrefundable Fees and Other Costs*, transaction fees are deferred and amortized over the term of the loan. Transaction fees earned for the years ended December 31, 2024 and 2023 were approximately \$21.5 million and \$37.5 million, respectively.

Amendment or other similar miscellaneous fees are paid by the borrower with respect to certain consent or amendments pursuant to the terms of the loan participation documents and are reported as “Transaction fees and other income” in the Statements of Operations. In accordance with FASB ASC 310-20, *Receivables-Nonrefundable Fees and Other Costs*, such fees are deferred and amortized over the term of the loan. The deferred portion of income is included in “Other liabilities” in the Statements of Financial Condition. Miscellaneous fee income recognized for the years ended December 31, 2024 and 2023 was approximately \$0.8 million and \$0.2 million, respectively.

#### f. Service Fees

Servicing fees are reported as “Service fees payable” in the Statements of Financial Condition and as “Loan participation servicing costs” in the Statements of Operations.

#### g. Professional Fees

Professional fees consisted primarily of fees charged by the LLC’s credit administrator, credit servicer, custodian, accounting administrator, workout advisor, external legal counsel, lender expense reimbursement, and independent auditors. Professional fees are accrued as incurred and reported as “Professional fees” in the Statements of Operations. Amounts incurred and unpaid are reported as “Professional fees payable” in the Statements of Financial Condition.

## MS Facilities 2020 LLC

### Notes to the Financial Statements

#### **h. Taxes**

The LLC was formed by FRBB and the Treasury. It is not subject to an entity level income tax. Accordingly, no provision for income taxes is made in the financial statements.

#### **i. Fair Value Measurements**

Certain assets of the LLC are measured at fair value in accordance with FASB ASC Topic 820 (ASC 820), *Fair Value Measurement*. ASC 820 defines fair value 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. ASC 820 establishes a three-level fair value hierarchy that distinguishes between assumptions developed using market data obtained from independent sources (observable inputs) and the management assumptions developed using the best information available in the circumstances (unobservable inputs). The three levels established by ASC 820 are described as follows:

- Level 1 – Valuation is based on quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is based on model-based techniques that use significant inputs and assumptions not observable in the market. These unobservable inputs and assumptions reflect FRBB estimates of inputs and assumptions that market participants would use in pricing the assets and liabilities. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques.

The inputs or methodologies used for valuing the financial instruments are not necessarily an indication of the risk associated with investing in those financial instruments.

#### **j. Recently Issued Accounting Standards**

The following items represent recent accounting standard updates.

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, amended in subsequent related ASUs. ASU 2016-13 introduces the Current Expected Credit Losses (CECL) methodology, which replaces the previous GAAP method of calculating credit losses. While the prior methodology required incurred losses to be probable before they were recognized, ASU 2016-13 requires the use of a lifetime expected loss methodology, which requires earlier recognition of credit losses on financial assets measured at amortized cost. The LLC adopted this standard using the modified retrospective method to report results under ASU 2016-13 for reporting periods after January 1, 2023. An immaterial amount was recorded to increase credit losses with an offset to Members' equity under the CECL methodology upon adoption at January 1, 2023.

In April 2022, the FASB issued ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326) Troubled Debt Restructurings (TDR) and Vintage Disclosures*. This update addresses issues related to TDRs and gross write-offs within ASU 2016-13. The LLC adopted this update prospectively upon the implementation of ASU 2016-13 for reporting periods after January 1, 2023. The LLC did have loan modifications accounted for under this new standard, but this update did not have a material impact on the LLC's financial statements.

# MS Facilities 2020 LLC

## Notes to the Financial Statements

### (3) FACILITY ASSETS

Facility assets consist of both restricted and unrestricted cash and cash equivalents and loan participations. At December 31, 2024 and 2023, the maturity distribution of the Main Street's holdings are as follows (in thousands):

	Within 15 days	16 days to 90 days	91 days to 1 year	Over 1 year to 5 years	Total
<b>December 31, 2024</b>					
Cash Equivalents	\$ 646,874	\$ -	\$ -	\$ -	\$ 646,874
Short-term investments in non-marketable securities	3,262,020	-	-	-	3,262,020
Loan participations, principal amount outstanding <sup>1,2</sup>	45,455	-	4,096,801	12,874	4,155,130
<b>Total</b>	<b>\$ 3,954,349</b>	<b>\$ -</b>	<b>\$ 4,096,801</b>	<b>\$ 12,874</b>	<b>\$ 8,064,024</b>
<b>December 31, 2023</b>					
Cash Equivalents	\$ 744,393	\$ -	\$ -	\$ -	\$ 744,393
Short-term investments in non-marketable securities	6,791,048	-	-	-	6,791,048
Loan participations, principal amount outstanding <sup>1</sup>	-	-	-	7,777,993	7,777,993
<b>Total</b>	<b>\$ 7,535,441</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,777,993</b>	<b>\$ 15,313,434</b>

<sup>1</sup> Reported at principal amount outstanding, including interest capitalized in accordance with contractual schedules and principal paydowns, net of charge-offs.

<sup>2</sup> A component of loan participations presented in the 'Within 15 days' column has reached contractual maturity.

Due to the short-term nature of cash equivalents and short-term investments in non-marketable securities, the cost basis is estimated to approximate fair value, and they are classified within level 1 of the fair value hierarchy. The fair value of the LLC's facility assets is subject to market and credit risk, arising from movements in variables such as interest rates, credit spreads, and credit quality of holdings. Cash equivalents are included in "Cash and cash equivalents" in the Statements of Financial Condition. Cash of approximately \$41.6 million and \$48.0 million at December 31, 2024 and 2023, respectively, is also included in "Cash and cash equivalents" in the Statements of Financial Condition.

The estimated fair value for loan participations, which are recorded at the cost of purchase, plus capitalized interest, less any principal paydowns in the Statements of Financial Condition, are \$3.6 billion and \$7.4 billion at December 31, 2024 and 2023, respectively. Because external price information is not available, a market-based discounted cash flow model is used to value loan participations. Key inputs to the model include market spread data for each credit rating, collateral type, and other relevant contractual features. Because there is lack of observable pricing information, the loan participations are classified within level 3 of the fair value hierarchy.

# MS Facilities 2020 LLC

## Notes to the Financial Statements

The following table presents Main Street's loan participation activity for the years ended December 31, 2024 and 2023, respectively, (in thousands):

	MSELF	MSNLF	MSPLF	NONLF	Total
Principal amount outstanding, December 31, 2022	\$ 1,181,159	\$ 1,644,312	\$ 8,898,283	\$ 11,178	\$ 11,734,932
Loan participations purchased	-	-	-	-	-
Loan participations sold	-	-	(33,041)	-	(33,041)
Loan participations principal paydowns	(249,571)	(549,843)	(2,710,825)	(7,922)	(3,518,161)
Charge-offs	-	(38,214)	(400,301)	-	(438,515)
Capitalized interest	1,416	6,451	24,911	-	32,778
Total loan participations, principal amount outstanding <sup>1</sup>	933,004	1,062,706	5,779,027	3,256	7,777,993
Allowance for credit losses	(26,692)	(109,924)	(704,155)	(57)	(840,828)
Principal and interest receivable	8,999	45,930	74,956	21	129,906
Loan participations, net of allowance, December 31, 2023 <sup>2</sup>	\$ 915,311	\$ 998,712	\$ 5,149,828	\$ 3,220	\$ 7,067,071
Loan participations purchased	-	-	-	-	-
Loan participations sold	-	(4,943)	(100,072)	-	(105,015)
Loan participations principal paydowns	(480,339)	(311,479)	(1,996,434)	(572)	(2,788,824)
Charge-offs	(33,784)	(133,837)	(599,072)	-	(766,693)
Capitalized interest	847	6,599	30,223	-	37,669
Total loan participations, principal amount outstanding <sup>1</sup>	419,728	619,046	3,113,672	2,684	4,155,130
Allowance for credit losses	(56,951)	(104,080)	(567,566)	(83)	(728,680)
Principal and interest receivable	10,485	8,288	36,960	16	55,749
Loan participations, net of allowance, December 31, 2024 <sup>2</sup>	\$ 373,262	\$ 523,254	\$ 2,583,066	\$ 2,617	\$ 3,482,199

<sup>1</sup> Reported at principal amount outstanding, including interest capitalized in accordance with contractual schedules and principal paydowns, net of charge-offs.

<sup>2</sup> Reported at principal amount outstanding, net of allowance and including interest receivable.

## (4) ALLOWANCE FOR CREDIT LOSSES AND LOAN MODIFICATIONS

### a. Allowance for Credit Losses

Management's estimate of expected credit losses over the life of the LLC's loan participations portfolio is recorded in the allowance and certain loan modifications may be granted if a borrower is experiencing financial difficulty.

The evaluation of the adequacy of the allowance is primarily based upon internal risk rating models that assess probability of default, loss given default and exposure at default for each loan. The models are primarily driven by individual borrower financial characteristics, such as measures of profitability, leverage, and interest coverage. The models are validated against historical industry experience. Participations were grouped using North American Industry Classification System (NAICS) codes into Services and Non-services segments for rating purposes. The Services segment includes industries such as accommodation and food services, retail, health care, information, and professional scientific and technical services. The Non-services segment includes manufacturing, construction, and agriculture, forestry, fishing, and hunting. Given significant differences in historical and expected performance, models differ for service and non-service industry loans. Loan participations are segmented into internal risk rating categories. Refer to Note 5 for further discussion on risk ratings in the loan participation portfolio.

To calculate expected credit loss, the allowance considers relevant estimates of probability of default (PD) and loss given default (LGD) factors in light of credit ratings, and other loan characteristics (e.g., collateral positions), which are applied to exposure at default (principal amount outstanding). A formula-based credit evaluation approach is applied primarily by loss factors, which includes estimates of expected losses over the life of the loan participations, assigned to each risk rating segment. Qualitative factors (including

## MS Facilities 2020 LLC

### Notes to the Financial Statements

changes in economic and business conditions) are evaluated so that loss rates (product of PD and LGD) appropriately reflect risks within the then-current environment. Additional overlays can be made based upon additional factors.

The allowance may be adjusted to reflect the LLC's current assessment of various qualitative factors that are not captured by the quantitative component of the collectively evaluated allowance. These factors include changes in economic conditions over the remaining life of the loan participations, the potential for adverse selection risk in an emergency lending facility, and industry concentrations within the portfolio. The process to determine the allowance requires the LLC to exercise considerable judgment regarding the risk characteristics of the loan participation portfolio and the effect of relevant internal and external factors. Certain key assumptions are reviewed and updated periodically to reflect macroeconomic shifts and observed payment trends. While the LLC evaluates currently available information in establishing the allowance, future adjustments to the allowance may be necessary if conditions differ substantially from the assumptions used.

The allowance represents management's estimate of expected credit losses and consists of an allowance for individually evaluated loan participations and a collective allowance for all other loan participations. Under the lifetime expected credit loss methodology adopted effective January 1, 2023, loan participations with similar risks are collectively assessed for expected credit losses whereas loan participations with different risks are individually assessed. When determining if a loan participation will be individually or collectively assessed, the LLC considers risk characteristics including credit indicators and size of the loan participation. Loan participations that are \$5 million or greater and meet specific triggers tied to performance or credit rating are individually evaluated on a quarterly basis. In 2023, the loan participation size threshold was \$10 million or greater due to the size of the portfolio. Triggers for individual evaluation include when (1) an individual loan participation is assigned a Ca rating (doubtful classification) or below or, (2) it is placed on non-accrual status due to delinquency status (90 days past due) or management judgment.

When a loan participation is greater than the loan participation size threshold and meets one of the above triggers, a loss allowance is measured at the individual loan participation level. All other loans not subject to individual evaluation are subject to a collectively evaluated allowance equaling the Expected Credit Loss (ECL). The LLC's collectively evaluated allowance includes both quantitative and qualitative components.

The allowance is reported as "Allowance for credit losses" in the Statements of Financial Condition. Changes in the allowance are recorded as "Provision for credit losses" in the Statements of Operations.

## MS Facilities 2020 LLC

### Notes to the Financial Statements

The following table shows the components of the allowance for credit losses at December 31, 2024 and 2023, respectively (in thousands):

Allowance for credit losses	2024			2023		
	Service industry	Non-service industry	Total	Service industry	Non-service industry	Total
Individually evaluated	\$ 434,338	\$ 143,252	\$ 577,590	\$ 467,649	\$ 146,439	\$ 614,088
Collectively evaluated	98,512	34,245	132,757	131,408	76,494	207,902
Non-accrual interest allowance	12,445	5,888	18,333	10,922	7,916	18,838
Total allowance	<u>\$ 545,295</u>	<u>\$ 183,385</u>	<u>\$ 728,680</u>	<u>\$ 609,979</u>	<u>\$ 230,849</u>	<u>\$ 840,828</u>
Total loan participations, individually evaluated	\$ 513,478	\$ 180,244	\$ 693,722	\$ 600,658	\$ 203,220	\$ 803,878
Total loan participations, collectively evaluated	2,529,764	931,644	3,461,408	4,838,271	2,135,844	6,974,115
Total principal and interest receivable	36,714	19,035	55,749	97,050	32,856	129,906
Total evaluated balance	<u>\$ 3,079,956</u>	<u>\$ 1,130,923</u>	<u>\$ 4,210,879</u>	<u>\$ 5,535,979</u>	<u>\$ 2,371,920</u>	<u>\$ 7,907,899</u>
Allowance (percentage of evaluated balance)	<u>17.7%</u>	<u>16.2%</u>	<u>17.3%</u>	<u>11.0%</u>	<u>9.7%</u>	<u>10.6%</u>
Loan charge-offs from principal	<u>\$ 532,444</u>	<u>\$ 234,249</u>	<u>\$ 766,693</u>	<u>\$ 289,535</u>	<u>\$ 148,980</u>	<u>\$ 438,515</u>

The following table presents the changes in the allowance for credit losses at December 31, 2024 and 2023, respectively (in thousands):

	Service industry	Non-service industry	Total
Allowance, December 31, 2022	\$ 761,708	\$ 304,753	\$ 1,066,461
CECL adoption adjustment <sup>1</sup>	15	6	21
Charge-offs	(299,205)	(153,330)	(452,535)
Recoveries	4,226	4,214	8,440
Provision for credit losses	143,235	75,206	218,441
Allowance, December 31, 2023	<u>\$ 609,979</u>	<u>\$ 230,849</u>	<u>\$ 840,828</u>
Charge-offs	(546,068)	(240,328)	(786,396)
Recoveries	23,067	19,761	42,828
Provision for credit losses	458,317	173,103	631,420
Allowance, December 31, 2024	<u>\$ 545,295</u>	<u>\$ 183,385</u>	<u>\$ 728,680</u>

<sup>1</sup> The LLC recorded an immaterial amount to increase credit losses upon the adoption of the CECL standard.

## MS Facilities 2020 LLC

### Notes to the Financial Statements

A loan participation is placed on non-accrual status if it is 90 days past due, or earlier based on credit indicators. The following table presents the aging analysis of loan participations as of December 31, 2024 and 2023, respectively (in thousands):

	Current	45-90 Days Past Due	90+ Days Past Due	Total
<b>December 31, 2024</b>				
Services	2,745,416	90,589	207,237	3,043,242
Non-services	969,124	73,424	69,340	1,111,888
Total loan participations	<u>\$ 3,714,540</u>	<u>\$ 164,013</u>	<u>\$ 276,577</u>	<u>\$ 4,155,130</u>
<b>December 31, 2023</b>				
Services	4,948,636	290,757	199,536	5,438,929
Non-services	2,093,500	100,441	145,123	2,339,064
Total loan participations	<u>\$ 7,042,136</u>	<u>\$ 391,198</u>	<u>\$ 344,659</u>	<u>\$ 7,777,993</u>

As of December 31, 2024 and December 31, 2023, there were approximately \$970.3 million and \$1.3 billion, respectively, in loan participations in non-accrual status.

Loan participations are generally charged off once the loan has become 180 days past due or is otherwise deemed uncollectible by management. Based on the contractual payment structure of loan participations, more principal payments have recently become due, and charge-offs have continued to increase. All related losses, including any accrued but uncollected interest from both the current and prior periods which is specifically considered in the determination of the allowance for credit loss, are charged-off against the allowance and are included in the “Provision for credit losses” reported on the Statements of Operations.

The following table presents the charge-off losses recognized by the LLC at December 31, 2024 and 2023, respectively (in thousands):

	2024	2023
Charge-offs, realized losses		
Principal	\$ 766,693	\$ 438,515
Interest receivable	<u>19,703</u>	<u>14,020</u>
Subtotal charge-offs, realized losses	<u>786,396</u>	<u>452,535</u>
Recoveries	<u>(42,828)</u>	<u>(8,440)</u>
Total charge-offs, net of recoveries	<u>\$ 743,568</u>	<u>\$ 444,095</u>

#### b. Loan Modifications

In certain cases, when a borrower experiences significant financial difficulties and is unable to meet its financial obligations, the LLC may approve modifications to contractual terms. The LLC considers many factors when approving modifications including whether (1) the debtor is or is likely to be in payment default in the foreseeable future without the modification, (2) if the debtor declared or will declare bankruptcy, (3) there is substantial doubt that the debtor will continue as a going concern, (4) the debtor's entity-specific projected cash flows will not be sufficient to service its debt, or (5) the debtor cannot obtain

# MS Facilities 2020 LLC

## Notes to the Financial Statements

funds from sources other than the existing creditors at market terms for debt with similar risk characteristics. Modifications may include changes in payment structure and timing such as principal or interest payment deferrals and other actions intended to minimize economic loss and avoid foreclosure or repossession of collateral. Loan participations are evaluated based on the revised contractual terms after a modification and performance against the new contractual terms when determining credit loss allowance. Based on the contractual payment structure of loan participations, more principal payments have recently become due, and loan modifications have continued to increase.

The LLC has not approved loan extensions beyond 2026 nor have there been reductions in interest rates. Principal forgiveness is not permitted under the terms of the Main Street Lending Program and there have been no commitments by the LLC to lend additional funds to borrowers experiencing financial difficulty.

The following table presents the LLC's outstanding principal balances for loan participations that were modified at December 31, 2024 and 2023, respectively, by type of modification (in thousands):

Loan participations modifications	2024						
	Services		Non-Services		Total Principal Balance	Number of Loan Participations	Payment Deferral or Acceleration Period
	Principal Balance	% of Segment	Principal Balance	% of Segment			
Principal payment deferral	\$ 486,271	16%	\$ 141,316	13%	627,587	56	1 to 24 months
Principal payment acceleration	2,412	0%	-	0%	2,412	1	11 months
Principal and interest payment deferral	-	0%	18,166	2%	18,166	2	3 to 24 months
Maturity extension and principal payment deferral <sup>1</sup>	12,336	0%	-	0%	12,336	1	24 to 36 months
Maturity acceleration and principal payment acceleration <sup>2</sup>	4,773	0%	-	0%	4,773	1	1 to 7 months
Maturity acceleration and principal payment deferral <sup>3</sup>	45,455	1%	-	0%	45,455	1	12 months
Total loan participations modified	<u>\$ 551,247</u>		<u>\$ 159,482</u>		<u>\$ 710,729</u>	<u>62</u>	

<sup>1</sup> The loan participation maturity was extended by one year.

<sup>2</sup> The loan participation maturity was accelerated by six months.

<sup>3</sup> The loan participation maturity was accelerated by one year.

Loan participations modifications	2023						
	Services		Non-Services		Total Principal Balance	Number of Loan Participations	Payment Deferral or Acceleration Period
	Principal Balance	% of Segment	Principal Balance	% of Segment			
Interest payment deferral	\$ 5,187	0%	\$ -	0%	\$ 5,187	1	12 months
Principal payment deferral	309,842	6%	77,863	3%	387,705	26	3 to 24 months
Principal and interest payment deferral	27,901	1%	27,251	1%	55,152	2	7 to 27 months
Maturity extension and principal payment deferral <sup>1</sup>	11,843	0%	-	0%	11,843	1	24 to 36 months
Total loan participations modified	<u>\$ 354,773</u>		<u>\$ 105,114</u>		<u>\$ 459,887</u>	<u>30</u>	

<sup>1</sup> The loan participation maturity was extended by one year.

The following table presents the LLC's outstanding principal for loan participations in accrual or non-accrual status by segment that were modified as of December 31, 2024 and 2023, respectively (in thousands):

	2024			2023		
	Accrual	Non-accrual	Total	Accrual	Non-accrual	Total
Services	\$ 293,675	\$ 257,572	\$ 551,247	\$ 177,838	\$ 176,935	\$ 354,773
Non-Services	91,462	68,020	159,482	79,396	25,718	105,114
Total loan participations modified	<u>\$ 385,137</u>	<u>\$ 325,592</u>	<u>\$ 710,729</u>	<u>\$ 257,234</u>	<u>\$ 202,653</u>	<u>\$ 459,887</u>

## MS Facilities 2020 LLC

### Notes to the Financial Statements

The following table presents the aging analysis of receivables for modified loan participations as of December 31, 2024 and 2023, respectively (in thousands):

	Current	45-90 Days Past Due	90+ Days Past Due	Total
<b>December 31, 2024</b>				
Services	\$ 522,869	\$ 521	\$ 27,857	\$ 551,247
Non-services	102,309	57,173	-	159,482
Total loan participations modified	<u>\$ 625,178</u>	<u>\$ 57,694</u>	<u>\$ 27,857</u>	<u>\$ 710,729</u>
<b>December 31, 2023</b>				
Services	\$ 349,586	\$ -	\$ 5,187	\$ 354,773
Non-services	105,114	-	-	105,114
Total loan participations modified	<u>\$ 454,700</u>	<u>\$ -</u>	<u>\$ 5,187</u>	<u>\$ 459,887</u>

Changes in modified loan participation balances at December 31, 2024 and 2023, respectively, were as follows (in thousands):

	2024	2023
Balance at beginning of year	\$ 459,887	\$ 80,028
Additions <sup>1</sup>	689,112	433,967
Net charge-offs	(77,435)	(24,629)
Sale of loan participations	(75,675)	-
Repayments	(285,160)	(29,479)
Balance at end of year	<u>\$ 710,729</u>	<u>\$ 459,887</u>

<sup>1</sup> Based on principal amount outstanding as of beginning of year, plus capitalization during the year.

### (5) RISK PROFILE

As of December 31, 2024, the LLC's portfolio of investments consisted primarily of cash equivalents and short-term investments. The fair value of the LLC's cash equivalents and short-term investments with overnight maturities totaled approximately \$3.9 billion and \$7.5 billion as of December 31, 2024 and 2023, respectively.

The average internal risk rating for loan participations held as of December 31, 2024 and 2023 were equivalent to a Moody's rating of Caa1 and B2, respectively. The following table shows rating distribution using internally derived risk ratings on a scale comparable to a Moody's rating scale as of December 31, 2024 and 2023:

## MS Facilities 2020 LLC

### Notes to the Financial Statements

Rating	% of Loan participations, principal amount	
	2024	2023
Ba or higher	25%	37%
B	35%	33%
Caa	21%	17%
Ca	19%	13%
Total	100%	100%

As of December 31, 2024 and 2023, cash equivalent holdings of approximately \$646.9 million and \$745.0 million, respectively, are not rated. As of December 31, 2024 and 2023, short-term investments in non-marketable securities of approximately \$3.3 billion and \$6.8 billion, respectively, are rated as government/agency. These holdings are reflected in the Statements of Financial Condition.

### (6) LOANS PAYABLE TO THE FEDERAL RESERVE BANK OF BOSTON

FRBB has extended loans to the LLC and the loan proceeds financed the LLC's purchase of eligible loan participations. In addition to loans for the purchase of eligible assets, the LLC is permitted to borrow from the FRBB for temporary operating liquidity needs.

The assets of the LLC are used to secure the loans from FRBB. These assets include the equity that the Treasury has contributed to the LLC to function as credit protection for FRBB's loans to the LLC.

Each loan made by the FRBB to the LLC bears interest, accrued daily, at a rate per annum equal to the interest rate on excess reserves in effect on such day that the loan originated. Repayment of the principal and interest on the loans is made from proceeds of prepayments or maturity payments of the purchased assets. The amount of interest expense during the periods is reported as "Loans interest expense" in the Statements of Operations.

The LLC's loans payable to FRBB is reported as "Loans payable to FRBB" in the Statements of Financial Condition. The related interest payable is reported as "Interest payable" in the Statements of Financial Condition. Loans payable to FRBB as of December 31, 2024 and 2023, respectively, were (in thousands):

Loan type	2024			
	Loans payable to FRBB	Interest Payable	Interest Rate	Maturity Dates
Funding	\$ 3,583,377	\$ 14,404	0.1%	12/31/2025 to 01/05/2026
Operating	-	-		
Total	\$ 3,583,377	\$ 14,404		

# MS Facilities 2020 LLC

## Notes to the Financial Statements

2023				
<u>Loan Type</u>	Loans payable to FRBB	Interest Payable	Interest Rate	Maturity Dates
Funding	\$ 7,434,174	\$ 22,496	0.1%	12/31/2025 to 01/05/2026
Operating	-	-		
Total	<u>\$ 7,434,174</u>	<u>\$ 22,496</u>		

## (7) CONTRIBUTIONS AND DISTRIBUTIONS

The following table presents contributions and distributions of capital and current year undistributed net operating income (loss) as of December 31, 2024 and 2023, which are reported as “Members' contributions (distributions)” and “Undistributed net operating income (loss)”, respectively, in the Statements of Changes in Members' Equity (in thousands):

	Managing member	Preferred equity member	Total members
Members' equity, December 31, 2022	\$ -	\$ 11,439,908	\$ 11,439,908
CECL adoption adjustment	-	(21)	(21)
Capital contribution	-	-	-
Capital (distribution)	-	(4,014,221)	(4,014,221)
Current year undistributed net operating income (loss)	34,713	870,180	904,893
Members' equity, December 31, 2023	<u>34,713</u>	<u>8,295,846</u>	<u>8,330,559</u>
Capital contribution	-	-	-
Capital (distribution)	-	(3,977,816)	(3,977,816)
Current year undistributed net operating income (loss)	(18,990)	36,250	17,260
Members' equity, December 31, 2024	<u>\$ 15,723</u>	<u>\$ 4,354,280</u>	<u>\$ 4,370,003</u>

The following table presents cumulative capital contributions and undistributed net operating income (loss) as of December 31, 2024 and 2023 (in thousands):

	Managing member	Preferred equity member	Total members
Cumulative capital contributions	\$ -	\$ 7,438,480	\$ 7,438,480
Cumulative undistributed net operating income (loss)	34,713	857,366	892,079
Members' equity, December 31, 2023	<u>\$ 34,713</u>	<u>\$ 8,295,846</u>	<u>\$ 8,330,559</u>
Cumulative capital contributions	\$ -	\$ 3,460,664	\$ 3,460,664
Cumulative undistributed net operating income (loss)	15,723	893,616	909,339
Members' equity, December 31, 2024	<u>\$ 15,723</u>	<u>\$ 4,354,280</u>	<u>\$ 4,370,003</u>

## MS Facilities 2020 LLC

### Notes to the Financial Statements

#### a. Contributions and Distributions of Capital

The preferred equity member initially contributed \$37.5 billion in capital as credit protection to the LLC for loans needed to fund purchases of loan participations or operations of the LLC, and the managing member was deemed to have contributed \$10 in capital. The preferred equity member, subject to the consent and agreement of the managing member in its sole discretion, may make additional contributions to the capital of the LLC.

Preferred equity member contributions are held in cash deposits and non-marketable securities, as mutually agreed upon by the managing member and the preferred equity member and consented to by FRBB. The amended LLC Agreement requires semi-annual interim distributions to continue to return portions of the Treasury's equity investment based on outstanding excess equity thresholds and the LLC returned \$4.0 billion of the preferred equity member's capital contribution in 2024 and 2023.

#### b. Undistributed and Distributed Net Operating Income

Amounts available for distribution, due to interest, fees, payments on investments and other receipts of income are applied on the dates and in the order of priority set forth in the credit agreement between the LLC and FRBB.

Prior to the conclusion of the program, and when all obligations of the LLC are repaid, the remaining net assets will be allocated and distributed in accordance with the limited liability company agreement of the LLC. That agreement contemplates the distribution, upon the LLC's liquidation, 1) to the Treasury of the preferred equity account balance, inclusive of all investment earnings on non-marketable securities, and 2) 90 percent of remaining net assets to the preferred equity member and 10 percent of remaining net assets to the managing member.

### (8) COMMITMENTS AND CONTINGENCIES

The LLC has agreed to pay the reasonable out-of-pocket costs and expenses of certain service providers incurred in connection with their duties. The LLC has also agreed to indemnify its service providers for losses, expenses, or other liabilities under the agreements it has with those service providers, subject to customary exceptions such as for losses caused by the service providers' misconduct. These indemnity obligations survive termination of those agreements. As of December 31, 2024, the LLC did not have any prior claims or losses pursuant to these agreements. The risk of loss was remote.

### (9) SUBSEQUENT EVENTS

There were no subsequent events that require adjustments to or disclosures in the financial statements as of December 31, 2024.

Subsequent events were evaluated through March 12, 2025, which is the date that these financial statements were available to be issued.