2024
ANNUAL REPORT

Farm Credit
WESTERN OKLAHOMA

WWW.FARMCREDITLOANS.COM

Five-Year Summary of Selected Consolidated Financial Data (Unaudited)

(Dollars in Thousands)

	December 31				
	2024	2023	2022	2021	2020
Statement of Condition Data					
Loans	**$ 1,919,049**	$ 1,780,560	$ 1,589,950	$ 1,296,546	$ 938,660
Less allowance for loan losses	**4,359**	2,477	1,838	1,822	1,827
Net loans	**1,914,690**	1,778,083	1,588,112	1,294,724	936,833
Investment in CoBank, ACB	**47,744**	42,653	43,963	39,139	30,828
Other assets	**79,697**	79,803	62,854	48,889	33,938
Total assets	**$ 2,042,131**	$ 1,900,539	$ 1,694,929	$ 1,382,752	$ 1,001,599
Obligations with maturities of one year or less	**$ 37,178**	$ 41,813	$ 41,021	$ 31,583	$ 17,917
Obligations with maturities longer than one year	**1,654,435**	1,529,296	1,335,580	1,109,279	805,810
Reserve for unfunded commitments	**1,024**	931	653	545	518
Total liabilities	**1,692,637**	1,572,040	1,377,254	1,141,407	824,245
Capital stock	**2,916**	2,884	2,897	2,433	2,058
Additional paid-in capital	**146,592**	146,592	146,592	81,946	33,619
Unallocated retained earnings	**202,022**	180,939	169,046	157,147	141,994
Accumulated other comprehensive income/(loss)	**(2,036)**	(1,916)	(860)	(181)	(317)
Total shareholders' equity	**349,494**	328,499	317,675	241,345	177,354
Total liabilities and shareholders' equity	**$ 2,042,131**	$ 1,900,539	$ 1,694,929	$ 1,382,752	$ 1,001,599

	For the Year Ended December 31				
	2024	2023	2022	2021	2020
Statement of Income/(Expense) Data					
Net interest income	**$ 53,880**	$ 49,759	$ 36,819	$ 34,207	$ 23,578
Patronage distribution from Farm Credit institutions	**8,322**	7,914	6,454	5,490	3,395
(Provision for credit losses)/Credit loss reversal	**(1,926)**	(936)	(68)	2,909	(76)
Noninterest expense, net	**(28,391)**	(31,762)	(21,481)	(21,751)	(15,741)
Provision for income taxes	**(2)**	(4)	(25)	(2)	(7)
Net income	**$ 31,883**	$ 24,971	$ 21,699	$ 20,853	$ 11,149
Comprehensive income	**$ 31,763**	$ 23,915	$ 21,020	$ 20,989	$ 10,913
Key Financial Ratios					
For the Year					
Return on average assets	**1.63%**	1.40%	1.54%	1.61%	1.15%
Return on average shareholders' equity	**9.27%**	7.57%	8.22%	8.83%	6.36%
Net interest income as a percentage of average earning assets	**2.92%**	2.97%	2.78%	2.82%	2.60%
Net (recoveries)/charge-offs as a percentage of average net loans	**<(0.01%)**	0.01%	<(0.01%)	(0.24%)	<0.01%
At Year End					
Shareholders' equity as a percentage of total assets	**17.11%**	17.28%	18.74%	17.45%	17.71%
Debt as a ratio to shareholders' equity	**4.84:1**	4.79:1	4.34:1	4.73:1	4.65:1
Allowance for loan losses as a percentage of loans	**0.23%**	0.14%	0.12%	0.14%	0.19%
Common equity tier 1 (CET1) capital ratio	**16.40%**	17.21%	17.96%	16.76%	16.58%
Tier 1 capital ratio	**16.40%**	17.21%	17.96%	16.76%	16.58%
Total regulatory capital ratio	**16.74%**	17.39%	18.12%	16.97%	16.85%
Tier 1 leverage ratio	**15.70%**	16.42%	16.82%	15.51%	15.63%
Unallocated retained earnings and URE equivalents (UREE) leverage ratio	**15.55%**	16.26%	16.64%	16.99%	17.16%
Permanent capital ratio	**16.45%**	17.23%	17.98%	16.79%	16.62%
Net Income Distribution					
Cash patronage distributions paid	**$ 13,000**	$ 9,800	$ 6,900	$ 3,860	$ 3,500
Cash patronage declared	**$ 10,800**	$ 13,000	$ 9,800	$ 5,700	$ 3,250

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INTRODUCTION

The following discussion summarizes the financial position and results of operations of Farm Credit of Western Oklahoma, ACA (Association) for the year ended December 31, 2024. Comparisons with prior years are included. We have emphasized material known trends, commitments, events, or uncertainties that have impacted, or are reasonably likely to impact our financial condition and results of operations. The discussion and analysis should be read in conjunction with the accompanying consolidated financial statements, footnotes, and other sections of this report. The accompanying consolidated financial statements were prepared under the oversight of our Audit Committee. The Management's Discussion and Analysis includes the following sections:

- Merger with Farm Credit of Enid, ACA
- Business Overview
- Economic Overview
- Loan Portfolio
- Credit Risk Management
- Results of Operations
- Liquidity
- Capital Resources
- Human Capital
- Regulatory Matters
- Governance
- Forward-Looking Information
- Critical Accounting Policies and Estimates
- Customer Privacy

Our quarterly reports to shareholders are available approximately 40 days after the calendar quarter end and annual reports are available approximately 75 days after the calendar year end. The reports may be obtained free of charge on our website, www.fcwestok.com, or upon request. We are located at 3302 Williams Avenue, Woodward, Oklahoma 73801-6944 or may be contacted by calling (580) 256-3465 or (800) 299-3465.

MERGER WITH FARM CREDIT OF ENID, ACA

On November 1, 2022, Farm Credit of Enid, ACA was merged into Farm Credit of Western Oklahoma, ACA. The merger successfully united two outstanding organizations and created a financial institution of greater capital, capacity, and human resources to serve agriculture and rural Oklahoma. The merged Association is conducting business under the name of Farm Credit of Western Oklahoma, ACA (Western Oklahoma) and is headquartered in Woodward, Oklahoma. The merged Association encompasses the territories previously served by the separate Associations. See Note 1 for a list of counties served. For purposes of this management discussion and analysis, unless otherwise noted, references to "the Association" represents Farm Credit of Western Oklahoma, ACA from a current, historical, and future perspective.

Beginning on November 1, 2022, our balance sheet, income statement, average balances, and related percentages include the effects of the merger with Farm Credit of Enid, ACA. Prior year results do not reflect the impact of this merger. Upon the closing of the merger, loans increased by $251.4 million, assets increased by $269.8 million, liabilities increased by $204.9 million, and shareholders' equity increased by $64.9 million. These amounts include adjustments to fair value, as required by accounting standards for business combinations.

BUSINESS OVERVIEW

Farm Credit System Structure and Mission

As of December 31, 2024, we are one of 55 associations in the Farm Credit System (System), which was created by Congress in 1916 and has served agricultural producers for over 100 years. The System mission is to provide sound and dependable credit to American farmers, ranchers, and producers or harvesters of aquatic products and farm-related businesses through a member-owned cooperative system. This is done by making loans and providing financial services. Through its commitment and dedication to agriculture, the System continues to have the largest portfolio of agricultural loans of any lender in the United States. The Farm Credit Administration (FCA) is the System's independent safety and soundness federal regulator and was established to supervise, examine, and regulate System institutions.

Our Structure and Focus

As a cooperative, we are owned by the members we serve. Our territory served extends across a diverse agricultural region from the Black Mesa in the northwest part of the Panhandle in Cimarron County to southwest Oklahoma. The counties in our territory are listed in Note 1 of the accompanying consolidated financial statements. We make long-term real estate mortgage loans to farmers, ranchers, rural residents, and agribusinesses, and production and intermediate-term loans for agricultural production or operating purposes. Additionally, we provide other related services to our borrowers, such as credit and term life insurance, advance conditional payment accounts, fee appraisals, and vehicle and equipment leasing through Farm Credit Leasing. Our success begins with our extensive agricultural experience and knowledge of the market and is dependent on the level of satisfaction we provide to our borrowers.

As part of the System, we obtain the funding for our lending and operations from a Farm Credit Bank. Our funding bank, CoBank, ACB (CoBank), is a cooperative of which we are a member. CoBank, its related associations, and AgVantis, Inc. (AgVantis) are referred to as the District.

We, along with the borrower's investment in our Association, are materially affected by CoBank's financial condition and results of operations. The CoBank quarterly and annual reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at 3302 Williams Avenue, Woodward, Oklahoma 73801-6944 or by calling (580) 256-3465 or (800) 299-3465. Annual reports are available within 75 days after year end and quarterly reports are available within 40 days after the calendar quarter end.

We purchase technology and other operational services from AgVantis, which is a technology service corporation. We are a shareholder in AgVantis, along with other AgVantis customers. Farm Credit Foundations, a human resource shared service provider for several Farm Credit institutions, provides administration for our payroll and benefits and may provide related human resource offerings.

ECONOMIC OVERVIEW

During 2024, loan demand has been strong and commodity prices have been volatile, however, opportunities for profitability have been present throughout our loan portfolio. Farm income is projected to decline in the coming year due to a profit squeeze within the agriculture economy. Fortunately, many operations are diversified to insulate from individual commodity losses and borrowers continue to take advantage of price protection and insurance available for their operations to protect themselves from commodity price declines and weather adversity. With historically low unemployment and strong demand for labor, off-farm income continues to provide healthy diversification to our customer base.

Based on the Oklahoma Drought Monitor, most of our lending territory is not experiencing any level of drought at the current time, except for the southern and easternmost portions of our lending territory which are experiencing the lowest level of drought, noted as being abnormally dry. The current soil moisture position of much of our lending territory will strengthen planting conditions for the spring of 2025, as both topsoil and subsoil moisture conditions are rated as adequate in our area overall.

Real estate values have continued to strengthen in Oklahoma, increasing 4.99% on average over the last 5 years. Potential weaknesses in commodity markets, volatility in oil/gas price/production, and/or U.S. recession brought on by federal inflation response could lead to a softening or decline in the real estate market which is a risk to our portfolio and to our customer base.

Our Association continues to analyze the material effects of transition risks related to climate change that may affect our business, financial condition, and results of operations. These risks include policy and regulatory changes that could impose operational and compliance burdens, market trends that may alter business opportunities, credit risks, litigation risks, and technological changes. Agricultural producers continue to adjust to changing climate conditions and have implemented additional practices of no-till planting, minimal till practices, cover crops, and other water conservation techniques to manage reduced amounts of rainfall and to keep their farmland in a state of sustainable production. Currently, we are not aware of any specific material impacts on our business, results of operations, or financial conditions from the effects of climate change transition risks.

Despite the softening of growth in the U.S. economy and concerns surrounding high interest rates in the first half of 2024, the U.S. economy ended on strong footing at the end of the year. Inflation continues to decelerate, and the Federal Reserve has responded by lowering interest rates to a range of 4.25% - 4.50%, with more rate cuts expected in 2025. The U.S. economy grew at a faster pace than expected in the second half of 2024 due to stronger than projected consumer spending. Real GDP grew at an annual rate of 2.8%, reflecting the increase in consumer spending in 2024. Although unemployment has increased slightly from the prior year, labor market conditions have generally remained healthy. After two years of strong growth, net cash farm income is forecasted to decrease by 3.5% in 2024 according to the USDA. This decrease is largely due to rising farming expenses, lower direct government payments, and weakening commodity prices. Global conflicts continue to put additional pressures on commodity prices and have contributed to volatility and uncertainty in the markets.

The Agricultural Improvement Act of 2018 (Farm Bill) was signed into law on December 20, 2018. This Farm Bill governs an array of federal farm and food programs, including commodity price support payments, farm credit, conservation programs, research, rural development, and foreign and domestic food programs for five years through 2023. On November 16, 2023, an extension of the Farm Bill was signed that allowed certain authorized programs to continue through September 30, 2024. Subsequently, on December 21, 2024, another extension of the Farm Bill was signed to extend the programs for one year through September 30, 2025. The extension includes $10 billion to help farmers struggling with high interest rates, declining crop prices, and rising production costs that are outpacing farm revenues. The Farm Bill continues to provide support for crop insurance and commodity support programs, strengthen livestock disaster programs, and provides dairy producers with an updated voluntary margin protection program that will provide additional risk management options to dairy operations. The Farm Bill also clarifies the Farm Credit System Insurance Corporation’s (FCSIC) authority, role, and procedures for acting as a conservator or receiver of a troubled System institution. The Farm Bill provides a range of statutory options to the Insurance Corporation including, but not limited to, marshalling and liquidating assets, satisfying claims of creditors, and using interim devices such as bridge banks.

LOAN PORTFOLIO

Total loans outstanding were $1.92 billion at December 31, 2024, an increase of $138.5 million, or 7.8%, from loans at December 31, 2023. The increase in loans was due to customer demands and marketing efforts throughout the lending territory. The types of loans outstanding at December 31 are reflected in the following table.

	2024		2023		2022	
(dollars in thousands)	**Amount**	**Percent**	Amount	Percent	Amount	Percent
Real estate mortgage	**$ 1,193,808**	**62.2%**	$ 1,131,210	63.5%	$ 1,081,515	68.0%
Production and intermediate-term	**522,824**	**27.2%**	448,728	25.2%	388,699	24.5%
Agribusiness	**128,891**	**6.8%**	125,192	7.0%	73,316	4.6%
Rural infrastructure	**64,239**	**3.3%**	65,916	3.8%	38,092	2.4%
Agricultural export finance	**7,469**	**0.4%**	7,455	0.4%	6,809	0.4%
Rural residential real estate	**1,818**	**0.1%**	2,059	0.1%	1,519	0.1%
Total	**$ 1,919,049**	**100.0%**	$ 1,780,560	100.0%	$ 1,589,950	100.0%

Real estate mortgage loans outstanding increased from year-end 2023 to year-end 2024 primarily due to increased marketing efforts for new and existing business relationships. Long-term mortgage loans are primarily used to purchase, refinance, or improve real estate. These loans have maturities ranging from 5 to 40 years. Real estate mortgage loans are also made to rural homeowners. By federal regulation, a real estate mortgage loan must be secured by a first lien and may only be made in an amount up to 85% of the original appraised value of the property, or up to 97% of the appraised value, if the loan is guaranteed by certain state, federal, or other governmental agencies. The average loan to appraised value of the mortgage loan portfolio is less than 50%, and under our current underwriting standards, we lend less than the regulatory limit of 85% of the appraised value of the property.

The production and intermediate-term loans increased from year-end 2023 to year-end 2024 primarily due to increased marketing efforts and higher production and operating costs. Production loans are used to finance the ongoing operating needs of agricultural producers and generally match the borrower's normal production and marketing cycle, which is typically 12 months. Intermediate-term loans are generally used to finance depreciable capital assets of a farm or ranch. Intermediate-term loans are written for a specific term, 1 to 15 years, with most loans being less than 10 years. Our production and intermediate-term loan portfolio shows some seasonality. Borrowings increase throughout the planting and growing seasons to meet farmers' operating and capital needs. These loans are normally at their lowest levels following the harvest or the sale of livestock. Loan balances tend to increase again in the spring and throughout the rest of the year as borrowers fund operating needs and/or purchase livestock.

An increase was also noted in agribusiness loan volume, where the majority of loan volume was due to loan participations. Additionally, at December 31, 2024, 100% of rural infrastructure and agricultural export finance volume were a result of loan participations purchased.

Portfolio Diversification

While we make loans and provide financially related services to qualified borrowers in agricultural and rural sectors and to certain related entities, our loan portfolio is diversified by loan participations purchased and sold, geographic locations served, commodities financed, and loan size as illustrated in the following four tables.

We purchase loan and lease participations from other System and non-System entities to generate additional earnings and diversify risk related to existing commodities financed and our geographic area served. In addition, we sell a portion of certain large loans to other System entities to reduce risk and comply with lending limits we have established.

Our volume of participations purchased and sold as of December 31 follows.

(dollars in thousands)	**2024**	2023	2022
Participations purchased	**$ 449,869**	$ 438,139	$ 326,708
Participations sold	**$ 20,944**	$ 12,845	$ 15,436

We have no loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interests that are held in lieu of retaining a subordinated participation interest in the loans sold.

The geographic distribution of loans by county at December 31 follows. As previously mentioned, we purchase loan participations outside our territory, which are included in Other in the following table.

	2024	2023	2022
Alfalfa	**2.67%**	2.28%	1.99%
Beaver	**1.91%**	1.81%	1.98%
Beckham	**2.14%**	1.49%	1.36%
Caddo	**4.16%**	4.62%	4.96%
Cimarron	**0.98%**	1.09%	1.15%
Cleveland	**0.67%**	0.72%	0.75%
Comanche	**2.02%**	1.95%	2.08%
Cotton	**1.46%**	1.27%	1.20%
Custer	**3.16%**	2.99%	2.78%
Dewey	**2.30%**	2.41%	2.70%
Ellis	**1.27%**	1.26%	1.54%
Garfield	**2.48%**	2.68%	3.20%
Grady	**2.86%**	3.22%	3.29%
Grant	**1.68%**	1.93%	2.18%
Greer	**0.41%**	0.46%	0.57%
Harmon	**1.00%**	1.22%	1.36%
Harper	**1.79%**	2.11%	2.14%
Jackson	**1.49%**	1.54%	2.01%
Kiowa	**2.07%**	2.23%	2.54%
Major	**1.75%**	1.55%	1.80%
McClain	**1.52%**	1.48%	1.53%
Roger Mills	**0.98%**	1.14%	1.36%
Texas	**4.07%**	3.75%	3.80%
Tillman	**1.95%**	1.91%	2.28%
Washita	**3.59%**	2.98%	3.08%
Woods	**5.60%**	5.52%	5.91%
Woodward	**3.62%**	3.84%	3.87%
Other – California Participations	**1.35%**	1.37%	0.95%
Other – Illinois Participations	**1.57%**	2.11%	1.82%
Other – Kansas	**5.98%**	5.78%	5.61%
Other – Kansas Participations	**5.06%**	5.00%	5.42%
Other – Michigan Participations	**1.23%**	0.87%	0.57%
Other – Montana Participations	**1.15%**	1.24%	0.74%
Other – Oklahoma	**6.02%**	5.40%	6.27%
Other – Oklahoma Participations	**0.93%**	1.57%	1.72%
Other – Texas	**4.37%**	4.64%	3.97%
Other – Texas Participations	**1.40%**	1.58%	0.71%
Other	**11.34%**	10.99%	8.81%
Total	**100.00%**	100.00%	100.00%

We are party to a Territorial Approval Agreement (Agreement) with two other associations in the state of Kansas. The Agreement eliminates territorial restrictions and allows associations that are a party to the Agreement to make loans in any other association's territory regardless of a borrower's place of residence, location of operations, location of loan security, or location of headquarters. This Agreement can be terminated upon the earlier to occur of:

1) the time when all but one association has withdrawn as a party to the Agreement; or
2) December 31, 2025, or
3) when requested by FCA.

The following table shows the primary agricultural commodities produced by our borrowers based on the Standard Industrial Classification System (SIC) published by the federal government. This system is used to assign commodity or industry categories based on the primary business of the customer. A primary business category is assigned when the commodity or industry accounts for 50% or more of the total value of sales for a business; however, a large percentage of agricultural operations typically includes more than one commodity.

	December 31		
SIC Category	**2024**	2023	2022
Beef	**52.53%**	52.18%	53.67%
Cash Grain/Sorghum/Soybeans	**7.97%**	7.32%	7.47%
Corn	**7.96%**	7.46%	8.28%
Wheat	**6.42%**	6.65%	7.27%
Peanuts/Cotton/Peppers/Watermelon	**4.71%**	4.94%	5.64%
Landlords	**3.57%**	3.78%	4.52%
Ag Services	**2.68%**	2.79%	2.38%
Telephone Communications	**0.89%**	1.98%	1.99%
Dairy	**1.52%**	1.85%	1.86%
Hay	**1.08%**	1.07%	1.19%
Farm Products Warehousing and Storage	**0.87%**	0.92%	–
Other	**9.80%**	9.06%	5.73%
Total	**100.00%**	100.00%	100.00%

Our loan portfolio contains a concentration of beef and cash grain producers. The largest concentration is beef which is characteristic of our territory and is expected to remain our largest commodity concentration. Cash grain/sorghum/soybeans is our second largest commodity and obviously complements beef producers as a source of feed grains and pasture for grazing cattle. Repayment ability of our borrowers is closely related to the production and profitability of the commodities they raise. If a loan fails to perform, restructuring and/or other servicing alternatives are influenced by the underlying value of the collateral, which is impacted by industry economics. Our future performance would be negatively impacted by adverse agricultural conditions. The degree of the adverse impact would be correlated to the commodities negatively affected and the magnitude and duration of the adverse agricultural conditions to our borrowers.

In addition to commodity diversification noted in the previous table, further diversification is also achieved from loans to rural residents and part-time farmers, which typically derive most of their earnings from non-agricultural sources. These borrowers are less subject to agricultural cycles and would likely be more affected by weaknesses in the general economy.

The loans outstanding at December 31, 2024 for loans $250 thousand or less accounted for 20.4% of loan volume and 73.5% of the number of loans. Credit risk on small loans, in many instances, may be reduced by non-farm income sources. The following table details loans outstanding by dollar size at December 31 for the last three years.

	2024		2023		2022	
(dollars in thousands)	**Amount outstanding**	**Number of loans**	Amount outstanding	Number of loans	Amount outstanding	Number of loans
$1 - $250	**$ 390,866**	**4,730**	$ 372,473	4,692	$ 363,062	4,570
$251 - $500	**291,513**	**841**	276,418	794	265,109	756
$501 - $1,000	**332,669**	**479**	301,024	431	290,386	413
$1,001 - $5,000	**708,538**	**363**	656,957	341	559,086	293
$5,001 - $25,000	**195,463**	**25**	173,688	23	112,307	15
Total	**$ 1,919,049**	**6,438**	$ 1,780,560	6,281	$ 1,589,950	6,047

As of December 31, 2024, approximately 5.7% of our loans outstanding is attributable to 10 borrowers. Due to their size, the loss of any of these loans or the failure of any of these loans to perform would adversely affect the portfolio and our future operating results.

The credit risk of some long-term real estate loans has been reduced by entering into agreements that provide long-term standby commitments by Federal Agricultural Mortgage Corporation (Farmer Mac) to purchase the loans in the event of default. The amount of loans subject to these Farmer Mac credit enhancements was $41.1 million at December 31, 2024, $44.7 million at December 31, 2023, and $47.1 million at December 31, 2022. Included in other operating expenses, were fees paid for these Farmer Mac commitments totaling $223 thousand in 2024, $237 thousand in 2023, and $213 thousand in 2022. Under the Farmer Mac long-term standby commitment to purchase agreements, we continue to hold the loans in our portfolio, and we pay commitment fees to Farmer Mac for the right to put a loan designated in these agreements to Farmer Mac at par in the event the loan becomes significantly delinquent (typically four months past due). If the borrower cures the default, we must repurchase the loan, and the commitment remains in place. Farmer Mac long-term standby commitments to purchase agreements are further described in Note 3. Other than the contractual obligations arising from these business transactions with Farmer Mac, Farmer Mac is not liable for any debt or obligation of ours and we are not liable for any debt or obligation of Farmer Mac. For more information on Farmer Mac, refer to their website at www.farmermac.com.

Credit guarantees with government agencies of $135.0 million at year-end 2024, $121.3 million at year-end 2023, and $121.6 million at year-end 2022 were outstanding. The utilization of credit guarantees with governmental agencies is a practical risk mitigation tool used principally to reinforce our Young, Beginning, and Small Farmer Program.

Credit Commitments

We may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of our borrowers. These financial instruments include commitments to extend credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in our consolidated financial statements. Commitments to extend credit are agreements to lend to a borrower if there is not a violation of any condition established in the contract. Commitments and commercial letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. We may also participate in standby letters of credit to satisfy the financing needs of our borrowers. These standby letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. The following table summarizes the maturity distribution of unfunded credit commitments on loans at December 31, 2024.

(dollars in thousands)	**Due 1 year or less**	**Due after 1 year through 3 years**	**Due after 3 years through 5 years**	**Due after 5 years**	**Total**
Commitments to extend credit	$ 156,814	$ 181,170	$ 40,241	$ 21,094	$ 399,319
Standby letters of credit	5,006	238	168	–	5,412
Commercial letters of credit	66	–	–	–	66
Total commitments	$ 161,886	$ 181,408	$ 40,409	$ 21,094	$ 404,797

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the Consolidated Statement of Condition until funded or drawn upon. The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers and we apply the same credit policies to these commitments. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the borrower. We consider potential losses related to unfunded commitments, and a reserve for unfunded commitments is included in the liabilities section of the Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income.

Nonperforming Assets

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. Accrued interest on all accruing loans at December 31, 2024 has been excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. Comparative information regarding nonperforming assets in the portfolio follows:

(dollars in thousands)	**2024**	2023	2022
Nonaccrual loans	**$ 5,550**	$ 5,274	$ 10,500
Accruing loans 90 days past due	**168**	171	666
Total nonperforming assets[1]	**$ 5,718**	$ 5,445	$ 11,166

[1] Prior to the adoption of CECL on January 1, 2023, nonperforming accruing loans were presented with accrued interest receivable.

We had no other property owned for the years presented.

Total nonperforming assets increased 5.0% at December 31, 2024 compared with year-end 2023 due to an increase in nonaccrual loans. Nonaccrual loans represent all loans where there is a reasonable doubt as to collection of all principal and/or interest. Nonaccrual volume increased as a result of loans to borrowers adversely impacted by commodity price volatility, higher farm input costs in the current agricultural environment, and stress in the general economy**.**

Accruing loans 90 days past due decreased from December 31, 2023. At December 31, 2024, all accruing 90 days past due loan volume was attributed to one loan.

Nonperforming asset volume is anticipated to increase in the future due to ongoing stress in the agriculture economy.

Credit Quality

We review the credit quality of the loan portfolio on an on-going basis as part of our risk management practices. Each loan is classified according to the Uniform Classification System (UCS), which is used by all System institutions. Following are the classification definitions.

- Acceptable – Assets are expected to be fully collectible and represent the highest quality.
- Other Assets Especially Mentioned (OAEM) – Assets are currently collectible but exhibit some potential weakness.
- Substandard – Assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – Assets exhibit similar weaknesses as substandard assets. However, doubtful assets have additional weaknesses in existing facts that make collection in full highly questionable.
- Loss – Assets are not considered collectible.

	2024	2023	2022[1]
Acceptable	**97.17%**	96.83%	97.35%
OAEM	**2.01%**	2.49%	1.59%
Substandard	**0.82%**	0.68%	1.06%
Total	**100.00%**	100.00%	100.00%

[1] Prior to the adoption of CECL on January 1, 2023, loans were presented with accrued interest receivable.

Recent economic conditions have created challenges for some borrowers and our credit quality has slightly declined. The financial position of most agricultural producers strengthened during the past decade, and most of our borrowers have maintained generally strong financial positions. As such, our credit quality is anticipated to remain sound in the near term. However, agriculture remains a cyclical business that is heavily influenced by production, operating costs, and commodity prices. Each of these can be significantly impacted by uncontrollable events. If less favorable economic conditions continue, it will likely lead to weakening in the loan portfolio.

Allowance for Loan Losses

Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (CECL). This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures, and replaced the incurred loss guidance. This framework requires that management’s estimate reflects credit losses over the asset’s remaining expected life and considers expected future changes in macroeconomic conditions. The allowance for credit losses comprises the allowance for loan losses and the allowance for unfunded commitments.

After adoption of this guidance, the allowance for credit losses takes into consideration relevant information about past events, current conditions, and macroeconomic forecasts of future conditions. An economic scenario is considered over a reasonable and supportable forecast period, after which, the framework incorporates historical loss experience. Final loss estimates also consider factors affecting credit losses not reflected in the scenario, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, lending policies, portfolio concentrations, regulatory guidance, and/or lags in economic forecast information.

For periods prior to January 1, 2023, we maintained an allowance for loan losses at a level consistent with the probable and estimable losses inherent in the loan portfolio identified by management. The allowance for loan losses at each period end was considered to be adequate to absorb probable losses existing in the loan portfolio. The following table provides relevant information regarding the allowance for loan losses as of December 31 for the last three fiscal years.

(dollars in thousands)	**2024**	2023	2022
Balance at beginning of year	**$ 2,477**	$ 1,838	$ 1,822
Cumulative effect of CECL adoption		77	
Balance at January 1		$ 1,915	
Charge-offs:			
Production and intermediate-term	**–**	103	–
Recoveries:			
Production and intermediate-term	**49**	6	56
Net (recoveries)/charge-offs	**(49)**	97	(56)
Provision for loan losses/(Loan loss reversal)	**1,833**	659	(40)
Balance at December 31	**$ 4,359**	$ 2,477	$ 1,838
Net (recoveries)/charge-offs to average net loans	**<(0.01%)**	0.01%	<(0.01%)

The following table presents the allowance for loan losses by loan type as of December 31 for the last three fiscal years.

(dollars in thousands)	**2024**	2023	2022
Real estate mortgage	**$ 235**	$ 231	$ 502
Production and intermediate-term	**1,081**	1,042	1,139
Agribusiness	**2,723**	651	117
Rural infrastructure	**318**	551	77
Agricultural export finance	**1**	1	1
Rural residential real estate	**1**	1	2
Total	**$ 4,359**	$ 2,477	$ 1,838

The allowance for loan losses increased from December 31, 2023, to December 31, 2024, primarily due to the provision for loan losses totaling $1.8 million. The provision increased primarily as a result of an increase in specific reserve due to the downgrade of one participation purchased loan, as well as loan growth and changes in the risk portfolio. Recoveries of $49 thousand were recorded during 2024. Overall, year-over-year charge-off activity remains low relative to the size of our loan portfolio. During 2023, our allowance for loan losses increased from 2022 primarily due to the provision for loan losses totaling $659 thousand that was recorded primarily as a result of loan volume growth. This was further impacted by the increase in the specific reserve due primarily to the downgrade of one credit complex. Comparative allowance for loan losses coverage as a percentage of loans and certain other credit quality indicators as of December 31 are presented in the following table.

	2024	2023	2022
Allowance for loan losses as a percentage of:			
Loans	**0.23%**	0.14%	0.12%
Nonperforming loans	**76.23%**	45.49%	16.46%
Nonaccrual loans	**78.54%**	46.97%	17.50%

The increase in allowance for loan losses as a percentage of nonperforming and nonaccrual loans in 2024 was primarily a result of specific reserve related to the downgrade of one participation purchased accrual loan and overall loan growth.

We maintain a separate reserve for unfunded commitments, which is included in Liabilities on our Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitment follows.

(dollars in thousands)	**2024**	2023	2022
Balance at beginning of year	**$ 931**	$ 653	$ 545
Cumulative effect of CECL adoption		1	
Balance at January 1		654	
Provision for reserve for unfunded commitments	**93**	277	108
Total	**$ 1,024**	$ 931	$ 653

The increase in provision for reserve for unfunded commitments in 2024 is due to changes in the risk portfolio relative to unfunded commitments.

Young, Beginning, and Small Farmers and Ranchers Program

As part of the Farm Credit System, we are committed to providing sound and dependable credit and related services to young, beginning, and small (YBS) farmers and ranchers. Our mission is to develop business relationships with young, beginning, and small farmers and ranchers who exhibit the management skills necessary to build a solid financial position, have viable operations, contribute to the agricultural community, and become profitable customers. The FCA regulatory definitions for YBS farmers and ranchers are shown below.

- Young Farmer: A farmer, rancher, or producer or harvester of aquatic products who was age 35 or younger as of the date the loan was originally made.
- Beginning Farmer: A farmer, rancher, or producer or harvester of aquatic products who had 10 years or less farming or ranching experience as of the date the loan was originally made.
- Small Farmer: A farmer, rancher, or producer or harvester of aquatic products who normally generated less than $350 thousand in annual gross cash farm income.

The YBS loan counts presented include total outstanding loans at year-end and loans paid off during the current year. Only loans originated by the Association or sourced from outside the System are counted. YBS loan volume presented is defined as current commitment, which is the dollar amount of disbursed funds plus the undisbursed commitment that is eligible to be drawn. For participated or pooled loans, the balances presented include only the volume held by the Association.

The following table provides the number of new loans and volume of new loans to YBS and non-YBS farmers made by the Association during the year.

	New loan activity during 2024			
(dollars in thousands)	Loan Counts	Volume	Percent of Total Loan Counts	Percent of Total Volume
Category				
Young only	29	$ 16,307	2.4%	3.0%
Young & beginning	58	50,291	4.8%	9.3%
Young & small	18	2,170	1.5%	0.4%
Beginning only	10	18,644	0.8%	3.5%
Beginning & small	121	26,173	10.1%	4.9%
Small only	400	66,429	33.5%	12.3%
Young, beginning & small (YBS)*	113	19,606	9.4%	3.6%
YBS Total	749	$ 199,620	62.5%	37.0%
Non-YBS	450	339,566	37.5%	63.0%
Total	1,199	$ 539,186	100.0%	100.0%

* The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

The following table provides the number of loans and volume of loans to YBS and non-YBS farmers held by the Association as of year-end.

	Loans outstanding as of December 31, 2024			
(dollars in thousands)	Loan Counts	Volume	Percent of Total Loan Counts	Percent of Total Volume
Category				
Young only	154	$ 76,548	2.3%	3.6%
Young & beginning	257	121,455	3.8%	5.7%
Young & small	150	20,927	2.2%	1.0%
Beginning only	99	54,785	1.5%	2.6%
Beginning & small	682	112,001	10.2%	5.3%
Small only	1,975	312,402	29.6%	14.8%
Young, beginning & small (YBS)*	638	78,442	9.6%	3.7%
YBS Total	3,955	$ 776,560	59.2%	36.7%
Non-YBS	2,723	1,340,925	40.8%	63.3%
Total	6,678	$ 2,117,485	100.0%	100.0%

* The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

We establish annual marketing goals to increase market share of loans to YBS farmers and ranchers. Our goals are as follows:

- Offer a 1% reduction in the variable interest rate to YBS farmers and ranchers who qualify;
- Continue to enhance both the experiences and learning opportunities available to our YBS Advisory Committee;
- Sponsor awards recognizing outstanding young farm families in our area;
- Award college scholarships to the next generation of potential farmers and ranchers;
- Fund interest-free 4-H and FFA loans to young producers who are working to gain the agricultural knowledge base needed to be successful;
- Offer related services either directly or in coordination with others that are responsive to the needs of YBS farmers and ranchers in our territory;
- Take full advantage of opportunities for coordinating credit and services offered with other System institutions in the territory and other governmental and private sources of credit who offer credit and services to those who qualify as YBS farmers and ranchers in our territory; and,
- Implement effective outreach programs to attract YBS farmers and ranchers.

During 2024, our outreach efforts have been successful and have proven to spread the Farm Credit message while working to educate and support the next generation of farmers and ranchers. The Association will continue our Washington D.C. initiative created for select YBS customers or potential customers. This initiative provides the opportunity for our area YBS producers to experience and participate in the political process. Participants in the Washington D.C. initiative meet with representatives of the Oklahoma delegation in the United States Congress and have face-to-face dialogue with leaders of agricultural trade organizations as well as the Farm Credit Administration, the Farm Credit Council, and other decision makers specific to the agricultural industry and the Farm Credit System. We use targeted lending and other outreach programs to further reinforce YBS qualitative and quantitative goals.

We also use specific lending initiatives and other outreach platforms such as our “Take One Off for the Future” program which reduces the interest rate on loans by 1% for qualified applicants. Our overall YBS lending campaign continues to leverage USDA loan guarantees and other critical government programs, along with additional progressive strategies to reach our annual quantifiable goals. We continue to promote our YBS program through our noticeable support of the young and diverse agricultural groups in Oklahoma including but not limited to countless 4-H and FFA programs.

Quarterly reports are provided to our Board of Directors detailing the number and volume of our YBS customers. We have developed quantitative targets to monitor our progress as follows:

- Loan number goals for YBS farmers and ranchers in our territory; and,
- Loan volume goals for YBS farmers and ranchers in our territory.

	# of YBS Loans		**YBS Loan Volume**	
(dollars in thousands)	**Goal**	**Actual**	**Goal**	**Actual**
Young	1,229	1,199	$265,572	$297,372
Beginning	1,736	1,676	$334,375	$366,683
Small	3,535	3,445	$509,801	$523,772

* Due to FCA regulatory definitions, a farmer/rancher may be included in multiple categories as they would be included in each category in which the definition was met.

During 2024, we met our loan volume goals for young, beginning, and small farmers and ranchers.

To ensure that credit and services offered to our YBS farmers and ranchers are provided in a safe and sound manner and within our risk-bearing capacity, we utilize customized loan underwriting standards, loan guarantee programs, interest rate reduction programs, or other credit enhancement programs. Additionally, we are actively involved in developing and sponsoring educational opportunities, leadership training, and business financial training for YBS farmers and ranchers.

CREDIT RISK MANAGEMENT

Participations purchased are a material part of the Association's loan portfolio. We recognize that there are certain inherent risks associated with participation loans and servicing many of those loans outside the Association's territory. However, we work to mitigate these risks by using real estate as collateral in many credit relationships, establishing pre-defined hold limits for participations purchased and relying upon underwriting standards with maximum risk thresholds established. The participation portfolio helps to provide strength to the Association by increasing diversity in our loan portfolio by expanding our geographical locations served and broadening the commodity types financed as we work to continue to expand our customer base.

Credit risk arises from the potential failure of a borrower to meet repayment obligations that result in a financial loss to the lender. Credit risk exists in our loan portfolio and in our unfunded loan commitments and standby letters of credit. Credit risk is actively managed on an individual and portfolio basis through application of sound lending and underwriting standards, policies, and procedures.

Underwriting standards are utilized to determine an applicant's operational, financial, and managerial resources available for repaying debt within the terms of the note and loan agreement. Underwriting standards include among other things, an evaluation of:

- character – borrower integrity and credit history;
- capacity – repayment capacity of the borrower based on cash flows from operations or other sources of income;
- collateral – to protect the lender in the event of default and also serve as a secondary source of loan repayment;
- capital – ability of the operation to survive unanticipated risks; and,
- conditions – intended use of the loan funds, terms, restrictions, etc.

Processes for information gathering, balance sheet and income statement verification, loan analysis, credit approvals, disbursements of proceeds, and subsequent loan servicing actions are established and followed. Underwriting standards vary by industry and are updated periodically to reflect market and industry conditions.

By regulation, we cannot have loan commitments to one borrower for more than 15% of our lending and lease limit base. Our Association's lending and lease limit base is established by our total regulatory capital. Additionally, we set our own lending limits to manage loan concentration risk. Lending limits have been established for individual loan size, commodity type, and special lending programs. We have adopted an individual lending limit maximum of 10% of lending and lease limit base for our highest quality borrowers.

We have established internal lending delegations to properly control the loan approval process. Delegations to staff are based on our risk-bearing ability, loan size, complexity, type, and risk, as well as the expertise and position of the credit staff member. Larger and more complex loans or loans perceived to have higher risk are typically approved by our loan committee with the most experienced and knowledgeable credit staff serving as members.

Most of our lending is comprised of first mortgage real estate loans, which must be secured by a first lien on real estate. Production and intermediate-term lending accounts for most of the remaining volume and is typically secured by livestock, crops, and equipment. Collateral evaluations are completed in compliance with FCA and Uniform Standards of Professional Appraisal Practices requirements. All property is appraised at market value. All collateral evaluations must be performed by a qualified appraiser. Certain appraisals must be performed by individuals with a state certification or license.

We use a two-dimensional risk rating model (Model) based on the Farm Credit System's Combined System Risk Rating Guidance. The Model estimates each loan's probability of default (PD) and loss given default (LGD). PD estimates the probability that a borrower will experience a default within twelve months from the date of determination. LGD provides an estimation of the anticipated loss with respect to a specific financial obligation of a borrower assuming a default has occurred or will occur within the next twelve months. The Model uses objective and subjective criteria to identify inherent strengths, weaknesses, and risks in each loan. PDs and LGDs are utilized in loan and portfolio management processes and are utilized for the allowance for loan losses estimate.

The Model's 14-point probability of default scale provides for nine acceptable categories, one OAEM category, two substandard categories, one doubtful category, and one loss category, each carrying a distinct percentage of default probability. The Model's LGD scale provides 6 categories, A through F, that have the following anticipated principal loss and range of economic loss expectations:

- A 0% anticipated principal loss; 0% to 5% range of economic loss
- B 0% to 3% anticipated principal loss; >5% to 15% range of economic loss
- C > 3% to 7% anticipated principal loss; >15% to 20% range of economic loss
- D > 7% to 15% anticipated principal loss; >20% to 25% range of economic loss
- E > 15% to 40% anticipated principal loss; >25% to 50% range of economic loss
- F above 40% anticipated principal loss; above 50% range of economic loss

RESULTS OF OPERATIONS

Earnings Summary

In 2024, we recorded net income of $31.9 million, compared with $25.0 million in 2023 and $21.7 million in 2022. The increase in 2024 was primarily due to increases in net interest income and noninterest income and a decrease in noninterest expense. This was partially offset by an increase in provision for credit losses. The increase in 2023 was primarily due to an increase in net interest income, partially offset by a decrease in noninterest income and increases in provision for credit losses and noninterest expense. The following table presents the changes in the significant components of net income from the previous year.

(dollars in thousands)	**2024 vs. 2023**	2023 vs. 2022
Net income, prior year	**$ 24,971**	$ 21,699
Increase/(Decrease) from changes in:		
Interest income	**17,089**	40,204
Interest expense	**(12,968)**	(27,264)
Net interest income	**4,121**	12,940
Provision for credit losses	**(990)**	(868)
Noninterest income	**1,341**	(1,419)
Noninterest expense	**2,438**	(7,402)
Provision for income taxes	**2**	21
Total increase in net income	**6,912**	3,272
Net income, current year	**$ 31,883**	$ 24,971

Return on average assets increased to 1.63% from 1.40% in 2023 and return on average shareholders' equity increased to 9.27% from 7.57% in 2023, primarily due to increase in net income.

Net Interest Income

Net interest income is our principal source of earnings and is impacted by interest earning asset volume, yields on assets, and cost of debt. The increase in net interest income from year-end 2023 was largely due to increased loan volume and increased earnings on our loanable funds. This is partially offset by a decrease in average interest rate spread during 2024, when compared to 2023. The following table provides an analysis of the individual components of the change in net interest income during 2024 and 2023.

(dollars in thousands)	**2024 vs. 2023**	2023 vs. 2022
Net interest income, prior year	**$ 49,759**	$ 36,819
Increase/(Decrease) in net interest income from changes in:		
Interest rates earned	**6,505**	19,027
Interest rates paid	**(6,592)**	(17,035)
Volume of interest-bearing assets and liabilities	**4,334**	10,500
Interest income on nonaccrual loans	**(126)**	448
Increase in net interest income	**4,121**	12,940
Net interest income, current year	**$ 53,880**	$ 49,759

The following table illustrates net interest margin and the average interest rates on loans and debt cost and interest rate spread.

	For the Year Ended December 31		
	2024	2023	2022
Net interest margin	**2.92%**	2.97%	2.78%
Interest rate on:			
Average loan volume	**6.28%**	5.90%	4.43%
Average debt	**3.88%**	3.42%	1.92%
Interest rate spread	**2.40%**	2.48%	2.51%

The decrease in interest rate spread resulted from a 46 basis point increase in interest rates on average debt, partially offset by a 38 basis point increase in interest rates on average loan volume. The decrease in net interest margin was due to an increase in average earning assets, outpacing the increase in net interest income.

Provision for Credit Losses

We monitor our loan portfolio and unfunded commitments on a regular basis to determine if any increase through provision for credit losses or decrease through a credit loss reversal in our allowance for loan losses or reserve for unfunded commitments is warranted based on our assessment of the relevant historical events, current conditions, and macroeconomic conditions. Prior to the adoption of CECL, we estimated allowance for credit losses based on our assessment of probable and estimable losses inherent in our loan portfolio and unfunded commitments. We recorded net provision for credit losses of $1.9 million in 2024, compared with $936 thousand in 2023 and $68 thousand in 2022. The provision for loan losses of $1.8 million recorded during 2024 was primarily due to an increase in specific reserve due to the downgrade of one participation purchased loan, as well as loan growth and changes in the risk portfolio. The provision for reserve for unfunded commitments of $93 thousand was recorded during 2024 due to changes in the risk portfolio relative to unfunded commitments.

The provision for loan losses of $659 thousand recorded during 2023 was primarily a result of loan volume growth. This was further impacted by the increase in the specific reserve due to the downgrade of one large credit complex. The provision for reserve for unfunded commitments of $277 thousand was recorded during 2023 due to increased risk in certain commitments.

The loan loss reversals of $40 thousand recorded during 2022 were primarily due to improved credit quality. The provision for reserve for unfunded commitments of $108 thousand was recorded during 2022 due to an increase in loan commitments and increased risk in certain loans.

Noninterest Income

During 2024, we recorded noninterest income of $10.9 million, compared with $9.6 million in 2023 and $11.0 million in 2022. Patronage distributions from CoBank are our primary source of noninterest income. Patronage is accrued in the year earned and then received from CoBank in the following year. CoBank patronage is distributed in cash. The total patronage from CoBank is comprised of patronage based on our borrowing balance, which is referred to as our direct note patronage. We received 100 basis points on participation loans and 45 basis points on our direct note with

CoBank for all other loans. Patronage earned from CoBank was $8.3 million in 2024, $7.4 million in 2023, and $6.3 million in 2022. Patronage income from CoBank includes special cash patronage distributions of $1.1 million for 2024, $995 thousand for 2023, and $1.0 million for 2022 due to CoBank's strong capital levels and financial results.

We received a patronage distribution from AgVantis in 2023 and 2022, based on our services purchased from AgVantis during the year. There was no distribution in 2024. Our total notice of allocation was $475 thousand in 2023 and $134 thousand in 2022. The allocation for 2023 included cash patronage of $238 thousand with the remainder recorded as an investment in AgVantis and included in other assets on the Consolidated Statement of Condition. The entire patronage allocation for 2022 was recorded as an investment in AgVantis.

We recorded a cash patronage of $17 thousand from Farm Credit Foundations, the organization that provides our payroll and human resource services, which will be paid in the following year. This compares with $15 thousand recorded in 2023 and $19 thousand in 2022. Patronage from Farm Credit Foundations, AgVantis, and CoBank is included in patronage distribution from Farm Credit institutions on the Consolidated Statement of Comprehensive Income.

Mineral income of $771 thousand was recognized during 2024. Of this amount, quarterly payments totaling $758 thousand were received from CoBank. Mineral income decreased from $1.0 million in 2023 and $1.2 million in 2022. The decrease in 2024 is due to decreased production volumes and lower prices paid for production.

Noninterest income also includes FCSIC distribution, loan fees, financially related services income, and other noninterest income. We recorded a FCSIC distribution of $499 thousand in 2024, which is our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts. There was no FCSIC distribution received in 2023 or 2022. Loan fees in 2024 were $733 thousand, an increase of $213 thousand, from 2023, primarily due to an increase in appraisal fee income. The increase in other noninterest income includes building insurance proceeds received in 2024.

In 2022, we received equity positioning income from CoBank of $2.8 million due to the transition to a pro-rata equity positioning strategy with CoBank. No such fees were received in 2024 or 2023.

Noninterest Expense

Noninterest expense for 2024 decreased $2.4 million, or 7.3%, to $31.0 million compared with 2023 and increased $5.0 million, or 19.1% compared with 2022. Noninterest expense for each of the three years ended December 31 is summarized as follows:

				Percent of Change	
(dollars in thousands)	**2024**	2023	2022	**2024/2023**	2023/2022
Salaries & employee benefits	**$ 17,190**	$ 18,460	$ 12,880	**(6.88%)**	43.32%
Occupancy & equipment	**1,448**	1,306	1,042	**10.87%**	25.34%
Purchased services from AgVantis	**4,970**	4,093	3,652	**21.43%**	12.08%
Merger related costs	**–**	120	768	**(100.00%)**	(84.38%)
Supervisory & examination costs	**541**	534	402	**1.31%**	32.84%
Other	**5,395**	6,630	5,307	**(18.63%)**	24.93%
Total operating expense	**29,544**	31,143	24,051	**(5.13%)**	29.49%
Farm Credit Insurance Fund premium	**1,435**	2,274	1,964	**(36.90%)**	15.78%
Total noninterest expense	**$ 30,979**	$ 33,417	$ 26,015	**(7.30%)**	28.45%

For the year ended December 31, 2024, total operating expense decreased $1.6 million, or 5.1%, compared with the year ended December 31, 2023, primarily due to decreases in salaries and employee benefits and other noninterest expense. Primary decreases within other noninterest expense include decreases in advertising and public member relations and travel expense. The operating expense decrease is partially offset by an increase in purchased services from AgVantis. For year ended December 31, 2023, total operating expense increased $7.1 million, or 29.5%, compared with the year ended December 31, 2022, primarily due to an increase in staff after the merger with Farm Credit of Enid, ACA which impacted salaries and employee benefits and other operating expenses.

LIQUIDITY

Liquidity is necessary to meet our financial obligations. Liquidity is needed to pay our note with CoBank, fund loans and other commitments, and fund business operations in a cost-effective manner. Our liquidity policy is intended to manage short-term cash flow, maximize debt reduction, and liquidate nonearning assets**.** Our direct loan with

CoBank, cash on hand, and borrower loan repayments provide adequate liquidity to fund our on-going operations and other commitments.

Funding Sources

Our primary source of liquidity is the ability to obtain funds for our operations through a borrowing relationship with CoBank. Our note payable to CoBank is collateralized by a pledge to CoBank of substantially all of our assets. Substantially all cash received is applied to the note payable and all cash disbursements are drawn on the note payable. The indebtedness is governed by a General Financing Agreement (GFA) with CoBank, which renews annually and matures on May 31, 2025. The annual average principal balance of the note payable to CoBank was $1.58 billion in 2024, $1.41 billion in 2023, and $1.12 billion in 2022.

We plan to continue to fund lending operations through the utilization of our funding arrangement with CoBank, retained earnings from current and prior years, and from borrower stock investments. CoBank's primary source of funds is the ability to issue Systemwide Debt Securities to investors through the Federal Farm Credit Banks Funding Corporation. This access has traditionally provided a dependable source of competitively priced debt that is critical for supporting our mission of providing credit to agriculture and rural America. Although financial markets experienced significant volatility in the last few years, we were able to obtain sufficient funding to meet the needs of our customers.

Interest Rate Risk

The interest rate risk inherent in our loan portfolio is substantially mitigated through our funding relationship with CoBank which allows for loans to be match-funded. Borrowings from CoBank match the pricing, maturity, and option characteristics of our loans to borrowers. CoBank manages interest rate risk through the direct loan pricing and its asset/liability management processes. Although CoBank incurs and manages the primary sources of interest rate risk, we may still be exposed to interest rate risk through the impact of interest rate changes on earnings generated from our loanable funds. We commit excess loanable funds with CoBank pro-rata with our loan portfolio. This program utilizes a percentage of our equity to fund each loan throughout the life of the loan. This program enables us to reduce our overall cost of funds with CoBank without significantly increasing our overall interest rate risk position.

Funds Management

We offer variable, fixed, adjustable, adjustable prime-based, and Secured Overnight Financing Rate (SOFR) rate loans to borrowers. Our Asset/Liability Committee (ALCO) determines the interest rate charged based on the following factors: 1) the interest rate charged by CoBank; 2) our existing rates and spreads; 3) the competitive rate environment; and 4) our profitability objectives.

CAPITAL RESOURCES

Capital supports asset growth and provides protection for unexpected credit and operating losses. Capital is also needed for investments in new products and services. We believe a sound capital position is critical to our long-term financial success due to the volatility and cycles in agriculture. Over the past several years, we have been able to build capital primarily through net income retained after patronage. Shareholders' equity at December 31, 2024 totaled $349.5 million, compared with $328.5 million at December 31, 2023 and $317.7 million at December 31, 2022. The increase of $21.0 million in shareholders' equity reflects net income and net stock issuances, partially offset by patronage distributions and an increase in accumulated other comprehensive loss. Our capital position is reflected in the following ratio comparisons.

	2024	2023	2022
Debt to shareholders' equity	**4.84:1**	4.79:1	4.34:1
Shareholders' equity as a percent of net loans	**18.25%**	18.47%	20.00%
Shareholders' equity as a percent of total assets	**17.11%**	17.28%	18.74%

Debt to shareholders' equity increased and shareholders' equity as a percent of net loans and of total assets decreased from 2023 primarily due to strong loan growth.

Retained Earnings

Our retained earnings increased $21.1 million to $202.0 million at December 31, 2024 from $180.9 million at December 31, 2023 and increased $33.0 million from $169.0 million at December 31, 2022. The increase in 2024 was a result of net income of $31.9 million, partially offset by $10.8 million of patronage distributions declared.

Patronage Program

We have a Patronage Program that allows us to distribute our available net earnings to our shareholders. This program provides for the application of net earnings in the manner described in our Bylaws. In addition to determining the amount and method of patronage to be distributed, the Bylaws address increasing surplus to meet capital adequacy standards established by Regulations; increasing surplus to a level necessary to support competitive pricing at targeted earnings levels; and increasing surplus for reasonable reserves. Patronage distributions are based on business done with us during the year. We paid cash patronage of $13.0 million in 2024, $9.8 million in 2023, and $5.7 million in 2022. An additional $1.2 million was declared by Farm Credit of Enid, ACA, for their stockholders prior to the merger in 2022 and was also paid in 2023. During 2024, we declared patronage distributions of $10.8 million to be paid in the first quarter of 2025.

Additional Paid-in Capital

As a result of the merger with Farm Credit of Enid, ACA and as required by generally accepted accounting principles, during 2022, we recorded additional paid-in capital of $64.6 million as a component of shareholders' equity. This represents the difference between the fair value of the net assets acquired and the par value of stock issued in the transaction.

Stock

Our total stock increased $32 thousand to $2.9 million at December 31, 2024, from $2.9 million at December 31, 2023 and $2.9 million at December 31, 2022. The increase during 2024 was due to $215 thousand of stock issuances, partially offset by $183 thousand of stock retirements. We require a stock investment for each borrower. We have a Borrower Level Stock Program which allows stock to be assigned to each borrower instead of each loan. This reduces the stock requirements for borrowers with multiple loans. The current stock requirement for each borrower is the lesser of one thousand dollars or 2.00% of the collective total balance of each borrower's loan(s).

Accumulated Other Comprehensive Income or Loss

Accumulated other comprehensive loss totaled $2.0 million at December 31, 2024, an increase of $120 thousand compared with year-end 2023 and an increase of $1.2 million compared with year-end 2022. Certain employees participate in a non-qualified Defined Benefit Pension Restoration Plan (Plan). Accounting guidance requires recognition of the Plan's underfunded status and unamortized actuarial gains and losses and prior service costs or credits as a liability with an offsetting adjustment to accumulated other comprehensive loss.

Capital Plan and Regulatory Requirements

Our Board of Directors establishes a formal capital adequacy plan that addresses capital goals in relation to risks. The capital adequacy plan assesses the capital level necessary for financial viability and to provide for growth. Our plan is updated annually and approved by our Board of Directors. FCA regulations require the plan consider the following factors in determining optimal capital levels, including:

- Regulatory capital requirements;
- Asset quality;
- Needs of our customer base; and,
- Other risk-oriented activities, such as funding and interest rate risks, contingent and off-balance sheet liabilities, and other conditions warranting additional capital.

As shown in the following table, at December 31, 2024, our capital and leverage ratios exceeded regulatory minimums. If these capital standards are not met, the FCA can impose restrictions, including limiting our ability to pay patronage distributions, retire equities, and pay preferred stock dividends.

	2024	2023	2022	Minimum Requirement with Buffer
Common Equity Tier 1 Capital ratio	**16.40%**	17.21%	17.96%	7.00%
Tier 1 Capital ratio	**16.40%**	17.21%	17.96%	8.50%
Total Capital ratio	**16.74%**	17.39%	18.12%	10.50%
Tier 1 Leverage ratio	**15.70%**	16.42%	16.82%	5.00%
Unallocated Retained Earnings and URE Equivalents (UREE) Leverage	**15.55%**	16.26%	16.64%	1.50%
Permanent capital ratio	**16.45%**	17.23%	17.98%	7.00%

The minimum ratios established were not meant to be adopted as the optimum capital level, so we have established goals in excess of the regulatory minimum. As of December 31, 2024, we have met our goals. Due to our strong capital position, we will continue to be able to retire at-risk stock.

Refer to Note 7, Shareholders' Equity, in this report for additional information on our capital and related requirements and restrictions.

On April 14, 2022, the FCA issued a final rule to address changes to its capital regulations and certain other regulations in response to the CECL accounting standard. The regulation reflects the CECL methodology, which revises the accounting for credit losses in accordance with accounting principles generally accepted in the United States of America (GAAP), as well as conforming amendments to the other regulations to accurately reference credit losses. Specifically, the regulation identifies which credit loss allowances under CECL are eligible for inclusion in a System institution's regulatory capital. Credit loss allowances related to loans, lessor's net investments in leases, and held-to-maturity debt securities would be included in a System institution's tier 2 capital up to 1.25 percent of the System institution's total risk-weighted assets. Credit loss allowances for available-for-sale debt securities and purchased credit impaired assets would not be eligible for inclusion in a System institution's tier 2 capital. In addition, the regulation does not include a transition phase-in period for the CECL day 1 cumulative effect adjustment to retained earnings on a System institution's regulatory capital ratios. The final rule was effective on January 1, 2023. The regulation did not have a material impact on our regulatory capital.

HUMAN CAPITAL

As of December 31, 2024, we had 84 employees at our headquarters in Woodward, Oklahoma and at our other branch locations. Our employees have an established foundation and working knowledge of agriculture and the Farm Credit System. Our workforce is approximately 56.0 percent female and 44.0 percent male, with minorities representing approximately 4.8 percent of our associates.

REGULATORY MATTERS

As of December 31, 2024, we had no enforcement actions in effect and FCA took no enforcement actions on us during the year.

GOVERNANCE

Board of Directors

We are governed by a nineteen-member board that provides direction and oversees our management. Of these directors, fifteen are elected by the shareholders and four are appointed by the elected directors. Our Board of Directors represents the interests of our shareholders. The Board of Directors meets regularly to perform the following functions, among others:

- selects, evaluates, and compensates the chief executive officer;
- approves the strategic plan, capital plan, financial plan, and the annual operating budget;
- oversees the lending operations;
- directs management on significant issues; and,
- oversees the financial reporting process, communications with shareholders, and our legal and regulatory compliance.

Director Independence

All directors must exercise sound judgment in deciding matters in our interest. All our directors are independent from the perspective that none of our management or staff serves as Board members. However, we are a financial services cooperative, and the Farm Credit Act and FCA Regulations require our elected directors to have a loan relationship with us.

The elected directors, as borrowers, have a vested interest in ensuring our Association remains strong and successful. However, our borrowing relationship could be viewed as having the potential to compromise the independence of an elected director. For this reason, the Board has established independence criteria to ensure that a loan relationship does not compromise the independence of our Board. Annually, in conjunction with our independence analysis and reporting on our loans to directors, each director provides financial information and any other documentation and/or assertions needed for the Board to determine the independence of each Board member.

Audit Committee

The Audit Committee reports to the Board of Directors. The Audit Committee is composed of seven members of the Board of Directors. During 2024, five meetings were held. The Audit Committee responsibilities generally include, but are not limited to:

- oversight of the financial reporting risk and the accuracy of the quarterly and annual shareholder reports;
- the oversight of the system of internal controls related to the preparation of quarterly and annual shareholder reports;
- the review and assessment of the impact of accounting and auditing developments on the consolidated financial statements;
- the establishment and maintenance of procedures for the receipt, retention, and treatment of confidential and anonymous submission of concerns regarding accounting, internal accounting controls, or auditing matters; and,
- oversight of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities.

Risk/Technology Committee

The Risk/Technology Committee is responsible for the oversight of credit and technology risk, including lending and underwriting standards, and assesses the conditions that may materially impact the loan portfolio. The Risk/Technology Committee consists of eight members of the Board of Directors.

Compensation Committee

The Compensation Committee is responsible for the oversight of employee and director compensation. The Compensation Committee is composed of seven members of the Board of Directors. The Committee annually reviews, evaluates, and approves the compensation policies, programs, and plans for senior officers and employees including benefits programs.

Governance Committee

The Governance Committee is responsible for monitoring significant developments in the law, changes in regulation, and enhancements in the practice of corporate governance. The Governance Committee is composed of eight members who work to develop and recommend to the Board changes to corporate governance principles applicable to the Association.

Other Governance

The Board has monitored the requirements of public companies under the Sarbanes-Oxley Act. While we are not subject to the requirements of this law, we are striving to implement steps to strengthen governance and financial reporting. We strive to maintain strong governance and financial reporting through the following actions:

- a system for the receipt and treatment of whistleblower complaints;
- a code of ethics for our President/CEO, Chief Risk Officer, Chief Financial Officer, Chief Credit Officer, Chief Lending Officer, Chief Information Officer, Chief Administration Officer, and other Association financial professionals as determined by the CEO, who are instrumental in accomplishing accurate and complete financial reporting;
- open lines of communication between the independent auditors, management, and the Audit Committee;
- "plain English" disclosures;
- officer certification of accuracy and completeness of the consolidated financial statements; and,
- information disclosure through our website.

Code of Ethics

Our directors and employees are responsible for maintaining the highest of standards in conducting our business. In that regard, we established a Code of Ethics for the Board of Directors and a Code of Ethics for the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, and other senior financial professionals who are involved, directly or indirectly, with the preparation of our financial statements and the maintenance of financial records supporting the financial statements. These Codes of Ethics supplement our Standards of Conduct Policies for Directors and Employees. Annually, each employee and director files a written and signed disclosure statement as required under the Standards of Conduct Policies. Likewise, all employees certify compliance with our Code of Ethics on an annual basis.

Whistleblower Program

We maintain a program for employee complaints related to accounting, financial reporting, internal accounting controls, or auditing matters. This program allows employees to submit confidential, anonymous concerns regarding accounting, financial reporting, internal accounting controls, fraud, or auditing matters without the fear of reprisal, retaliation, or adverse action being taken against any employee who, in good faith, reports or assists in the investigation of a violation or suspected violation, or who makes an inquiry about the appropriateness of an anticipated or actual course of action. The whistleblower program is not limited to employees. We list the whistleblower website address and hotline number on our website for use by other interested parties, if needed.

FORWARD-LOOKING INFORMATION

Our discussion contains forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as “anticipates,” “believes,” “could,” “estimates,” “may,” “should,” and “will,” or other variations of these terms are intended to identify forward-looking statements. These statements are based on assumptions and analyses considering experience and other historical trends, current conditions, and expected future developments. However, actual results and developments may differ materially from our expectations and predictions due to several risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory, and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural utility, international, and farm-related business sectors;
- weather, disease, including the coronavirus pandemic, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- changes in United States government support of the agricultural industry and/or the Farm Credit System; and,
- actions taken by the Federal Reserve System in implementing monetary policy.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are based on accounting principles generally accepted in the United States of America. Our significant accounting policies are critical to the understanding of our results of operations and financial position because some accounting policies require us to make complex or subjective judgments and estimates that may affect the value of certain assets or liabilities. We consider these policies critical because we have to make judgments about matters that are inherently uncertain. For a complete discussion of significant accounting policies, see Note 2 of the accompanying consolidated financial statements. The development and selection of critical accounting policies, and the related disclosures, have been reviewed by our Audit Committee. A summary of critical policies relating to the determination of the allowance for loan losses follows.

Allowance for Loan Losses/Reserve for Unfunded Commitments

The allowance for loan losses is our best estimate of credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures as of the balance sheet date. The allowance for loan losses is increased through provisions for loan losses and loan recoveries and is decreased through loan loss reversals and loan charge-offs. Additionally, we provide line of credit financing to our customers. We have established a reserve for unfunded commitment to cover expected losses. This reserve is reported as a liability in our consolidated balance sheet. The reserve for unfunded commitment is increased through provision for the reserve for unfunded commitments and is decreased through reversals of the reserve for unfunded commitments. Provision for loan losses and provision for reserve for unfunded commitments are referred to as a provision for credit losses on the Consolidated Statement of Comprehensive Income. We determine the allowance for loan losses and the reserve for unfunded commitment based on relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. Loans are evaluated based on the borrower's overall financial condition, resources, and payment record; the prospects for support from any financially responsible guarantor; and, if appropriate, the estimated net realizable value of any collateral.

Changes in the factors we consider in the evaluation of losses in the loan portfolio could occur for various credit related reasons and could result in a change in the allowance for loan losses, which would have a direct impact on the provision for loan losses and results of operations. See Notes 2 and 3 to the accompanying consolidated financial statements for detailed information regarding the allowance for loan losses.

CUSTOMER PRIVACY

FCA regulations require that borrower information be held in confidence by Farm Credit institutions, their directors, officers, and employees. FCA regulations and our Standards of Conduct Policies specifically restrict Farm Credit institution directors and employees from disclosing information not normally contained in published reports or press releases about the institution or its borrowers or members. These regulations also provide Farm Credit institutions clear guidelines for protecting their borrowers' nonpublic information.

Report of Management

The consolidated financial statements of Farm Credit of Western Oklahoma, ACA (Association) are prepared by management, who is responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances, and in the opinion of management, fairly present the financial condition of the Association. Other financial information included in the 2024 annual report is consistent with that in the financial statements.

To meet its responsibility for reliable financial information, management depends on the Association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are properly authorized and recorded. To monitor compliance, management engaged Deloitte Risk and Financial Advisory Committee to perform audits of the accounting records, review accounting systems and internal controls, and recommend improvements as appropriate. The Association is also examined by the Farm Credit Administration.

The Audit Committee of the Board of Directors has overall responsibility for the Association's system of internal control and financial reporting. The Audit Committee consults regularly with management and reviews the results of the examinations by the various entities named above. The independent auditors have direct access to the Audit Committee.

The undersigned certify the Farm Credit of Western Oklahoma Annual Report has been reviewed and prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Roger Fischer

Roger Fischer
Chairman of the Board

Greg Livingston

Greg Livingston
President and Chief Executive Officer

Jamey B. Mitchell

Jamey B. Mitchell, CPA
Chief Financial Officer

March 6, 2025

Report on Internal Control Over Financial Reporting

Farm Credit of Western Oklahoma (Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's consolidated financial statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its consolidated financial statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2024. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2024, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2024.

Greg Livingston
Greg Livingston
President and Chief Executive Officer

Jamey B. Mitchell
Jamey B. Mitchell, CPA
Chief Financial Officer

March 6, 2025

Lending you can grow on

Audit Committee Report

The Audit Committee (Committee) includes seven members from the Board of Directors of Farm Credit of Western Oklahoma (Association). In 2024, five Committee meetings were held. The Committee oversees the scope of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter. The Committee approved the appointment of PricewaterhouseCoopers, LLP (PwC) as the Association's independent auditors for 2024.

The fees for professional services rendered for the Association by its independent auditor, PwC, during 2024 were $135,780 for audit services and $41,900 for tax services.

The Committee reviewed the non-audit services provided by PwC and concluded these services were not incompatible with maintaining the independent auditor's independence.

Management is responsible for the Association's internal controls and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Association's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue a report thereon. The Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Committee reviewed and discussed the Association's Quarterly Reports and the Association's audited financial statements for the year ended December 31, 2024 (the "Financial Statements") with management. The Committee also reviews with PwC the matters required to be discussed by Statements on Auditing Standards. Both PwC and the Association's internal auditors directly provide reports on significant matters to the Committee.

Based on the foregoing review and discussions and relying thereon, the Committee recommended that the Board of Directors include the Financial Statements in the Association's Annual Report to Shareholders for the year ended December 31, 2024 and for filing with the Farm Credit Administration.

Karen Pittman

Karen Pittman, Chairman of the Audit Committee

Lonnie Olson
Stephanie Craighead
Rusty Roush
Lyndal Skaggs
Robert Williams
Chad Budy

March 6, 2025

Report of Independent Auditors

To the Board of Directors of Farm Credit of Western Oklahoma, ACA

Opinion

We have audited the accompanying consolidated financial statements of Farm Credit of Western Oklahoma, ACA and its subsidiaries (the "Association"), which comprise the consolidated statement of condition as of December 31, 2024, 2023, and 2022 and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024, 2023, and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 of the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association’s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 US 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 US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Association'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2024 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Denver, Colorado
March 6, 2025

Consolidated Statement of Condition

(Dollars in Thousands)

	December 31		
	2024	2023	2022
ASSETS			
Loans	**1,919,049**	$ 1,780,560	$ 1,589,950
Less allowance for loan losses	**4,359**	2,477	1,838
Net loans	**1,914,690**	1,778,083	1,588,112
Cash	**6,123**	12,199	5,332
Accrued interest receivable	**39,650**	33,819	25,739
Investment in CoBank, ACB	**47,744**	42,653	43,963
Premises and equipment, net	**10,581**	9,860	9,670
Prepaid benefit expense	**9,763**	10,287	11,259
Other assets	**13,580**	13,638	10,854
Total assets	**$ 2,042,131**	$ 1,900,539	$ 1,694,929
LIABILITIES			
Note payable to CoBank, ACB	**$ 1,649,113**	$ 1,524,402	$ 1,332,337
Advance conditional payments	**13,524**	13,538	20,188
Accrued interest payable	**5,322**	4,894	3,243
Patronage distributions payable	**10,800**	13,000	9,800
Accrued benefits liability	**3,486**	3,127	1,594
Reserve for unfunded commitments	**1,024**	931	653
Other liabilities	**9,368**	12,148	9,439
Total liabilities	**$ 1,692,637**	$ 1,572,040	$ 1,377,254
Commitments and Contingencies (See Note 13)			
SHAREHOLDERS' EQUITY			
Capital stock	**2,916**	2,884	2,897
Additional paid-in capital	**146,592**	146,592	146,592
Unallocated retained earnings	**202,022**	180,939	169,046
Accumulated other comprehensive income/(loss)	**(2,036)**	(1,916)	(860)
Total shareholders' equity	**349,494**	328,499	317,675
Total liabilities and shareholders' equity	**$ 2,042,131**	$ 1,900,539	$ 1,694,929

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

	For the Year Ended December 31		
	2024	2023	2022
INTEREST INCOME			
Loans	**$ 115,914**	$ 98,837	$ 58,633
Other	**12**	-	-
Total interest income	**115,926**	98,837	58,633
INTEREST EXPENSE			
Note payable to CoBank, ACB	**61,688**	48,652	21,694
Other	**358**	426	120
Total interest expense	**62,046**	49,078	21,814
Net interest income	**53,880**	49,759	36,819
Provision for credit losses	**1,926**	936	68
Net interest income after provision for credit losses	**51,954**	48,823	36,751
NONINTEREST INCOME			
Financially related services income	**24**	27	15
Loan fees	**733**	520	270
Patronage distribution from Farm Credit institutions	**8,322**	7,914	6,454
Farm Credit Insurance Fund distribution	**499**	-	-
Mineral income	**771**	1,016	1,208
Equity Positioning income from CoBank	**-**	-	2,844
Other noninterest income	**561**	92	197
Total noninterest income	**10,910**	9,569	10,988
NONINTEREST EXPENSE			
Salaries and employee benefits	**17,190**	18,460	12,880
Occupancy and equipment	**1,448**	1,306	1,042
Purchased services from AgVantis, Inc.	**4,970**	4,093	3,652
Farm Credit Insurance Fund premium	**1,435**	2,274	1,964
Merger related costs	**-**	120	768
Supervisory and examination costs	**541**	534	402
Other noninterest expense	**5,395**	6,630	5,307
Total noninterest expense	**30,979**	33,417	26,015
Income before income taxes	**31,885**	24,975	21,724
Provision for income taxes	**2**	4	25
Net income	**31,883**	24,971	21,699
COMPREHENSIVE INCOME			
Amortization of retirement costs	**482**	266	41
Actuarial loss in retirement obligation	**(602)**	(1,322)	(720)
Total comprehensive income	**$ 31,763**	$ 23,915	$ 21,020

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

	Capital Stock	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2021	$ 2,433	$ 81,946	$ 157,147	$ (181)	$ 241,345
Comprehensive income			21,699	(679)	21,020
Stock issued	201				201
Stock retired	(196)				(196)
Patronage distributions: Cash			(9,800)		(9,800)
Equity issued in Connection with merger	459	64,646			65,105
Balance at December 31, 2022	2,897	146,592	169,046	(860)	317,675
Comprehensive income			24,971	(1,056)	23,915
Stock issued	208				208
Stock retired	(221)				(221)
Patronage distributions: Cash			(13,000)		(13,000)
Cumulative effect of CECL adoption			(78)		(78)
Balance at December 31, 2023	2,884	146,592	180,939	(1,916)	328,499
Comprehensive income			31,883	(120)	31,763
Stock issued	215				215
Stock retired	(183)				(183)
Patronage distributions: Cash			(10,800)		(10,800)
Balance at December 31, 2024	**$ 2,916**	**$ 146,592**	**$ 202,022**	**$ (2,036)**	**$ 349,494**

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

Consolidated Statement of Cash Flows

(Dollars in Thousands)

	For the Year Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 31,883**	$ 24,971	$ 21,699
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation	**904**	913	738
Provision for credit losses	**1,926**	936	68
Allocated patronage from AgVantis	**-**	(238)	(134)
(Gains)/Losses on sales of premises and equipment	**(88)**	1	(48)
Net accretion of yield related to loans and notes payable acquired in merger	**(877)**	(1,453)	(1,453)
Change in assets and liabilities:			
Increase in accrued interest receivable	**(5,831)**	(8,080)	(3,275)
Decrease/(Increase) in prepaid benefit expense	**524**	972	(2,159)
Decrease/(Increase) in other assets	**58**	(2,546)	(602)
Increase in accrued interest payable	**428**	1,651	1,260
Increase in accrued benefits liability	**239**	477	128
(Decrease)/Increase in other liabilities	**(2,780)**	2,709	(2,788)
Total adjustments	**(5,497)**	(4,658)	(8,265)
Net cash provided by operating activities	**26,386**	20,313	13,434
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in loans, net	**(136,789)**	(188,235)	(40,847)
Net cash acquired in business combination	**-**	-	402
(Increase)/Decrease in investment in CoBank, ACB	**(5,091)**	1,310	2,220
Expenditures for premises and equipment	**(1,625)**	(1,212)	(1,134)
Proceeds from sales of premises and equipment	**88**	108	85
Net cash used in investing activities	**(143,417)**	(188,029)	(39,274)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net draw on note payable to CoBank, ACB	**123,937**	191,046	25,284
(Decrease)/Increase in advance conditional payments	**(14)**	(6,650)	3,959
Capital stock retired	**(183)**	(221)	(196)
Capital stock issued	**215**	208	201
Cash patronage distributions paid	**(13,000)**	(9,800)	(6,900)
Net cash provided by financing activities	**110,955**	174,583	22,348
Net (decrease)/increase in cash	**(6,076)**	6,867	(3,492)
Cash at beginning of year	**12,199**	5,332	8,824
Cash at end of year	**$ 6,123**	$ 12,199	$ 5,332
SUPPLEMENTAL CASH INFORMATION:			
Cash paid during the year for:			
Interest	**$ 61,618**	$ 47,427	$ 20,049
Income taxes	**$ -**	$ 32	$ 2
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Allocated patronage from AgVantis	**$ -**	$ 238	$ 134
Net (recoveries)/charge-offs	**$ (49)**	$ 97	$ (56)
Patronage distributions payable	**$ 10,800**	$ 13,000	$ 9,800
Change in accumulated other comprehensive income/(loss)	**$ (120)**	$ (1,056)	$ (679)
Impact of merger transaction			
Assets acquired	**$ -**	$ -	$ 269,819
Liabilities assumed	**$ -**	$ -	$ 204,714
Equity Issued	**$ -**	$ -	$ 65,105

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND OPERATIONS

A. Organization: Farm Credit of Western Oklahoma, ACA and its subsidiaries, Farm Credit of Western Oklahoma, FLCA, (Federal Land Credit Association (FLCA)) and Farm Credit of Western Oklahoma, PCA, (Production Credit Association (PCA)), (collectively called "the Association") are member-owned cooperatives which provide credit and credit-related services to or for the benefit of eligible borrowers/shareholders for qualified agricultural purposes in the counties of Alfalfa, Beaver, Beckham, Caddo, Cimarron, Cleveland, Comanche, Cotton, Custer, Dewey, Ellis, Garfield, Grady, Grant, Greer, Harmon, Harper, Jackson, Kiowa, Major, McClain, Roger Mills, Texas, Tillman, Washita, Woods, and Woodward in the state of Oklahoma.

The Association is a lending institution of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations, which was established by Acts of Congress to meet the credit needs of American agriculture and is subject to the provisions of the Farm Credit Act of 1971, as amended (the Farm Credit Act). At December 31, 2024, the System was comprised of three Farm Credit Banks, one Agricultural Credit Bank (System Banks), and 55 associations.

CoBank, ACB (funding bank or the "Bank"), its 16 related Agricultural Credit Associations (ACA), which each have two wholly owned subsidiaries (a FLCA and a PCA), and AgVantis, Inc. (AgVantis) are collectively referred to as the CoBank District (District). CoBank provides the funding to associations within the District and is responsible for supervising certain activities of the District Associations. AgVantis, which is owned by the entities it serves, provides technology and other operational services to certain associations and to CoBank.

ACA parent companies provide financing and related services through their FLCA and PCA subsidiaries. Generally, the FLCA makes secured long-term agricultural real estate and rural home mortgage loans and the PCA makes short- and intermediate-term loans for agricultural production or operating purposes.

The Farm Credit Administration (FCA) is delegated authority by Congress to regulate the System Banks and Associations. The FCA examines the activities of System institutions to ensure their compliance with the Farm Credit Act, FCA regulations, and safe and sound banking practices.

The Farm Credit Act established the Farm Credit System Insurance Corporation (Insurance Corporation) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is required to be used (1) to ensure the timely payment of principal and interest on Systemwide debt obligations (Insured Debt), (2) to ensure the retirement of protected stock at par or stated value, and (3) for other specified purposes. The Insurance Fund is also available for discretionary use by the Insurance Corporation to provide assistance to certain troubled System institutions and to cover the operating expenses of the Insurance Corporation. Each System Bank has been required to pay premiums, which may be passed on to the Association, into the Insurance Fund based on its annual average adjusted outstanding insured debt until the monies in the Insurance Fund reach the "secure base amount," which is defined in the Farm Credit Act as 2.0% of the aggregate Insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or such other percentage of the aggregate obligations as the Insurance Corporation, at its sole discretion, determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the Insurance Corporation is required to reduce premiums, as necessary to maintain the Insurance Fund at the 2.0% level. As required by the Farm Credit Act, as amended, the Insurance Corporation may return excess funds above the secure base amount to System institutions.

B. Operations: The Farm Credit Act sets forth the types of authorized lending activity, persons eligible to borrow, and financial services which can be offered by the Association. The Association is authorized to provide, either directly or in participation with other lenders, credit, credit commitments, and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, their cooperatives, rural residents, and farm-related businesses.

The Association also serves as an intermediary in offering credit and term life insurance, advance conditional payment accounts, and provides additional services to borrowers such as fee appraisals and vehicle and equipment leasing through Farm Credit Leasing.

The Association's financial condition may be impacted by factors affecting CoBank. The CoBank Annual Report is available free of charge on CoBank's website, www.cobank.com; or may be obtained at no charge by contacting the Association at 3302 Williams Avenue, Woodward, Oklahoma 73801-6944, or by calling (580) 256-3465 or (800) 299-3465. Upon request, Association shareholders will be provided with a copy of the CoBank Annual Report. The CoBank Annual Report discusses the material aspects of CoBank's and the District's financial condition, changes in financial condition, and results of operations. In addition, the CoBank Annual Report identifies favorable and unfavorable trends, significant events, uncertainties, and the impact of activities of the Insurance Corporation.

In addition, the Farm Credit Council acts as a full-service federated trade association, which represents the System before Congress, the Executive Branch, and others, and provides support services to System institutions on a fee basis.

C. Merger: Effective November 1, 2022, Farm Credit of Enid, ACA (Enid) was merged into Farm Credit of Western Oklahoma, ACA, (Western Oklahoma). Western Oklahoma acquired 100% of the assets and liabilities of Enid. The merged Association conducts business under the name of Farm Credit of Western Oklahoma, ACA (Western Oklahoma) and is headquartered in Woodward, Oklahoma. The primary reason for the merger was to create a stronger financial institution of greater capital, capacity, and human resources to serve agriculture and rural Oklahoma. The effects of the Enid merger are included in the Association's results of operations, balance sheet, average balances, and related metrics beginning November 1, 2022.

The acquisition method of accounting requires the financial statement presentation of combined balances as of the date of the merger, but not for previous periods. The consolidated financials reflect the operations of Enid merged balances as of November 1, 2022. Information presented in the Notes to the Consolidated Financial Statement for 2022 reflects balances of the merged Association.

As cooperative organizations, Farm Credit associations operate for the mutual benefit of their borrowers and other customers and not for the benefit of equity investors. As such, their capital stock provides no significant interest in corporate earnings or growth. Specifically, due to restrictions in applicable regulations and the bylaws, the Associations can issue stock only at its par value of $5 per share, the stock is not tradable, and the stock can be retired only for the lesser of par value or book value. The shares of Enid stock were converted in the merger and into the shares of Western Oklahoma stock with identical rights and attributes. For this reason, the conversion of Enid stock pursuant to the merger occurred at a one-for-one exchange ratio (i.e., each Enid share was converted into one share of Western Oklahoma stock with an equal par value).

Management believes that because the stock in each association is fixed in value (although subject to impairment), the Western Oklahoma stock issued pursuant to the merger provided no basis for estimating the fair value of the consideration transferred pursuant to the merger. In the absence of a purchase price determination, Western Oklahoma undertook a process to identify and estimate the acquisition-date fair value of Enid's equity interests instead of the acquisition-date fair value of Western Oklahoma's equity interests transferred as consideration. The fair value of the assets acquired, including specific intangible assets and liabilities assumed from Enid, was measured based on various estimates using assumptions that Western Oklahoma management believes are reasonable utilizing information currently available. Use of different estimate and judgments could yield materially different results.

The merger was accounted for under the acquisition method of accounting, as prescribed by Accounting Standards Codification (ASC 805, Business Combinations (ASC 805)). Pursuant to these rules, Western Oklahoma acquired the assets and assumed the liabilities of Enid at their acquisition-date fair value. The fair value of the net identifiable assets acquired from Enid were substantially equal to the fair value of the equity interest exchanged in the merger. As a result, no goodwill was recorded. In addition, no material amounts of intangible assets were acquired. A net increase of $65.1 million was recorded in shareholders' equity related to the merger.

The following condensed statement of net assets acquired reflects the fair value assigned to Enid's net assets as of the acquisition dates. There were no subsequent changes to these fair values after the acquisition date as no additional information became available.

Condensed Statement Of Net Assets Acquired	November 1, 2022
Assets	
Net loans	$ 251,445
Cash	402
Accrued interest receivable	4,599
Other assets	13,373
Total Assets	$ 269,819
Liabilities	
Notes payable	$ 199,649
Accrued interest payable	505
Other liabilities	4,560
Total Liabilities	$ 204,714
Fair Value of Net Assets Acquired	$ 65,105

Fair value adjustments to Enid's assets and liabilities included a $15.4 million decrease to loans and a $11.1 million decrease to notes payable to reflect changes in interest rates and other market conditions since the time these instruments were issued. $1.2 million in patronage was declared by Enid to their stockholders prior to the merger and is included in Other liabilities acquired in the merger. These differences will be accreted or amortized into net interest income over the remaining life of the respective loans and debt instruments on an effective yield basis, with the majority being recognized in diminishing amounts in the first five years following the merger. The loans acquired in the merger were recorded at an estimated fair value at the acquisition date and transferred in as a Level 3 asset, with no carryover of the related allowance for loan losses. As the loans acquired in the merger exhibited no evidence of material credit quality deterioration since origination, the Association expects to collect the substantial majority of the contractual amounts of the acquired loans, which totaled $268.7 million at November 1, 2022. Merger-related costs reflected in the Consolidated Statement of Comprehensive Income consist primarily of legal fees, service provider charges, audit fees, and other miscellaneous merger expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements (the "financial statements") of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements include the accounts of Farm Credit of Western Oklahoma, PCA and Farm Credit of Western Oklahoma, FLCA and reflect the investments in and allocated earnings of the service organizations in which the Association has partial ownership interests. Inter-company transactions have been eliminated in consolidation.

Use of Estimates

The accounting and reporting policies of the Association conform to GAAP and prevailing practices within the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the determination of fair value of financial instruments due to the merger with Farm Credit of Enid, ACA.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2024. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations, or cash flows but will impact the income tax disclosures.

Summary of the Association's Significant Accounting Policies

A. Loans: Long-term real estate mortgage loans generally have original maturities ranging from five to 40 years. Substantially all short- and intermediate-term loans made for agricultural production or operating purposes have maturities of ten years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and deferred loan fees or costs. Loan origination fees and direct loan origination costs are capitalized, and the net fee or cost is amortized over the life of the related loan as an adjustment to yield. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding.

Nonaccrual loans are loans for which there is reasonable doubt that all principal and interest will be collected according to the original contractual terms and are generally considered substandard or doubtful, which is in accordance with the loan rating model, as described in Note 3. A loan is considered contractually past due when any principal repayment or interest payment required by the loan contract is not received on or before the due date. A loan shall remain contractually past due until the terms of the loan are modified or until the entire amount past due, including principal, accrued interest, and penalty interest incurred is collected or otherwise discharged in full.

The Association purchases loan and lease participations from other System and non-System entities to generate additional earnings and diversify risk. Additionally, the Association sells a portion of certain large loans to other System entities to reduce risk and comply with established lending limits. Loans are sold and the sale terms comply with requirements under Accounting Standards Codification (ASC) 860 "Transfers and Servicing."

Loans are generally placed in nonaccrual status when principal or interest is delinquent for 90 days (unless adequately secured and in the process of collection), circumstances indicate that collection of principal and interest is in doubt or legal action, including foreclosure or other forms of collateral conveyance, has been initiated to collect the outstanding principal and interest. At the time a loan is placed in nonaccrual status, accrued interest that is considered uncollectible is reversed (if accrued in the current year) and/or included in the recorded nonaccrual balance (if accrued in prior years). Loans are charged-off at the time they are determined to be uncollectible.

When loans are in nonaccrual status, interest payments received in cash are generally recognized as interest income if the collectability of the loan principal is fully expected and certain other criteria are met. Otherwise, payments received on nonaccrual loans are applied against the recorded investment in the loan asset. Nonaccrual loans are returned to accrual status if all contractual principal and interest is current, the borrower is fully expected to fulfill the contractual repayments terms, and after remaining current as to principal and interest for a sustained period or have a recent repayment pattern demonstrating future repayment capacity to make on-time payments. If previously unrecognized interest income exists at the time the loan is transferred to accrual status, cash received at the time of or subsequent to the transfer should first be recorded as interest income until such time as the recorded balance equals the contractual indebtedness of the borrower.

The Association elected to continue classifying accrued interest on loans in accrued interest receivable and not as part of loans on the Consolidated Statement of Condition. The Association has also elected to not estimate an allowance on interest receivable balances because the nonaccrual policies in place provide for the accrual of interest to cease on a timely basis when all contractual amounts are not expected.

Loan modifications may be granted to borrowers experiencing financial difficulty. Modifications can be in the form of one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant payment delay or term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Collateral-dependent loans are loans secured by collateral, including but not limited to agricultural real estate, crop inventory, equipment, and livestock. The Current Expected Credit Losses (CECL) guidance requires an entity to measure the expected credit losses of a collateral dependent loan based on fair value of the collateral at the reporting date when the Association determines that foreclosure is probable. Additionally, CECL allows a fair value practical expedient as a measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulties. Under the practical expedient measurement approach, the expected credit losses are based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

B. Allowance for Credit Losses: Effective January 1, 2023, the Association adopted Accounting Standards Update (ASU) 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” and other subsequently issued ASU’s related to credit losses. This ASU replaced the incurred loss impairment methodology with a single allowance framework that estimates the current expected credit losses over the remaining contractual life for all financial assets measured at amortized cost and certain off-balance sheet credit exposures. Adoption of this accounting standard did not have a material impact on our financial statements.

This framework requires management to consider in its estimate of the allowance for credit losses (ACL), relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications. The ACL comprises:

- the allowance for loan losses, which covers the loan portfolio and is presented separately on the Consolidated Statement of Condition and
- the reserve for unfunded commitments, which is presented separately on the Consolidated Statement of Condition.

Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the loan portfolio, considering macroeconomic conditions, forecasts, and other factors prevailing at the time, may result in significant changes in the allowance for loan losses in those future periods.

The allowance for loan losses represents management’s estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums and discounts.

The Association employs a disciplined process and methodology to establish its allowance for loan losses that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan’s effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with the Association’s appraisal policy, the fair value of collateral-dependent loans is based upon independent third-party appraisals or on collateral valuations prepared by in-house appraisers. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan’s expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed, or non-recoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the pooled component of the allowance for loan losses for loan pools that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, commodity, credit quality rating, delinquency category, business segment, or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default and the severity of loss given default. Loss given default is determined for each pool based on the aggregate net lifetime losses incurred within that pool. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the loan is 90 days or more past due. Due to limited loss history across the portfolio, the Association used peer data within their quantitative adjustment component for loan pools that have experienced minimal loss history.

The pooled component of the allowance for loan losses also considers factors for each loan pool to adjust for differences between the historical period used to calculate historical default and loss severity rates and expected conditions over the remaining lives of the loans in the portfolio related to:

- lending policies and procedures,
- national, regional, and local economic business conditions, and developments that affect the collectability of the portfolio, including the condition of various markets,

- the nature of the loan portfolio, including the terms of the loans,
- the experience, ability, and depth of the lending management and other relevant staff,
- the volume and severity of past due and adversely classified or graded loans and the volume of nonaccrual loans,
- the quality of the loan review and process,
- the value of underlying collateral for collateral-dependent loans,
- the existence and effect of any concentrations of credit and changes in the level of such concentrations, and,
- the effect of external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio.

The Association uses a single economic scenario over a reasonable and supportable forecast period of 12 months. Subsequent to the forecast period, the Association explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables, including agricultural commodity prices, unemployment rates, Gross Domestic Product (GDP) annual growth rates, government spending to GDP, real consumer spending, United States exports, inflation, and Fed Funds rates.

In addition to the quantitative calculation, the Association considers the imprecision inherent in the process and methodology, emerging risk assessments, and other subjective factors, which may lead to a management adjustment to the modeled allowance for loan loss results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral-dependent loans where recovery is expected through sale of the collateral. The economic forecasts are updated on a quarterly basis.

Prior to January 1, 2023, the allowance for loan losses was maintained at a level considered adequate to provide for probable losses existing in and inherent in the loan portfolio. The allowance was based on a periodic evaluation of the loan portfolio in which several factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition, and prior loan loss experience. The allowance for loan losses encompassed various judgments, evaluations, and appraisals with respect to the loans and their underlying collateral that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity would cause these various judgments, evaluations, and appraisals to change over time.

The Association evaluates the need for a reserve for unfunded commitments under CECL and if required, an amount is recognized and reported separately on the Consolidated Statement of Condition. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures and applying the loss factors used in the ACL methodology to the results of the usage calculation.

C. Cash: Cash, as included in the consolidated financial statements, represents cash on hand and on deposit at financial institutions. At times, cash deposits may be in excess of federally insured limits.

D. Investment in CoBank: The Association's required investment in CoBank is in the form of Class A Stock. The minimum required investment is 3.00 percent of the prior one-year average direct loan volume. The investment in CoBank is comprised of patronage-based stock and purchased stock.

E. Premises and Equipment: Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operating results. Maintenance and repairs are expensed, and improvements above certain thresholds are capitalized. The Association purchases certain software to enhance or perform internal business functions. Software development costs, as well as costs for software that is part of a cloud computing arrangement incurred in the preliminary and post-implementation project stages are charged to noninterest expense. Costs associated with designing software configuration, installation, coding programs, and testing systems are capitalized and amortized using the straight-line method over 2 to 3 years.

F. Other Assets and Other Liabilities: Other assets are comprised primarily of accounts receivable, prepaid expenses, and investment in Farm Credit institutions other than CoBank. Significant components of other liabilities primarily include accounts payable and employee benefits.

G. Advance Conditional Payments: The Association is authorized under the Farm Credit Act to accept advance payments from borrowers. To the extent the borrower's access to such advance payments is restricted, the advance conditional payments are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in liabilities. Restricted advance conditional payments are primarily associated with mortgage loans, while unrestricted are primarily related to production and intermediate-term loans and insurance proceeds on mortgage loans. Advance conditional payments are not insured. Interest is generally paid by the Association on advance conditional payments.

H. Employee Benefit Plans: Substantially all employees of the Association participate in the Ninth Farm Credit District Pension Plan (Pension Plan) and/or the Farm Credit Foundations Defined Contribution/401(k) Plan (401(k) Plan). The Pension Plan is a non-contributory defined benefit plan. Benefits are based on compensation and years of service. The Association recognizes its proportional share of expense and contributes its proportional share of funding. The Pension Plan was closed to employees beginning January 1, 2007.

   The 401(k) Plan has two components. Employees who do not participate in the Pension Plan may receive benefits through the Employer Contribution portion of the Defined Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee's salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions. All defined contribution costs are expensed in the same period that participants earn employer contributions.

   The Association also participates in the Farm Credit Foundations Retiree Medical Plan. These postretirement benefits (other than pensions) are provided to eligible retired employees of the Association. The anticipated costs of these benefits were accrued during the period of the employee's active service. The authoritative accounting guidance requires the accrual of the expected cost of providing postretirement benefits during the years that the employee renders service necessary to become eligible for these benefits.

   The Association also participates in the Ninth District nonqualified defined benefit Pension Restoration Plan. This plan provides retirement benefits above the Internal Revenue Code compensation limit to certain highly compensated eligible employees. Benefits payable under this plan are offset by the benefits payable from the pension plan.

   Certain eligible employees may also participate in a nonqualified deferred compensation plan where they are able to defer a portion of their compensation. The Association matches a certain percentage of employee contributions to the plan.

I. Patronage Distribution from CoBank: Patronage distributions from CoBank are accrued by the Association in the year earned and are included in Other Assets on the Consolidated Statement of Condition.

J. Income Taxes: As previously described, the Association conducts its business activities through two wholly owned subsidiaries. Long-term mortgage lending activities are operated through a wholly owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through a wholly owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on estimated relative service. All significant transactions between the subsidiaries and the parent company have been eliminated in consolidation. The ACA, along with the PCA subsidiary, is subject to income taxes. The Association accounts for income taxes under the liability method. Accordingly, deferred taxes are recognized for estimated taxes ultimately payable or recoverable based on federal, state, or local laws.

   The Association elected to operate as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the Association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock, or allocated retained earnings. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage distributions. Deferred taxes are recorded on the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the Association and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (over 50 percent probability), based on management's estimate, the deferred tax assets will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the Association's expected patronage program, which reduces taxable earnings.

   Deferred income taxes have not been recorded by the Association on stock patronage distributions received from the Bank prior to January 1, 1993, the adoption date of accounting guidance on income taxes. Association management's intent is to permanently invest these and other undistributed earnings in CoBank, or if converted to cash, to pass through any such earnings to Association borrowers through qualified patronage allocations.

The Association has not provided deferred income taxes on amounts allocated to the Association which relate to the Bank's post-1992 earnings to the extent that such earnings will be passed through to Association borrowers through qualified patronage allocations. Additionally, deferred income taxes have not been provided on the Bank's post-1992 unallocated earnings.

K. Other Comprehensive Income/Loss: Other comprehensive income refers to revenue, expenses, gains, and losses that under GAAP are recorded as an element of shareholders' equity and comprehensive income but are excluded from net income. Accumulated other comprehensive income/loss refers to the balance of these transactions. The Association records other comprehensive income/loss associated with the liability under the Pension Restoration Plan. See Note 7 for further information.

L. Fair Value Measurement: Accounting guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets include assets held in trust funds which relate to the Association's deferred compensation plan and supplemental retirement plan. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates; and, (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Unobservable inputs are those that are supported by little or no market activity and that are significant to the determination of the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own assumptions about factors that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Level 3 assets include loans acquired in an acquisition or merger and other property owned.

The fair value disclosures are presented in Note 14.

M. Off-balance-sheet credit exposures: Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. Commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and third party. The credit risk associated with commitments to extend credit and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's creditworthiness.

N. Merger Accounting: The FASB guidance on business combinations applies to all transactions in which an entity obtains control of one or more businesses and requires the acquirer to use the acquisition method of accounting and recognize assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date.

For System institutions, because the stock in each Association is fixed in value, the stock issued pursuant to the merger provides no basis for estimating the fair value of the consideration transferred pursuant to the merger. In the absence of a purchase price determination, the acquiring Association would identify and estimate the acquisition date fair value of the equity interests (net assets) of the acquired Association instead of the acquisition date fair value of the equity interests transferred as consideration. The fair value of the assets acquired, including specific intangible assets and liabilities assumed, are measured based on various estimates using assumptions that management believes are reasonable utilizing information currently available. The excess value received, by the acquiring Association from the acquired Association, over the par value of capital stock and participation certificates issued in the merger is considered to be additional paid-in capital.

NOTE 3 – LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Real estate mortgage	**$ 1,193,808**	$ 1,131,210	$ 1,081,515
Production and intermediate-term	**522,824**	448,728	388,699
Agribusiness	**128,891**	125,192	73,316
Rural infrastructure	**64,239**	65,916	38,092
Agricultural export finance	**7,469**	7,455	6,809
Rural residential real estate	**1,818**	2,059	1,519
Total loans	**$ 1,919,049**	$ 1,780,560	$ 1,589,950

The Association purchases or sells loan participations with other parties in order to diversify risk, manage loan volume, and comply with FCA regulations. The following tables present information regarding participations purchased and sold:

	December 31, 2024					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
(dollars in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 38,588	$ 6,704	$ 172,015	$ –	$ 210,603	$ 6,704
Production and intermediate-term	73,921	13,678	–	–	73,921	13,678
Agribusiness	93,637	562	–	–	93,637	562
Rural infrastructure	64,239	–	–	–	64,239	–
Agricultural export finance	7,469	–	–	–	7,469	–
Total	$ 277,854	$ 20,944	$ 172,015	$ –	$ 449,869	$ 20,944

	December 31, 2023					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
(dollars in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 41,568	$ 7,028	$ 163,106	$ –	$ 204,674	$ 7,028
Production and intermediate-term	69,278	5,215	–	–	69,278	5,215
Agribusiness	90,816	602	–	–	90,816	602
Rural infrastructure	65,916	–	–	–	65,916	–
Agricultural export finance	7,455	–	–	–	7,455	–
Total	$ 275,033	$ 12,845	$ 163,106	$ –	$ 438,139	$ 12,845

	December 31, 2022					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
(dollars in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 49,873	$ 7,474	$ 136,771	$ –	$ 186,644	$ 7,474
Production and intermediate-term	43,314	7,321	–	–	43,314	7,321
Agribusiness	51,849	641	–	–	51,849	641
Rural infrastructure	38,092	–	–	–	38,092	–
Agricultural export finance	6,809	–	–	–	6,809	–
Total	$ 189,937	$ 15,436	$ 136,771	$ –	$ 326,708	$ 15,436

A substantial portion of the Association's loans are collateralized. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but typically includes farmland and income-producing property, such as crops and livestock, as well as receivables. Long-term real estate loans are secured by first liens on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85 percent (97 percent if guaranteed or enhanced by a government agency) of the property's appraised value. However, a decline in a property's market value subsequent to loan origination or advances, or other actions necessary to protect the financial interest of the Association in the collateral, may result in loan to value ratios in excess of the regulatory maximum.

The Association has obtained credit enhancements by entering into Standby Commitment to Purchase Agreements (Agreements) with Federal Agricultural Mortgage Corporation (Farmer Mac), covering loans with principal balance outstanding of $41.1 million, $44.7 million, and $47.1 million at December 31, 2024, 2023, and 2022, respectively. Under the Agreements, Farmer Mac agrees to purchase loans from the Association in the event of default (typically four months past due), subject to certain conditions, thereby mitigating the risk of loss from covered loans. In return, the Association pays Farmer Mac commitment fees based on the outstanding balance of loans covered by the Agreements. Such fees, totaling $223 thousand for 2024, $237 thousand for 2023, and $213 thousand in 2022 are reflected in noninterest expense.

In addition to Farmer Mac, credit enhancements with federal government agencies of $135.0 million at year-end 2024, $121.3 million at year-end 2023, and $121.6 million at year-end 2022 were outstanding. Farm Service Agency (FSA) loan guarantees are utilized when appropriate to manage credit risk. Typically, the Association has a 90% guarantee from the FSA which would ensure that our loss on a guaranteed loan would not exceed 10% of the original loan balance in the event that we instituted foreclosure and collected the loan after liquidation of all loan collateral secured.

We utilize the FCA Uniform Classification System to categorize loans into five credit quality categories. These categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality.
- Other assets especially mentioned (OAEM) – assets are currently collectible but exhibit some potential weakness.
- Substandard – assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

The following table shows loans classified under the FCA Uniform Classification system as a percentage of total loans by loan type as of December 31.

	2024	2023	2022[1]
Real estate mortgage			
Acceptable	**98.07%**	97.51%	97.21%
OAEM	**1.14%**	1.64%	1.46%
Substandard	**0.79%**	0.85%	1.33%
Total	**100.00%**	100.00%	100.00%
Production and intermediate-term			
Acceptable	**96.92%**	97.88%	97.05%
OAEM	**2.65%**	1.74%	2.43%
Substandard	**0.43%**	0.38%	0.52%
Total	**100.00%**	100.00%	100.00%
Agribusiness			
Acceptable	**89.78%**	92.89%	100.00%
OAEM	**7.01%**	6.52%	–
Substandard	**3.21%**	0.59%	–
Total	**100.00%**	100.00%	100.00%
Rural infrastructure			
Acceptable	**96.83%**	85.21%	99.02%
OAEM	**3.17%**	14.79%	–
Substandard	**–**	–	0.98%
Total	**100.00%**	100.00%	100.00%
Rural residential real estate			
Acceptable	**100.00%**	100.00%	100.00%
Total	**100.00%**	100.00%	100.00%
Agricultural export finance			
Acceptable	**100.00%**	100.00%	100.00%
Total	**100.00%**	100.00%	100.00%
Total Loans			
Acceptable	**97.17%**	96.83%	97.35%
OAEM	**2.01%**	2.49%	1.59%
Substandard	**0.82%**	0.68%	1.06%
Total	**100.00%**	100.00%	100.00%

[1] Prior to the adoption of CECL on January 1, 2023, loans were presented with accrued interest receivable.

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. These nonperforming assets are as follows:

(dollars in thousands)	**2024**	2023	2022
Nonaccrual loans:			
Real estate mortgage	**$ 4,262**	$ 3,926	$ 10,021
Production and intermediate-term	**1,288**	1,348	479
Total nonaccrual loans	**$ 5,550**	$ 5,274	$ 10,500
Accruing loans 90 days past due:			
Real estate mortgage	**$ 168**	$ 171	$ 666
Total accruing loans 90 days past due	**$ 168**	$ 171	$ 666
Total nonperforming assets[1]	**$ 5,718**	$ 5,445	$ 11,166
Nonaccrual loans to total loans	**0.29%**	0.30%	0.66%
Nonperforming assets[1] to total loans	**0.30%**	0.31%	0.70%
Nonperforming assets[1] to total shareholders' equity	**1.64%**	1.66%	3.51%

[1] Prior to the adoption of CECL on January 1, 2023, nonperforming accrual loans were presented with accrued interest receivable.

The Association had no other property owned for the years presented.

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for loan losses, as well as interest income recognized on nonaccrual loans during the period:

	December 31, 2024			
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real estate mortgage	$ –	$ 4,262	$ 4,262	$ 692
Production and intermediate-term	63	1,225	1,288	15
Total	$ 63	$ 5,487	$ 5,550	$ 707

	December 31, 2023			
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real estate mortgage	$ –	$ 3,926	$ 3,926	$ 720
Production and intermediate-term	1,323	25	1,348	112
Total	$ 1,323	$ 3,951	$ 5,274	$ 832

Accrued interest receivable on loans of $39.7 million at December 31, 2024 and $33.8 million at December 31, 2023 has been excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. The Association wrote off accrued interest receivable of $125 thousand during 2024 and $100 thousand during 2023.

The following tables provide an age analysis of past due loans at amortized cost.

	December 31, 2024					
(dollars in thousands)	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	$ 3,108	$ 2,064	$ 5,172	$ 1,188,636	$ 1,193,808	$ 168
Production and intermediate-term	1,645	615	2,260	520,564	522,824	–
Agribusiness	–	–	–	128,891	128,891	–
Rural infrastructure	–	–	–	64,239	64,239	–
Agricultural export finance	–	–	–	7,469	7,469	–
Rural residential real estate	–	–	–	1,818	1,818	–
Total	$ 4,753	$ 2,679	$ 7,432	$ 1,911,617	$ 1,919,049	$ 168

	December 31, 2023					
(dollars in thousands)	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment > 90 Days and Accruing
Real estate mortgage	$ 2,500	$ 335	$ 2,835	$ 1,128,375	$ 1,131,210	$ 171
Production and intermediate-term	147	1,239	1,386	447,342	448,728	–
Agribusiness	–	–	–	125,192	125,192	–
Rural infrastructure	–	–	–	65,916	65,916	–
Agricultural export finance	–	–	–	7,455	7,455	–
Rural residential real estate	–	–	–	2,059	2,059	–
Total	$ 2,647	$ 1,574	$ 4,221	$ 1,776,339	$ 1,780,560	$ 171

Prior to the adoption of CECL, the age analysis of past due loans included accrued interest as follows:

	December 31, 2022					
(dollars in thousands)	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment > 90 Days and Accruing
Real estate mortgage	$ 687	$ 5,315	$ 6,002	$ 1,093,454	$ 1,099,456	$ 666
Production and intermediate-term	453	415	868	394,986	395,854	–
Agribusiness	–	–	–	73,798	73,798	–
Rural infrastructure	–	–	–	38,200	38,200	–
Agricultural export finance	–	–	–	6,853	6,853	–
Rural residential real estate	–	–	–	1,528	1,528	–
Total	$ 1,140	$ 5,730	$ 6,870	$ 1,608,819	$ 1,615,689	$ 666

Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon the adoption of the guidance, "Financial Instruments – Credit Losses, Troubled Debt Restructurings and Vintage Disclosure", creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty.

The following tables show the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during 2024 and 2023, disaggregated by loan type and type of modification granted.

	Term Extension			
	For the Year Ended December 31			
(dollars in thousands)	**2024**	% of Portfolio Segment	2023	% of Portfolio Segment
Production and intermediate-term	**$ 636**	0.12%	$ 373	0.08%
Agribusiness	**641**	0.50%	742	0.59%
Total	**$ 1,277**		$ 1,115	

	Payment Deferral			
	For the Year Ended December 31			
(dollars in thousands)	**2024**	% of Portfolio Segment	2023	% of Portfolio Segment
Production and intermediate-term	**$ 10**	<0.01%	$ –	–
Total	**$ 10**		$ –	

	Combination – Interest Rate Reduction and Term Extension			
	For the Year Ended December 31			
(dollars in thousands)	**2024**	% of Portfolio Segment	2023	% of Portfolio Segment
Production and intermediate-term	**$ –**	–	$ 77	0.02%
Total	**$ –**		$ 77	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was $7 thousand as of December 31, 2024 and $13 thousand as of December 31, 2023.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty for the years presented:

	Weighted-Average Term Extension (in Months)	
	2024	2023
Production and intermediate-term	**65.2**	67.2
Agribusiness	**13.2**	4.1

	Weighted-Average Payment Deferral (in Months)	
	2024	2023
Production and intermediate-term	**8.0**	–

	Combination – Interest Rate Reduction and Term Extension
	Financial Effect of Modifications Made During 2023
Production and intermediate-term	Reduced weighted average interest rates from 9.85% to 9.50% and added a weighted average of 58.5 months to the life of the loan

None of the loans to borrowers experiencing financial difficulty that received a payment modification during the year ended December 31, 2024 or December 31, 2023 experienced a subsequent default.

The following tables set forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the periods presented:

	December 31, 2024		
	Payment Status of Loans Modified in the Past Twelve Months		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Production and intermediate-term	$ 646	$ –	$ –
Agribusiness	641	–	–
Total	$ 1,287	$ –	$ –

	December 31, 2023		
	Payment Status of Loans Modified in the Past Twelve Months		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Production and intermediate-term	$ 450	$ –	$ –
Agribusiness	742	–	–
Total	$ 1,192	$ –	$ –

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were $1.0 million at December 31, 2024 and $888 thousand at December 31, 2023.

Troubled Debt Restructuring

Prior to January 1, 2023, the adoption of updated FASB guidance on loan modifications, a restructuring of a loan constituted a troubled debt restructuring, also known as formally restructured, if the creditor for economic or legal reasons related to the borrower's financial difficulties granted a concession to the borrower that it would not otherwise consider. Concessions varied by program and were borrower-specific and could include interest rate reductions, term extensions, payment deferrals, or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven. When a restructured loan constituted a troubled debt restructuring, these loans were included within our impaired loans under nonaccrual or accruing restructured loans.

The following table presents additional information regarding troubled debt restructurings (whether accrual or nonaccrual) that occurred during the year ended December 31, 2022.

	Outstanding Recorded Investment	
	For the Year Ended December 31, 2022	
(dollars in thousands)	Pre-modification	Post-modification
Troubled debt restructurings:		
Real estate mortgage	$ 3,904	$ 3,904
Production and intermediate-term	285	285
Total	$ 4,189	$ 4,189

Note: Pre-modification represents the recorded investment in the loan receivable just prior to restructuring and post-modification represents the recorded investment in the loan receivable immediately following the restructuring. The recorded investment is the face amount of the loan receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the loan receivable.

The Association had no TDRs that occurred within the previous 12 months of that year and for which there was a payment default. There were no additional commitments to lend to borrowers whose loans have been modified in TDRs at December 31, 2022.

The following table provides information on outstanding loans restructured in troubled debt restructurings at period end. These loans are included as nonperforming loans in the nonperforming loan table at December 31, 2022.

	Loans Modified as TDRs	TDRs in Nonaccrual Status[1]
(dollars in thousands)	2022	2022
Real estate mortgage	$ 3,771	$ 3,771
Production and intermediate-term	136	136
Total	$ 3,907	$ 3,907

[1] Represents the portion of loans modified as TDRs that are in nonaccrual status.

Credit Quality – Prior to CECL Adoption

Additional impaired loan information for periods prior to CECL adoption is as follows:

(dollars in thousands)	Recorded Investment at 12/31/22	Unpaid Principal Balance*	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:					
Real estate mortgage	$ 165	$ 179	$ 22	$ 32	$ –
Production and intermediate-term	415	609	142	93	–
Total	$ 580	$ 788	$ 164	$ 125	$ –
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 10,521	$ 10,726		$ 9,018	$ 108
Production and intermediate-term	65	1,461		644	291
Total	$ 10,586	$ 12,187		$ 9,662	$ 399
Total impaired loans:					
Real estate mortgage	$ 10,686	$ 10,905	$ 22	$ 9,050	$ 108
Production and intermediate-term	480	2,070	142	737	291
Total	$ 11,166	$ 12,975	$ 164	$ 9,787	$ 399

* Unpaid principal balance represents the recorded principal balance of the loan

Interest income on impaired loans that would have been recognized under the original terms of the loans follows.

(dollars in thousands)	For the Year Ended December 31, 2022
Interest income which would have been recognized under the original loan terms	$ 625
Less: interest income recognized	387
Interest income not recognized	$ 238

Allowance for Credit Losses

A summary of changes in the allowance for loan losses is as follows:

(dollars in thousands)	Balance at December 31, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at December 31, 2024
Real estate mortgage	$ 231	$ –	$ –	$ 4	$ 235
Production and intermediate-term	1,042	–	49	(10)	1,081
Agribusiness	651	–	–	2,072	2,723
Rural infrastructure	551	–	–	(233)	318
Agricultural export finance	1	–	–	–	1
Rural residential real estate	1	–	–	–	1
Total	$ 2,477	$ –	$ 49	$ 1,833	$ 4,359

Effective January 1, 2023, the Association adopted the CECL accounting guidance as described in Note 2.

(dollars in thousands)	Balance at December 31, 2022	Cumulative Effect of CECL Adoption	Balance at January 1, 2023	Charge-offs	Recoveries	(Loan Loss Reversals)/ Provision for Loan Losses	Balance at December 31, 2023
Real estate mortgage	$ 502	$ (248)	$ 254	$ –	$ –	$ (23)	$ 231
Production and intermediate-term	1,139	64	1,203	103	6	(64)	1,042
Agribusiness	117	(46)	71	–	–	580	651
Rural infrastructure	77	309	386	–	–	165	551
Agricultural export finance	1	(1)	–	–	–	1	1
Rural residential real estate	2	(1)	1	–	–	–	1
Total	$ 1,838	$ 77	$ 1,915	$ 103	$ 6	$ 659	$ 2,477

For periods prior to January 1, 2023, the allowance for loan losses was based on probable and estimable losses inherent in the loan portfolio.

(dollars in thousands)	Balance at December 31, 2021	Charge-offs	Recoveries	(Loan Loss Reversals)/ Provision for Loan Losses	Balance at December 31, 2022
Real estate mortgage	$ 514	$ –	$ –	$ (12)	$ 502
Production and intermediate-term	1,164	–	56	(81)	1,139
Agribusiness	116	–	–	1	117
Rural infrastructure	21	–	–	56	77
Agricultural export finance	1	–	–	–	1
Rural residential real estate	6	–	–	(4)	2
Total	$ 1,822	$ –	$ 56	$ (40)	$ 1,838

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on our Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitments follows:

	For the Year Ended December 31		
(dollars in thousands)	**2024**	2023	2022
Balance at beginning of period	**$ 931**	$ 653	$ 545
Cumulative effect of CECL adoption		1	
Balance at January 1		654	
Provision for reserve for unfunded commitments	**93**	277	108
Total	**$ 1,024**	$ 931	$ 653

NOTE 4 – INVESTMENT IN COBANK

At December 31, 2024, the Association's investment in CoBank is in the form of Class A stock with a par value of $100.00 per share. The Association is required to own stock in CoBank to capitalize its direct loan balance and participation loans sold to CoBank. In 2022, the requirement for capitalizing the Association's direct loan from CoBank changed from 4.00 percent of the Association's prior five-year average direct loan volume to 3.00 percent of the prior one-year average direct loan volume. The capital plan is evaluated annually by CoBank's board of directors and management and is subject to change.

CoBank may require the holders of its equities to subscribe for such additional capital as may be needed to meet its capital requirements for its joint and several liability under the Farm Credit Act and regulations. In making such a capital call, CoBank shall take into account the financial condition of each such holder and such other considerations, as it deems appropriate.

The Association owned approximately 1.10 percent of the outstanding common stock of CoBank at December 31, 2024, compared with 1.05 percent in 2023 and 1.10 percent in 2022.

NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment consisted of the following.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Land	**$ 2,972**	$ 2,370	$ 2,370
Building(s) and leasehold improvements	**10,061**	9,601	9,014
Furniture, equipment, and automobiles	**3,383**	3,314	3,041
Software development in progress	**158**	–	–
	$ 16,574	$ 15,285	$ 14,425
Less: accumulated depreciation	**5,993**	5,425	4,755
Total	**$ 10,581**	$ 9,860	$ 9,670

NOTE 6 – NOTE PAYABLE TO COBANK

The Association's indebtedness to CoBank represents borrowings by the Association to fund its loan portfolio. This indebtedness is collateralized by a pledge of substantially all of the Association's assets and is governed by a General Financing Agreement (GFA). According to the agreement, the aggregate outstanding amount of principal and accrued interest shall not at any time exceed the line of credit. The GFA is subject to periodic renewals in the normal course of business. The GFA will mature on May 31, 2025. The Association was in compliance with the terms and conditions of the GFA as of December 31, 2024. Substantially all borrower loans are match-funded with CoBank.

Payments and disbursements are made on the note payable to CoBank on the same basis the Association collects payments from and disburses on borrower loans. The interest rate may periodically be adjusted by CoBank based on the terms and conditions of the borrowing.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Line of credit	**$ 1,800,000**	$ 1,725,000	$ 1,525,000
Outstanding principal and accrued interest balance	**$ 1,654,323**	$ 1,529,131	$ 1,335,510
Average outstanding principal balance under the line of credit	**$ 1,583,212**	$ 1,413,023	$ 1,115,413
Weighted average interest rate	**3.90%**	3.44%	1.94%

Under the Farm Credit Act, the Association is obligated to borrow only from CoBank, unless CoBank gives approval to borrow elsewhere. Other than the funding relationship with the Bank, and our advanced conditional payments, the Association has no other uninsured or insured debt. See Note 2 for additional information. CoBank, consistent with FCA regulations, has established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2024, the Association's notes payable was within the specified limitations.

The Association has the opportunity to commit loanable funds with CoBank under a variety of programs at either fixed or variable rates for specified timeframes. Participants in the program receive a credit on the committed loanable funds balance classified as a reduction of interest expense. These committed funds are netted against the note payable to the Bank. The average committed funds as of December 31 are as follows:

(dollars in thousands)	**2024**	2023	2022
Average committed funds	**$ 277,668**	$ 280,431	$ 224,910
Average rates	**3.41%**	3.16%	1.57%

NOTE 7 – SHAREHOLDERS' EQUITY

Descriptions of the Association's capitalization, protection mechanisms, regulatory capitalization requirements and restrictions, and equities are provided below.

A. Protected Borrower Stock

Protection of certain stock is provided under the Farm Credit Act which requires the Association, when retiring protected stock, to retire it at par or stated value regardless of its book value. Protected stock includes stock and allocated equities which were outstanding as of January 6, 1988, or were issued or allocated prior to October 6, 1988.

B. Capital Stock

In accordance with the Farm Credit Act, each borrower is required to invest in the Association as a condition of borrowing. The borrower normally acquires ownership of the stock at the time the loan is made, but usually does not make a cash investment. Generally, the aggregate par value of the stock is added to the principal amount of the related loan obligation. The Association has a first lien on the stock owned by its borrowers. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding stock. Our bylaws generally permit stock to be retired at the discretion of the Board of Directors and in compliance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2024, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

Capitalization bylaws allow stock requirements to range from the lesser of one thousand dollars or 2.00 percent to 10.00 percent of the borrower's combined loan volume. The Board of Directors has the authority to change the minimum required stock level of a shareholder as long as the change is within this range. Currently, the Association has a stock requirement of the lesser of one thousand dollars or 2.00 percent of the amount of the borrower's combined loan volume.

C. Regulatory Capitalization Requirements and Restrictions

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations. The following sets forth the regulatory capital ratio requirements and ratios at December 31.

Ratio	Primary Components of Numerator	Denominator	2024	2023	2022	Minimum with Buffer	Minimum Requirement
Common Equity Tier 1 (CET1) Capital	Unallocated retained earnings (URE) and common cooperative equities (qualifying capital stock and allocated equity)[1]	Risk-weighted assets	16.40%	17.21%	17.96%	7.0%	4.5%
Tier 1 Capital	CET1 Capital and non-cumulative perpetual preferred stock	Risk-weighted assets	16.40%	17.21%	17.96%	8.5%	6.0%
Total Capital	Tier 1 Capital, allowance for loan losses[2], other common cooperative equities[3], and term preferred stock and subordinated debt[4]	Risk-weighted assets	16.74%	17.39%	18.12%	10.5%	8.0%
Tier 1 Leverage	Tier 1 Capital (at least 1.5% must be URE and URE equivalents)	Total assets	15.70%	16.42%	16.82%	5.0%	4.0%
URE and URE Equivalents Leverage	URE and URE Equivalents	Total assets	15.55%	16.26%	16.64%	–	1.5%
Permanent Capital	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	Risk-weighted assets	16.45%	17.23%	17.98%	–	7.0%

[1] Equities subject to a minimum redemption or revolvement period of 7 or more years
[2] Capped at 1.25% of risk-weighted assets and inclusive of the reserve for unfunded commitments
[3] Equities subject to a minimum redemption or revolvement period of 5 or more, but less than 7 years
[4] Equities subject to a minimum redemption or revolvement period of 5 or more years

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

An FCA regulation empowers it to direct a transfer of funds or equities by one or more System institutions to another System institution under specified circumstances. This regulation has not been utilized to date. The Association has not been called upon to initiate any transfers and is not aware of any proposed action under this regulation.

D. Description of Equities

The following paragraphs describe the attributes of each class of stock authorized by the Association bylaws and indicate the number of shares outstanding at December 31, 2024. Unless otherwise indicated, all classes of stock have a par value of $5.00. All classes of stock are transferable to other customers who are eligible to hold such class of stock. Transfers of stock are only allowed as long as the Association meets the regulatory minimum capital requirements. Also, Class B stock may not be transferred while such stock is necessary to qualify their holder as eligible to borrow from us. Refer to the Management Discussion and Analysis Capital Resources discussion for further information.

Class A Common Stock (Nonvoting, at-risk, no shares outstanding) - Issued in exchange for Class B Common Stock or Class C Common Stock; as a patronage refund; as a dividend; or in exchange for allocated surplus. Retirement is at the sole discretion of the Board of Directors.

Class B Common Stock (Voting, at-risk, 580,938 shares outstanding) - Issued solely to, and shall be acquired by, borrowers and other applicants who are farmers, ranchers, or producers or harvesters of aquatic products and who are eligible to vote. Class B Common Stock may also be held by those borrowers who exchanged one share of Class F Common Stock for one share of Class B Common Stock. Each Class B Common Stock shareholder shall hold at least one share as long as the holder continues business with the Association. Within two years after the holder terminates its relationship with the Association, any outstanding Class B Common Stock shall be converted to Class A Common Stock. Retirement is at the sole discretion of the Board of Directors.

Class C	Common Stock (Nonvoting, at-risk, 2,200 shares outstanding) - Class C Common Stock may be issued to borrowers or applicants who are: (a) rural residents, including persons eligible to hold voting stock, to capitalize rural housing loans; (b) persons or organizations furnishing farm-related services; (c) other persons or organizations who are eligible to borrow from or participate with the Association but who are not eligible to hold voting stock. Class C Common Stock may be issued to any person who is not a shareholder but who is eligible to borrow from the Association for the purpose of qualifying such person for technical assistance, financially related services, and leasing services offered by the Association. Within two years after the holder terminates its relationship with the Association, any outstanding Class C Common Stock shall be converted to Class A Common Stock. Retirement is at the sole discretion of the Board of Directors.
Class D	Common Stock (Nonvoting, at-risk, no shares outstanding, par value of one thousand dollars) – Issued to CoBank or to any person through direct sale.
Class E	Preferred Stock (Nonvoting, at-risk, no shares outstanding, par value as may be determined by any agreement of financial assistance between the Association and CoBank) - Issued only to CoBank in consideration of financial assistance to the Association from CoBank. Retirement is at the sole discretion of the Board of Directors.
Class F	Common Stock (Voting, protected, no shares outstanding) - Shall be issued to those individuals and entities who held the same class of stock in a predecessor to the Association. The Association shall not issue any additional Class F Common Stock. Each Class F Common Stock shareholder shall hold at least one share as long as the holder continues business with the Association. Within two years after the holder terminates its relationship with the Association, any outstanding Class F Common Stock shall be converted to Class G Common Stock. Retirement is at the sole discretion of the Board of Directors.
Class G	Common Stock (Nonvoting, protected, no shares outstanding) - Issued only to those individuals and entities who held the same class of stock in a predecessor to the Association and as necessary for conversions from Class F Common Stock. No further shares of Class G Common Stock will be issued. It must be retired upon repayment of the loan.

The changes in the number of shares of capital stock outstanding during 2024 are summarized in the following table.

(*Shares in whole numbers)*	Capital
Shares outstanding at December 31, 2023	576,789
Issuances	42,972
Retirements	(36,623)
Shares outstanding at December 31, 2024	583,138

E. Patronage and/or Dividends

Dividends may be declared, or patronage distributions allocated to holders of Class B, C, F, and G Stock out of the whole or any part of net earnings which remain at the end of the fiscal year, as the Board of Directors may determine, in accordance with the regulations for banks and associations of the System. However, distributions and retirements are precluded by regulation until the minimum capital adequacy standards have been attained. Amounts not distributed are retained as unallocated retained earnings. The Association made a cash patronage distribution of $13.0 million in 2024, $9.8 million in 2023, and $5.7 million in 2022. An additional $1.2 million was declared by Farm Credit of Enid, ACA, for their stockholders prior to the merger in 2022 and was also paid in 2023. In 2024, the Association declared a $10.8 million cash patronage to be distributed during the first quarter of 2025. Refer to Note 1, "Organization and Operations", for additional information.

In the event of liquidation or dissolution of the Association, any assets of the Association remaining after payment or retirement of all liabilities shall be distributed to retire stock in the following order of priority: first, pro rata to all classes of preferred stock; second, pro rata to all classes of common stock; third, to the holders of allocated surplus evidenced by qualified written notices of allocation, in the order of year of issuance and pro rata by year of issuance; fourth, to the holders of allocated surplus evidenced by non-qualified written notices of allocation, in the order of year of issuance and pro rata by year of issuance. Any remaining assets of the Association after such distributions shall be distributed to present and former patrons on a patronage basis, to the extent practicable.

At each year end, the Board of Directors evaluates whether to retain the Association's net income to strengthen its capital position or to distribute a portion of the net income to customers by declaring a qualified/cash patronage refund. For 2024, the Association allocated 33.89 percent of its patronage-sourced net income to its patrons.

F. Accumulated Other Comprehensive Income/Loss

The Association reports accumulated other comprehensive income/loss in its Consolidated Statement of Changes in Shareholders' Equity. As more fully described in Note 2, accumulated other comprehensive income/loss results from the recognition of the Pension Restoration Plan's net unamortized gains and losses and prior service costs or credits. The Association had accumulated other comprehensive loss of $2.0 million in 2024, $1.9 million in 2023, and $860 thousand in 2022. There were no other items affecting comprehensive income or loss.

The following table presents activity in the accumulated other comprehensive income/(loss), net of tax by component:

(dollars in thousands)	**2024**	2023	2022
Pension and other benefit plans:			
Beginning balance	**$ (1,916)**	$ (860)	$ (181)
Other comprehensive loss before reclassifications	**(602)**	(1,322)	(720)
Amounts reclassified from accumulated other comprehensive income/(loss)	**482**	266	41
Net current period other comprehensive loss	**(120)**	(1,056)	(679)
Year-end balance	**$ (2,036)**	$ (1,916)	$ (860)

The following table represents reclassifications out of accumulated other comprehensive income/(loss).

	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss)			Location of Gain/Loss Recognized in Statement of Income
	December 31			
(dollars in thousands)	**2024**	2023	2022	
Pension and other benefit plans:				
Net actuarial loss	**$ 482**	$ 266	$ 41	Salaries and employee benefits
Total reclassifications	**$ 482**	$ 266	$ 41	

NOTE 8 – PATRONAGE DISTRIBUTION FROM FARM CREDIT INSTITUTIONS

Patronage income recognized from Farm Credit institutions to the Association follows.

(dollars in thousands)	**2024**	2023	2022
CoBank	**$ 8,274**	$ 7,393	$ 6,276
AgVantis	**–**	475	134
Farm Credit Foundations	**17**	15	19
Other	**31**	31	25
Total	**$ 8,322**	$ 7,914	$ 6,454

Patronage distributed from CoBank was in cash. The amount earned in 2024 was accrued and will be paid by CoBank in March 2025. The Association received additional patronage distributions from CoBank of $1.1 million in 2024, $995 thousand in 2023, and $1.0 million in 2022 due to CoBank's strong capital levels and financial results. The amounts earned and accrued in 2023 and 2022 were paid by CoBank in March of the following year.

In 2023 and 2022, patronage distribution from AgVantis was in the form of a notice of allocation. In 2023, 50 percent was distributed in cash with the remainder recorded as an investment in AgVantis and included in other assets on the Consolidated Statement of Condition. The entire patronage allocation in 2022 was recorded as an investment in AgVantis. There was no patronage distribution in 2024.

Patronage distributed by Farm Credit Foundations was accrued at the end of the year and will be paid in March 2025. Farm Credit Foundations, a human resource service provider for several Farm Credit institutions, provides our payroll and human resource services.

Patronage distributions were received from other Farm Credit entities that the Association has sold participation loans to.

NOTE 9 – INCOME TAXES

The provision for income taxes follows.

	Year Ended December 31		
(dollars in thousands)	**2024**	2023	2022
Current:			
Federal	**$ 2**	$ 3	$ 21
State	**–**	1	4
Provision for income taxes	**$ 2**	$ 4	$ 25

The provision for/(benefit from) income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as follows.

	Year Ended December 31		
(dollars in thousands)	**2024**	2023	2022
Federal tax at statutory rate	**$ 6,696**	$ 5,245	$ 4,562
State tax, net	**–**	1	3
Effect of non-taxable FLCA subsidiary	**(6,783)**	(6,174)	(4,865)
Change in valuation allowance	**20**	980	495
Return to provision difference	**–**	(51)	–
Other	**69**	3	(170)
Provision for income taxes	**$ 2**	$ 4	$ 25

Deferred tax assets and liabilities are comprised of the following.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Deferred income tax assets:			
Allowance for loan losses	**$ 449**	$ 474	$ 416
Nonaccrual loan interest	**69**	30	9
Net operating loss carryforwards	**4,730**	4,531	3,433
Charitable contribution carryforward	**1**	1	1
Fair market value on loans related to merger	**56**	107	203
Gross deferred tax assets	**$ 5,305**	$ 5,143	$ 4,062
Less: valuation allowance	**(4,727)**	(4,704)	(3,649)
Deferred tax assets, net of valuation allowance	**$ 578**	$ 439	$ 413
Deferred income tax liabilities:			
Bank patronage allocation	**(560)**	(456)	(425)
Book/Tax difference in depreciation	**6**	42	34
Depletion	**(25)**	(25)	(23)
Gross deferred tax liability	**$ (579)**	$ (439)	$ (414)
Net deferred tax liability	**$ (1)**	$ –	$ (1)

The calculation of deferred tax assets and liabilities involves various management estimates and assumptions as to future taxable earnings, including the amount of non-patronage income and patronage income retained. The expected future tax rates are based upon enacted tax laws.

The Association recorded a valuation allowance of $4.7 million in 2024, $4.7 million in 2023, and $3.6 million in 2022. The Association will continue to evaluate the realizability of the deferred tax assets and adjust the valuation allowance accordingly. The Association had federal and state net operating losses of $17.1 million that have an indefinite carryforward period and $2.4 million that expire from 2024 to 2036.

The Association has no uncertain tax positions as of December 31, 2024, 2023, or 2022.The Association recognizes interest and penalties related to unrecognized tax positions as an adjustment to income tax expense. The tax years that remain open for federal and major state income tax jurisdictions are 2021 and forward.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Certain employees participate in the Ninth Retirement Plan, a multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This Plan is noncontributory and covers eligible employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if the Association chooses to stop participating in the plan, the Association may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Because of the multi-employer nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee moves to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

The defined benefit pension plan reflects a funded asset totaling $26.2 million at December 31, 2024. The pension benefits funding status reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these consolidated financial statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels.

The projected benefit obligation and fair value of plan assets at December 31 are as follows:

(dollars in thousands)	**2024**	2023	2022
Projected benefit obligation	**$ 248,022**	$ 282,229	$ 271,871
Fair value of plan assets	**274,254**	298,406	281,505

The amount of the pension benefits funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to its current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. The Association recognizes its proportional share of expense and contributes a proportional share of funding.

Costs and contributions for the plan at December 31 are as follows:

(dollars in thousands)	**2024**	2023	2022
Plan expenses:			
All participating employers	**$ 6,069**	$ 11,637	$ 8,079
Association's allocated share (included in salaries and benefits)	**1,066**	1,610	973
Plan contributions:			
All participating employers	**$ 2,200**	$ 4,000	$ 30,000
Association's allocated share	**542**	639	3,132

While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. There are no employer or Association contributions expected to be paid into the pension plans during 2025. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than anticipated.

Postretirement benefits other than pensions are also provided through the Farm Credit Foundations Retiree Medical Plan to eligible retired employees of the Association. Benefits provided are determined on a graduated scale, based on years of service. The anticipated costs of these benefits are accrued during the period of the employee's active service. Postretirement benefits (primarily health care benefits) included in salaries and employee benefits were expense of $3 thousand in 2024, $2 thousand in 2023, and income of $3 thousand in 2022. The Association made cash contributions of $13 thousand in 2024, $15 thousand in 2023, and $9 thousand in 2022.

The Association participates in a non-qualified defined benefit Pension Restoration Plan that is unfunded. The plan provides retirement benefits above the Internal Revenue Code compensation limit to certain highly compensated eligible employees. Benefits payable under the Pension Restoration Plan are offset by the benefits payable from the Pension Plan. Pension Restoration Plan expenses included in salaries and employee benefits were $639 thousand in 2024, $497 thousand in 2023, and $146 thousand in 2022.

The funding status and the amounts recognized in the Consolidated Statement of Condition for the Association's Pension Restoration Plan follows:

	Nonqualified Pension Restoration Benefits		
(dollars in thousands)	**2024**	2023	2022
Change in benefit obligation:			
Benefit obligation at the beginning of the period	**$ 2,988**	$ 1,441	$ 489
Obligation acquired in merger	**–**	–	133
Service cost	**9**	166	95
Interest cost	**148**	65	10
Actuarial loss	**602**	1,322	720
Benefits paid	**(390)**	(6)	(6)
Benefit obligation at the end of the period	**$ 3,357**	$ 2,988	$ 1,441
Change in plan assets:			
Company contributions	**390**	6	6
Benefits paid	**(390)**	(6)	(6)
Fair value of plan assets at the end of the period	**$ –**	$ –	$ –
Funded Status of the plan	**$ (3,357)**	$ (2,988)	$ (1,441)
Amounts recognized in the Consolidated Statement of Condition consist of:			
Liabilities	**$ 3,357**	$ 2,988	$ 1,441
Net amount recognized	**$ 3,357**	$ 2,988	$ 1,441

The following table represents the amounts included in accumulated other comprehensive income/loss for the Pension Restoration Plan at December 31:

(dollars in thousands)	**2024**	2023	2022
Net actuarial loss	**$ (2,036)**	$ (1,916)	$ (860)
Total amount recognized in AOCI/(loss)	**$ (2,036)**	$ (1,916)	$ (860)

An estimated net actuarial loss of $553 thousand for the Pension Restoration Plan will be amortized into income over the next year.

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

(dollars in thousands)	**2024**	2023	2022
Accumulated benefit obligation	**$ 3,357**	$ 2,986	$ 1,386
Fair value of plan assets	**$ –**	$ –	$ –

Information for pension plans with a projected benefit obligation in excess of plan assets:

(dollars in thousands)	**2024**	2023	2022
Projected benefit obligation	**$ 3,357**	$ 2,988	$ 1,441
Fair value of plan assets	**$ –**	$ –	$ –

The net periodic pension expense for the Pension Restoration Plan included in the Consolidated Statement of Comprehensive Income is comprised of the following at December 31.

	Nonqualified Pension Restoration Benefits		
(dollars in thousands)	**2024**	2023	2022
Components of net periodic benefit cost			
Service cost	**$ 9**	$ 166	$ 95
Interest cost	**148**	65	10
Net amortization and deferral	**482**	266	41
Net periodic benefit cost	**$ 639**	$ 497	$ 146

Changes in benefit obligation recognized in accumulated other comprehensive income/(loss) are included in the following table.

(dollars in thousands)	**2024**	2023	2022
Current year net actuarial loss	**$ (602)**	$ (1,322)	$ (720)
Amortization of net actuarial loss	**482**	266	41
Total recognized in other comprehensive income/(loss)	**$ (120)**	$ (1,056)	$ (679)

Actuarial gains/losses in 2024, 2023, and 2022 were primarily due to changes in plan experience, discount rate, and the plan demographics.

Weighted average assumptions used to determine benefit obligation at December 31:

	Nonqualified Pension Restoration Benefits		
	2024	2023	2022
Discount rate	**4.90%**	4.99%	4.57%
Rate of compensation increase	**7.10%**	7.10%	7.10%
Interest crediting rate	**5.00%**	5.00%	5.00%

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31:

	Nonqualified Pension Restoration Benefits		
	2024	2023	2022
Discount rate			
Projected benefit obligation	**4.99%**	4.57%	2.14%
Service cost	**5.05%**	4.70%	2.38%
Interest cost	**5.04%**	4.60%	2.00%
Rate of compensation increase	**7.10%**	7.10%	5.40%
Interest crediting rate	**5.00%**	5.00%	5.00%

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(dollars in thousands)	Pension Restoration Benefits
2025	$ 516
2026	$ 516
2027	$ 125
2028	$ –
2029	$ 613
2030 – 2034	$ 2,454

The Association also participates in the Farm Credit Foundations Defined Contribution/401(k) Plan. Employees who do not participate in the Pension Plan may receive benefits through the Employer Contribution portion of the Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee's salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions to the plan. Employer contributions to the Contribution Plan were $970 thousand in 2024, $963 thousand in 2023, and $731 thousand in 2022.

NOTE 11 – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Association enters into loan transactions with officers and directors of the Association, their immediate families, and other organizations with which such persons may be associated. Such loans are subject to special approval requirements contained in the FCA regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with unrelated borrowers.

The Association has a policy that loans to directors and senior officers must be maintained at an Acceptable or OAEM credit classification. If the loan falls below the OAEM credit classification, corrective action must be taken and the loan brought back to either Acceptable or OAEM within a year. If not, the director or senior officer must resign from the Board of Directors or employment.

Loan information to related parties for the years ended December 31 is shown below.

(dollars in thousands)	**2024**	2023	2022
Beginning balance	**$ 22,951**	$ 23,858	$ 24,642
New loans	**32,791**	23,992	21,522
Repayments	**(31,541)**	(23,079)	(21,528)
Reclassifications[1]	**3,460**	(1,820)	(778)
Ending balance	**$ 27,661**	$ 22,951	$ 23,858

[1] Represents loans that were once considered related party, but are no longer considered related party, or loans that were not related party that subsequently became related party loans.

In the opinion of management, none of the loans outstanding to officers and directors at December 31, 2024 involved more than a normal risk of collectability.

The Association also has business relationships with certain other System entities. The Association paid $5.0 million in 2024, $4.1 million in 2023, and $3.7 million in 2022 to AgVantis for technology services and $22 thousand in 2024, $22 thousand in 2023, and $42 thousand in 2022 to CoBank for operational services. One Association officer serves as an AgVantis director. The Association paid $227 thousand in 2024, $212 thousand in 2023, and $180 thousand in 2022 to Foundations for human resource services.

In 2022, the Association received equity positioning income from CoBank of $2.8 million due to the transition to a pro-rata equity positioning strategy with CoBank. No such fees were received in 2024 or 2023.

NOTE 12 – REGULATORY ENFORCEMENT MATTERS

As of December 31, 2024, there were no enforcement actions in effect for the Association and FCA took no enforcement on the Association during the year.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Association has various commitments outstanding and contingent liabilities. With regard to contingent liabilities, there are no actions pending against the Association in which claims for monetary damages are asserted.

The Association may participate in financial instruments with off-balance sheet risk to satisfy the financing needs of its borrowers and to manage their exposure to interest-rate risk. These financial instruments include commitments to extend credit and commercial letters of credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. At December 31, 2024, $399.3 million of commitments to extend credit and $66 thousand of commercial letters of credit were outstanding.

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the Consolidated Statement of Condition until funded or drawn upon. The credit risk associated with issuing commitments is substantially the same as that involved in extending loans to borrowers and management applies the same credit policies to these commitments. Upon fully funding these commitments, the credit risk amounts are equal to the contract amounts, assuming that borrowers fail completely to meet their obligations and the collateral or other security is of no value. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower.

The Association also participates in standby letters of credits to satisfy the financing needs of its borrowers. These letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. At December 31, 2024, $5.4 million of standby letters of credit were outstanding with a nominal fair value. Outstanding standby letters of credit have expiration dates ranging from 2025 to 2028. The maximum potential amount of future payments the Association is required to make under the guarantees is $5.4 million. Payment/performance risk of the standby letters of credit guarantee is assessed using the same internal customer credit ratings that we use to manage credit risk in our loan portfolio.

NOTE 14 – FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The fair value measurement is not an indication of liquidity. See Note 2 for additional information.

Assets measured at fair value on a recurring basis at December 31 for each of the fair value hierarchy values are summarized as follows:

	Fair Value Measurement Using			Total Fair Value
(dollars in thousands)	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
2024	**$ 2,649**	**$ –**	**$ –**	**$ 2,649**
2023	$ 2,443	$ –	$ –	$ 2,443
2022	$ 1,633	$ –	$ –	$ 1,633

The Association has no liabilities measured at fair value on a recurring basis for the periods presented. Assets measured at fair value on a non-recurring basis at December 31 for each of the fair value hierarchy values are summarized as follows:

	Fair Value Measurement Using			Total Fair Value
(dollars in thousands)	Level 1	Level 2	Level 3	
Loan Assets				
2024	**$ –**	**$ –**	**$ 1,025**	**$ 1,025**
2023	$ –	$ –	$ 1,034	$ 1,034
2022	$ –	$ –	$ 671	$ 671

The Association has no liabilities measured at fair value on a non-recurring basis for any of the periods presented. During the three years presented, the Association recorded no transfers in or out of Level 3 and no purchases or issuances.

Valuation Techniques

As more fully discussed in Note 2, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, the estimated fair values may not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction.

The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities subject to fair value measurement:

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Loans

For impaired loans measured on a non-recurring basis, the fair value is based upon the underlying collateral since the loans are collateral-dependent loans. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral, and other matters. These loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

NOTE 15 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through March 6, 2025, which is the date the financial statements were issued, and no material subsequent events were identified.

DISCLOSURE INFORMATION REQUIRED BY FARM CREDIT ADMINISTRATION REGULATIONS (UNAUDITED)

(Amounts in Whole Dollars)

DESCRIPTION OF BUSINESS

The description of the territory served, persons eligible to borrow, types of lending activities engaged in and financial services offered, and related Farm Credit organizations required to be disclosed in this section is incorporated herein by reference from Note 1 to the financial statements, “Organization and Operations,” included in this annual report to shareholders.

The description of significant developments that had or could have a material impact on earnings or interest rates to borrowers, acquisitions or dispositions of material assets, material changes in the manner of conducting the business, seasonal characteristics, and concentrations of assets, if any, required to be disclosed in this section, is incorporated herein by reference from “Management’s Discussion and Analysis” (MD&A) included in this annual report to shareholders.

DESCRIPTION OF PROPERTY

The following table sets forth certain information regarding the properties of the Association as of December 31, 2024:

Location	Description	Form of Ownership
3302 Williams Avenue Woodward, Oklahoma	Headquarters Office	Owned
2600 Modelle Avenue Clinton, Oklahoma	Branch Office	Owned
2143 Highway 64 North Guymon, Oklahoma	Branch Office	Owned
219 Oklahoma Boulevard Alva, Oklahoma	Branch Office	Owned
101 Carter Road Elk City, Oklahoma	Branch Office	Owned
513 South Mission Street Anadarko, Oklahoma	Branch Office	Owned
4955 Farm Credit Drive Tuttle, Oklahoma	Branch Office	Owned
3120 North Main Altus, Oklahoma	Branch Office	Owned
3100 North Main Altus, Oklahoma	Office Building (leased out)	Owned
1605 W. Owen K. Garriott Road Enid, Oklahoma	Branch Office	Owned
819 Douglas Avenue Beaver, Oklahoma	Satellite Office	Rented
100 West Main Boise City, Oklahoma	Satellite Office	Rented
309 4th Street Chattanooga, Oklahoma	Satellite Office	Owned

LEGAL PROCEEDINGS AND ENFORCEMENT ACTIONS

Information required to be disclosed in this section is incorporated herein by reference from Note 12 to the financial statements, “Regulatory Enforcement Matters,” and Note 13 to the financial statements, “Commitments and Contingencies,” included in this annual report to shareholders.

DESCRIPTION OF CAPITAL STRUCTURE

Information required to be disclosed in this section is incorporated herein by reference from Note 7 to the financial statements, “Shareholders’ Equity,” included in this annual report to shareholders.

DESCRIPTION OF LIABILITIES

The description of debt outstanding required to be disclosed in this section is incorporated herein by reference from Note 6 to the financial statements, “Note Payable to CoBank,” included in this annual report to shareholders.

The description of advance conditional payments is incorporated herein by reference to Note 2 to the financial statements, “Summary of Significant Accounting Policies,” included in this annual report to shareholders.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Note 13 to the financial statements, “Commitments and Contingencies” included in this annual report to shareholders.

SELECTED FINANCIAL DATA

The selected financial data for the five years ended December 31, 2024, required to be disclosed in this section is incorporated herein by reference from the “Five-Year Summary of Selected Consolidated Financial Data,” included in this annual report to shareholders.

MANAGEMENT’S DISCUSSION AND ANALYSIS

“Management’s Discussion and Analysis,” which appears within this annual report to shareholders and is required to be disclosed in this section, is incorporated herein by reference.

DIRECTORS AND SENIOR OFFICERS

The following represents certain information regarding the directors and senior officers of the Association.

DIRECTORS

Roger Fischer	-	Chairman. Mr. Fischer became Chairman of the Board in May 2023. Mr. Fischer joined the Board in January 2021 and has been an elected director since 1999, having served on the AgPreference Board of Directors prior to the merger with Farm Credit of Western Oklahoma. For the past five years, he has been engaged in production agriculture in Western Oklahoma with principal enterprises consisting of wheat, cotton, and cow/calf production. He is a member of the Board of Directors of the Southwest Council of Agribusiness, an organization to advance the interests of agribusinesses. He previously served as a member of the Board of Directors of the Oklahoma Cotton Council, a trade organization, until October 2022. Mr. Fischer was re-elected to a two-year term expiring in 2026.
Troy White	-	Vice Chairman. Mr. White joined the Board in 2017 and was elected Vice Chairman of the Board in May 2023. Mr. White currently serves as Vice Chairman of the Compensation Committee and is a member of the Governance Committee. For the past five years, he has been involved in production agriculture in Western Oklahoma with principal enterprises consisting of stocker cattle, cow/calf, and wheat. Mr. White serves as Woodward County Commissioner for District I, and as President of Bull Creek Cattle Company, a family farming corporation. Mr. White is involved in commercial property ownership and management as managing member of Hillcrest Property Management LLC, as President of Bull Creek Enterprises, Inc., and as managing member of Bull Creek Ag & Outdoors. Mr. White serves on the Trust Committee of the NW Oklahoma Solid Waste Disposal Authority, a landfill in Woodward County, Oklahoma, and as a member of

CED (Circuit Engineering District) 8, a cooperative for improving infrastructure. Mr. White was elected to a five-year term expiring in 2028.

Chad Budy	-	Director. Mr. Budy joined the Board in 2021 and serves as a member of the Audit and Risk/Technology Committees. For the past five years, he has been engaged in production agriculture in Western Oklahoma with principal enterprises consisting of stockers, wheat, milo, cow/calf, alfalfa, and soybean production. Mr. Budy serves on the Woods County FSA Board, a board that administers FSA programs. He serves as President of the Woods County Farm Bureau Board, an organization that advocates for agriculture. Mr. Budy also serves as a member of the American Farm Bureau Energy Advisory Committee. Mr. Budy was elected to a five-year term expiring in 2029.
Kyle Carothers	-	Director. Mr. Carothers joined the board in May 2024 and serves as a member of the Risk/Technology and Governance Committees. For the past five years, he has been engaged in production agriculture in southwest Oklahoma with principal enterprises consisting of cow/calf, stockers, wheat, cotton, and corn. Mr. Carothers also serves as the head manager at Western Steel in Indiahoma, Oklahoma. Mr. Carothers was elected to a three-year term expiring in 2027.
Stephanie Craighead	-	Appointed Director. Ms. Craighead was first appointed to the Board in July 2015. Ms. Craighead is a member of the Audit Committee and Association Leadership Committee (SAC). For the past five years, she has been engaged in production agriculture in Northwest Oklahoma with a principal enterprise of beef cattle. Ms. Craighead is a member of Craighead Ranch LLC and member-Secretary of C & S Cattle Company, both of which are family ranching operations. She is also a member of C & S Holdings LLC, a family holding company, as well as a member of Twin Hills LLC, a residential development company. Ms. Craighead serves as a member of Craighead Family Alliance, LLC, a commercial property business, and as a member of the Providence Place board, an assisted living facility. Ms. Craighead is a CPA and a Seminar Instructor for various areas of taxation. In addition, Ms. Craighead and her husband are involved in real estate development. Ms. Craighead was appointed to a five-year term expiring in 2029.
David Dolch	-	Director. Mr. Dolch joined the Board in October 2014 and has been an elected director since 2012, having served on the Farm Credit of Central Oklahoma Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Mr. Dolch serves as Vice-Chairman of the Governance Committee and is a member of the Compensation Committee and the Credit Review Committee. For the past five years, he has been engaged in production agriculture in Central Oklahoma with principal enterprises consisting of cow/calf, club calves, and cattle semen sales. Mr. Dolch is an employee and assistant manager of Clinton Livestock Auction, a livestock auction service. He also serves as President of Verden Ag Boosters, an organization supporting local youth. Mr. Dolch was elected to a five-year term expiring in 2028.
Bo Ferrell	-	Director. Mr. Ferrell joined the board in May 2024 and serves as a member of the Compensation Committee. For the past five years, he has operated a farm and ranch in Northwest Oklahoma with principal enterprises consisting of wheat, alfalfa, soy beans, corn, and cow/calf. Mr. Ferrell also serves as a member of the Alfalfa County Rural Water District #1 board, and as president of the Alfalfa County Cattleman's Association. Mr. Ferrell was elected to a three-year term expiring in 2027.
Bryan Fischer	-	Director. Mr. Fischer joined the Board in November 2022 and has been an elected director since 2001, having served on the Farm Credit of Enid Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Mr. Fischer currently serves as the Chairman of the Compensation Committee, the Vice Chairman of the Association Leadership Committee (SAC), and is a member of the Credit Review Committee. For the past five years, Mr. Fischer has been involved in production agriculture with principal enterprises consisting of wheat, cattle, sheep, and hay. Mr. Fischer also serves as the Chairman for the Alfalfa County Farm Service Agency, an organization to serve as a link from the Agricultural community to the USDA. Mr. Fischer also served on the CoBank Nominating Committee from 2016 to 2019 and is serving another two-year term starting in 2024. Mr. Fischer has served as a delegate for the Association in the Farm Credit Association Leadership Committee and the Farm Credit Council from 2017 until present. Mr. Fischer is serving a three-year term expiring in 2025.

Mark Graf	-	Director. Mr. Graf joined the Board in 2016, and he currently serves as Vice Chairman of the Risk/Technology Committee and as a member of the Governance Committee and Association Leadership (SAC) Committee. For the past five years, he has been involved in production agriculture in Western Oklahoma with principal enterprises consisting of wheat, cow/calf, cotton, milo, sesame, soybeans, and corn. Mr. Graf is also involved in fertilizer sales, commercial spraying, commercial planting, custom harvesting, custom swathing, custom baling, oil and gas, and the selling and installation of vinyl fencing. He is the owner of M Ag, a family commercial spraying and fertilizer business and managing member of 4 MV Farms, LLC, a family business involved in the transportation of raised products. Mr. Graf is Chairman of the Board for Corn Bible Academy, a Christian school located in Corn, Oklahoma. Mr. Graf was elected to a three-year term expiring in 2025.
Dennie Jenkins	-	Director. Mr. Jenkins joined the Board in 2013, and he currently serves as a member of the Risk/Technology Committee. For the past five years, he has been involved in production agriculture in Western Oklahoma with principal enterprises consisting of registered Angus cattle and wheat/wheat seed, together with custom seed cleaning, custom farming, and custom hay swathing-baling. He is Secretary-Treasurer of the OK&T Angus Breeders Association Board, an association to merchandise registered Angus cattle and serves as Secretary for the Ellis County Farm Bureau Board, a volunteer organization of farm and ranch families. Mr. Jenkins was elected to a three-year term expiring in 2025.
Nathan Johnson	-	Director. Mr. Johnson joined the Board in 2018, and he currently serves as a member of the Risk/Technology Committee, the Governance Committee, and the Credit Review Committee. For the past five years, he has been involved in production agriculture in Northwestern Oklahoma with principal enterprises consisting of corn, milo, wheat, and cow/calf. Mr. Johnson serves as a committee member of the Cimarron County NRCS, a U.S. Department of Agriculture Conservation District, and as President of the Cimarron County Stock Show Board, an organization to advance the local stock show. Mr. Johnson was elected to a five-year term expiring in 2029.
Scott Neufeld	-	Director. Mr. Neufeld joined the Board in November 2022 and has been an elected director since 2017 having served on the Farm Credit of Enid Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Mr. Neufeld serves as Chairman of the Governance Committee, as a member of the Risk/Technology Committee, and as a member of the Association Leadership Committee (SAC). For the past five years, Mr. Neufeld has been involved in production agriculture with principal enterprises consisting of wheat, alfalfa, milo, sesame, camelina, cow/calf, and stocker cattle. He is a partner of L & S Farms, LLC, a farming limited liability company. Mr. Neufeld serves as Board Chairman for Major County Farm Bureau, a service-oriented organization. Additionally, he serves as a member of the American Farm Bureau Federation’s Issue Advisory Committee for the state of Oklahoma. Mr. Neufeld is serving a five-year term expiring in 2028.
Lonnie Olson	-	Appointed Director. Mr. Olson joined the Board in January 2021 and has been an appointed director since 2005 having served on the AgPreference Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Mr. Olson serves as Vice Chairman of the Audit Committee and is a member of the Risk/Technology Committee. Mr. Olson resides in Hobart, Oklahoma and has worked for Edward Jones Investments as a Financial Advisor since 1997. He owns rental properties and a cattle operation and is President of LONCO, Inc., a family corporation involved in operating rental property. In addition, he is a member manager of Olson Family Land and Cattle, a family company involved in owning farmland and cattle. Mr. Olson is a board member and President of the Hobart Community Foundation, an organization to support the Hobart community. He serves on the Kiowa County 529 Ambulance Board, a board related to the local ambulance service. Mr. Olson serves as a board member of the Kiowa County Economic Development Authority, an organization created to support economic development in Kiowa County. Mr. Olson is serving a five-year term expiring in 2028.
Robert Peeler	-	Director. Mr. Peeler joined the Board in January 2021 and has been an elected director since 2020 having served on the AgPreference Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Mr. Peeler serves as a member of the Governance Committee and the Compensation Committee. For the past five years, he has been involved in production agriculture in Western Oklahoma with principal enterprises

consisting of cow/calf and stockers. Mr. Peeler serves on the Reed Water Corporation Board of Directors, a corporation that sells and distributes water to Western Greer and Northern Harmon counties. Mr. Peeler is serving a five-year term expiring in 2028.

Karen Pittman	-	Appointed Director. Ms. Pittman joined the Board in November 2022 and has been an appointed director since 2019 having served on the Farm Credit of Enid Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Ms. Pittman currently serves as Chairwoman of the Audit Committee and as a member of the Compensation Committee. Ms. Pittman previously served as Vice President and Chief Financial Officer of Farm Credit of Enid, where she retired in June of 2018. Prior to her retirement, she served in the Farm Credit System since 1975. Ms. Pittman is serving a three-year term expiring in 2025.
Rusty Roush	-	Director. Mr. Roush joined the Board in May 2024 and serves as a member of the Audit Committee. For the past five years, he has been involved in production agriculture in Western Oklahoma with principal enterprises consisting of wheat, alfalfa, stockers, and cow/calf. Mr. Roush is an owner/manager of Roush Minerals, LLC, an enterprise set up for mineral ownership, and is a Director and Manager for Clint Roush Farms, a family farming and ranching corporation. Mr. Roush serves as a member of the Arapaho/Butler School Board, as Chairman for the Custer County Conservation District board, and as a member of the Arapaho Alumni Association board. Mr. Roush was elected to a two-year term expiring in 2026.
Steve Semmel	-	Director. Mr. Semmel was re-elected to the Board in 2023. Mr. Semmel previously served as a director from 2003 until 2021. Mr. Semmel serves as a member of the Compensation Committee, the Governance Committee, and the Credit Review Committee. For the past five years, he has been involved in production agriculture in Northwestern Oklahoma with principal enterprises consisting of wheat, cow/calf, stocker cattle, and hay production. He is a partner with his son in S & S Farm & Ranch, a cattle/wheat business, and a partner and Secretary of NAPA, an auto parts store in Woodward, Oklahoma. Mr. Semmel is a partner and Vice President of OK Rental Equipment, an oilfield equipment rental business, and is a member of the Woodward County Excise Board, a non-elected county budget and tax board. Mr. Semmel was elected to a five-year term expiring in 2028.
Lyndal Skaggs	-	Appointed Director. Mr. Skaggs joined the Board in November 2022 and has been an appointed director since 2009 after being an elected director since 1987, having served on the Farm Credit of Enid Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Mr. Skaggs currently serves as the Chairman of the Risk/Technology Committee and as a member of the Audit Committee. Mr. Skaggs has been involved in production agriculture in Northern Oklahoma with principal enterprises consisting of wheat, soybeans, and corn. Mr. Skaggs was employed by ConocoPhillips as a Senior IT Analyst until his retirement in 2018. He is a partner of Skaggs Brothers Minerals, a mineral rights purchasing business. Mr. Skaggs has had a controlling interest in his family farming and investment company, Skaggs Family, LLC, since early 2019. Mr. Skaggs was appointed to a three-year term expiring in 2025.
Robert Williams	-	Director. Mr. Williams joined the Board in January 2021 and has been an elected director since 2019 having served on the AgPreference Board of Directors prior to the merger with Farm Credit of Western Oklahoma. Mr. Williams serves as a member of the Audit Committee and the Association Leadership Committee (SAC). For the past five years, he has been involved in production agriculture in Western Oklahoma with principal enterprises consisting of wheat, stocker cattle, feeder cattle, and cotton. Mr. Williams serves as the Chairman of the Board of Regents for Western Oklahoma State College and as a member of the Harmon County Water Corporation board, an organization that sells and distributes water in Harmon County. Mr. Williams is serving a three-year term expiring in 2025.
Ricky Carothers	-	Director. Mr. Carothers' term expired in 2024.
Kenton Javorsky	-	Director. Mr. Javorsky's term expired in 2024.
Dennis Schultz	-	Director. Mr. Schultz's term expired in 2024.

SENIOR OFFICERS

Greg Livingston	-	President and Chief Executive Officer. Mr. Livingston has served the Farm Credit System since January 2, 1992. He was appointed President and Chief Executive Officer effective January 1, 2024. Mr. Livingston held the role of Chief Lending Officer from January 2008 through December 2023. Mr. Livingston has served in a variety of management positions including Chief Operating Officer and Vice President of Business Development-Marketing. Mr. Livingston operates a part-time family farming-ranching operation. Effective January 1, 2024, Mr. Livingston serves on the AgVantis, Inc. Board, a company that develops and provides services to Farm Credit Associations. Mr. Livingston serves on the Dewey County Fair Board, an advisory group for the county fair association. Mr. Livingston also serves on the Seiling Education Foundation Board, a foundation to promote and raise money for the education of Seiling students, and he serves on the Seiling Rural Fire Association Board, an organization that provides fire protection and emergency response services to the Seiling community. Mr. Livingston also serves on the Seiling First Christian Church Board.
Mike McDonald	-	Senior Executive Vice President and Chief Credit Officer. Mr. McDonald has served the Farm Credit System since January 31, 1996. He was appointed Chief Credit Officer effective December 2003. Mr. McDonald has served in a variety of roles with Farm Credit as well as the commercial banking industry. Mr. McDonald runs a part-time family farming-ranching operation. He is also involved in oil/gas activity.
Jamey Mitchell	-	Executive Vice President and Chief Financial Officer. Mr. Mitchell has served the Association since April 21, 2003. He was appointed Vice President and Chief Financial Officer effective May 2015. Mr. Mitchell has served in various roles including Loan Officer and Vice President-Branch Manager. Mr. Mitchell began his career with PricewaterhouseCoopers LLP as a staff accountant. He is a CPA and a member of the Oklahoma Society of Certified Public Accountants. Mr. Mitchell is an owner/operator of Mitchell Brothers Land & Cattle, LLC where he runs a part-time family farming/ranching operation. He also serves as Mayor of Texhoma, Oklahoma, a small community in the Oklahoma Panhandle. He also serves as Chairman of the Texhoma Housing Authority, an organization to promote housing in Texhoma.
Kevin Propps	-	Executive Vice President and Chief Lending Officer. Mr. Propps has served the Farm Credit System since June 1, 1996. He was appointed Chief Lending Officer effective January 1, 2024. Mr. Propps has served in various roles including Field Rep, Loan Officer, and Branch Manager. Mr. Propps has been running a part-time farming and ranching operation consisting of cow/calf and wheat production since 1994.
Fred Slater	-	Executive Vice President and Chief Risk Officer. Mr. Slater has served in the Farm Credit System since April 24, 1995. He was appointed Executive Vice President and Chief Participation Officer effective November 1, 2022, following the merger with Farm Credit of Enid, and was appointed to the role of Chief Risk Officer effective November 1, 2024. Prior to the Farm Credit of Enid merger, he served as Chief Credit Officer of Farm Credit of Enid since June 1, 2008.
Jeff Wasson	-	Vice President and Chief Information Officer. Mr. Wasson has served Farm Credit of Western Oklahoma since August 1, 2013, and was appointed Vice President and Chief Information Officer in February 2020. Prior to joining the Association full-time, Mr. Wasson served the Farm Credit System as well as other area businesses in the capacity of contract IT support. Mr. Wasson is in a partnership with his wife in a part-time family metal fabrication business.
Sandy Jones	-	Vice President and Chief Administrative Officer. Ms. Jones has served the Farm Credit System since January 24, 1990. She was appointed Vice President of Corporate Operations and Human Resources Administrator following a merger with Farm Credit of Central Oklahoma in October 2014. In February 2020, Ms. Jones accepted the role of Vice President and Chief Administrative Officer. Ms. Jones has served in a variety of operational and management positions throughout her career including Operations Supervisor and Human Resources Administrator.

Blake Byrd - Mr. Byrd retired on April 12, 2024, after serving as Chief Operating officer since January 1, 2021.

Russell Strecker - Mr. Strecker retired on October 31, 2024, after serving as Chief Risk Officer/Director of Internal Audit since January 1, 2021.

COMPENSATION OF DIRECTORS AND SENIOR OFFICERS

Per the Association's Director Honoraria policy, during 2024, directors of the Association are paid a monthly stipend of $1,900 per month. The Board Chairman is paid an additional monthly stipend of $500 while the Audit Committee Chairman is paid an additional monthly stipend of $400. The Vice Chairman of the Board, the Risk/Technology Committee Chairman, and the Governance Committee Chairman are each paid an additional monthly stipend of $100. The Chairman of the Compensation Committee is paid an additional monthly stipend of $200. If any meeting is not held in conjunction with a regularly scheduled board meeting, no additional compensation is paid to the directors other than the mileage reimbursement. Compensation includes travel expenses for spouse/guest travel related to the Board members' official duties. Association directors and employees were reimbursed for actual, necessary, and usual travel and subsistence expenses and mileage at the rate of $0.67 per mile. Effective April 2024, directors traveling overnight were paid $75 per day to cover miscellaneous travel-related expenses. Additional information for each director is provided below.

	Number of Days Served at		Total Compensation for Board Meetings and Other Official Duties
Name	Board Meetings	Other Official Activities	
Roger Fischer	6.0	13.0	$ 31,939
Troy White	7.0	2.0	24,000
Chad Budy	8.0	7.0	24,646
Kyle Carothers	5.0	5.0	13,303
Stephanie Craighead	6.0	9.0	24,431
David Dolch	8.0	2.0	22,900
Bo Ferrell	5.0	5.0	13,303
Bryan Fischer	8.0	4.0	25,300
Mark Graf	8.0	8.0	24,480
Dennie Jenkins	8.0	3.0	22,800
Nathan Johnson	8.0	3.0	22,800
Scott Neufeld	8.0	9.0	25,081
Lonnie Olson	8.0	10.0	25,056
Robert Peeler	8.0	2.0	22,900
Karen Pittman	8.0	15.0	29,648
Rusty Roush	4.0	5.0	13,246
Steve Semmel	8.0	9.0	24,220
Lyndal Skaggs	8.0	12.0	24,700
Robert Williams	7.0	8.0	24,666
Ricky Carothers	1.0	1.0	9,500
Kenton Javorsky	2.0	–	9,500
Dennis Schultz	2.0	3.0	11,400
Total Compensation			$ 469,818

Directors and senior officers are reimbursed for travel, subsistence, and other expenses related to Association business according to Association policy. A copy of this policy is available to shareholders upon request. Aggregate reimbursements to directors for travel, subsistence, and other related expenses were $110,062 in 2024, $141,839 in 2023, and $97,339 in 2022. There was no non-cash compensation paid to directors during 2024.

Information on chief executive officer (CEO) and senior officer compensation follows. The CEO compensation is not included with the senior officer compensation.

President and CEO	Year	Annual					Total
		Salary	Incentive Plan	Change in Pension Value	Deferred/ Perquisites	Other	
Greg Livingston	2024[1]	$ 379,890	$ 99,751	$ 129,187	$ 52,653	$ 20,690	$ 682,171
John Grunewald	2024[2]	$ –	$ –	$ –	$ 1,077	$ 1,284,235	$ 1,285,312
John Grunewald	2023	$ 391,500	$ 66,132	$ 1,101,646	$ 25,118	$ 403,698	$ 1,988,094
John Grunewald	2022	$ 357,500	$ 54,000	$ (485,004)	$ 15,354	$ 18,729	$ (39,421)

[1] Greg Livingston was appointed to the role of President and CEO effective January 1, 2024.
[2] John Grunewald received severance pay in 2024 following his retirement as President and CEO effective December 31, 2023.

Aggregate Number of Senior Officers/Highly compensated Individuals (excluding CEO)	Year	Annual					Total
		Salary	Incentive Compensation	Change in Pension Value	Deferred/ Perquisites	Other	
8	2024	$ 1,729,918	$ 360,153	$ (336,719)	$ 228,897	$ 1,257,770	$ 3,240,019
10	2023	$ 2,157,666	$ 411,541	$ 4,695,855	$ 675,435	$ 676,428	$ 8,616,925
9[1]	2022	$ 1,838,019	$ 389,489	$ (923,581)	$ 268,180	$ 158,937	$ 1,731,044

[1] One senior officer from Farm Credit of Enid is included in 2022. The balance for this senior officer only includes compensation paid after November 1, 2022, when the merger took place.

Disclosure of information on the total compensation paid during the last fiscal year to any senior officer, or to any other officer included in the aggregate is available to shareholders upon request.

The change in value of the pension benefits is defined as the vested portion of the present value of the accumulated benefit obligation from December 31 of the previous year, disclosed in Note 10 of the financial statements. No tax reimbursements are made to senior officers/highly compensated individuals.

Deferred/Perquisites represents reimbursements for unused annual leave for active employees, vehicle expense, miscellaneous fringe benefits, employer match and employee deferrals on a nonqualified deferred compensation plan, and life insurance and long-term disability premiums.

Other represents holiday bonuses, employer match on a defined contribution plan available to all employees, tax gift fringe, tax gross up, and redemption of unused annual leave for retired employees. Other compensation also includes severance benefits paid to John Grunewald.

In addition to base salary, senior officers can earn additional compensation under either an annual bonus or an incentive plan, which relates to the overall business performance and the individual's rating. These plans are designed to motivate employees to exceed financial and credit quality performance targets approved by the Board of Directors. These targets typically include return on assets, credit quality, credit administration, new loan volume, nonaccrual loan volume, cost of operations, permanent capital, and other key ratios. In addition, employment agreements can be offered to senior officers on a case-by-case basis when nearing retirement. Bonus payments are paid in the first quarter of each year based on the performance of January 1 through December 31 of the previous year.

Retirement Plan Overview – The CEO participates in two defined benefit retirement plans: (a) the Ninth Farm Credit District Pension Plan (Pension Plan), which is a qualified defined benefit plan and (b) the Former Ninth and Eleventh District Employers Pension Restoration Plan (Pension Restoration Plan), which is a nonqualified retirement plan. Additionally, substantially all employees participate in the 401(k) Plan, which has an employer matching contribution. Certain eligible employees participate in the Farm Credit Foundations Nonqualified Deferred Compensation Plan, which allows individuals to defer compensation, and which restores the benefits limited in the 401(k) Plan by restrictions in the Internal Revenue Code. Information on pension benefits attributable to the senior officers and other highly compensated individuals as of December 31, 2024 follows.

President/CEO	Plan	Years of Credited Service	Present Value of Accumulated Benefits	Payments Made During the Reporting Period
Greg Livingston	Pension Plan	34.65	$ 2,783,727	$ –
	Nonqualified Pension	34.65	$ 32,101	$ –

Aggregate Number of Senior Officers/ Highly Compensated Individuals	Plan	Average Years of Credited Service	Present Value of Accumulated Benefits	Payments Made During the Reporting Period
3	Pension Plan	35.38	$ 5,892,035	$ –
1	Nonqualified Pension	37.70	$ 358,944	$ 130,667

For the Pension Plan and the Pension Restoration Plan, the average years of service represents an average for the aggregate senior officers and highly compensated employee group.

Pension Plan – In general, the Pension Plan is a qualified plan and provides participants with a 50% joint-and-survivor annuity benefit at normal retirement that is equal to 1.50% of average monthly compensation during the 60 consecutive months in which an individual receives his highest compensation (High 60) multiplied by his years of benefit service, plus 0.25% of the amount by which the High 60 exceeds covered compensation multiplied by years of benefit service. The benefit is actuarially adjusted if the individual chooses a different form of distribution than a 50% joint-and-survivor annuity, such as a lump sum distribution. The pension valuation was determined using a blended approach assuming half of the benefits would be paid as a lump sum and half as an annuity at the participants earliest unreduced retirement age. The Pension Plan pays benefits up to the applicable limits under the Internal Revenue Code.

Pension Restoration Plan – The Pension Restoration Plan is unfunded and nonqualified for tax purposes. Benefits payable under this plan are equal to the excess of the amount that would be payable under the terms of the Pension Plan disregarding the limitations imposed under Internal Revenue Code Sections 401(a)(17) and 415, over the pension actually payable under the Pension Plan. The plan also restores any benefits attributable to nonqualified deferred compensation excluded from the benefit determined under the Pension Plan. The nonqualified pension restoration valuation was determined using an assumption that benefits would be paid as a lump sum at the participants earliest unreduced retirement age.

TRANSACTIONS WITH SENIOR OFFICERS AND DIRECTORS

The Association's policies on loans to and transactions with its officers and directors, required to be disclosed in this section are incorporated herein by reference from Note 11 to the financial statements, "Related Party Transactions," included in this annual report to shareholders.

INVOLVEMENT OF SENIOR OFFICERS AND DIRECTORS IN CERTAIN LEGAL PROCEEDINGS

There were no matters which came to the attention of management or the Board of Directors regarding involvement of senior officers or current directors in specified legal proceedings which are required to be disclosed in this section.

BORROWER PRIVACY STATEMENT

Since 1972, Farm Credit Administration (FCA) regulations have forbidden the directors and employees of Farm Credit institutions from disclosing personal borrower information to others without borrower consent. The Association does not sell or trade customers' personal information to marketing companies or information brokers. Additional information regarding FCA rules governing the disclosure of customer information can be obtained by contacting the Association.

RELATIONSHIP WITH INDEPENDENT AUDITORS

There were no changes in independent auditors since the prior annual report to shareholders and there were no material disagreements with our independent auditors on any matter of accounting principles or financial statement disclosure during this period.

Relationship with CoBank, ACB (CoBank)

The Association is materially affected by CoBank's financial condition and results of operations.

The Association's statutory obligation to borrow from CoBank is discussed in Note 6. Financial assistance agreements between the Association and CoBank are discussed in Note 7. The Association's requirement to invest in CoBank and CoBank's ability to access capital of the Association is discussed in Note 4 to the financial statements, "Investment in CoBank," included in this annual report to shareholders. CoBank's role in mitigating the Association's exposure to interest rate risk is discussed in the MD&A section – Liquidity.

CoBank is required to distribute its Annual Report to shareholders of the Association if the bank experiences a significant event that has a material effect on the Association as defined by FCA regulations.

Credit and Services to Young, Beginning, and Small Farmers, Ranchers, and Producers or Harvesters of Aquatic Products

The Association's information required to be disclosed in this section is incorporated herein by reference from the "Young, Beginning, and Small Farmers and Ranchers Program" section of the Management's Discussion and Analysis, included in this annual report to shareholders.

Financial Statements

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 6, 2025, and the Report of Management, appearing as part of this annual report to shareholders, are incorporated herein by reference.

CoBank Annual and Quarterly Reports to Shareholders

The shareholders' investment in the Association is materially affected by the financial condition and results of operations of CoBank. Consequently, the Association's annual and quarterly reports should be read in conjunction with CoBank's 2024 Annual and Quarterly Reports to Shareholders. Quarterly reports are available approximately 40 days after the calendar quarter end and annual reports are available approximately 75 days after the calendar year end. A copy of these reports may be obtained free upon request from the Association. The Association is located at 3302 Williams Avenue, Woodward, Oklahoma 73801-6944, or may be contacted by calling (580) 256-3465 or (800) 299-3465. The reports may also be obtained free of charge by visiting CoBank's website at www.cobank.com.

9 Locations to serve our shareholders.

ALTUS
3120 N. Main St.
580.482.3030

ALVA
219 Oklahoma Blvd.
580.327.0870

ANADARKO
513 S. Mission St.
405.247.2421

CLINTON
2600 Modelle Ave.
580.323.0342

ELK CITY
101 Carter Rd.
580.821.9200

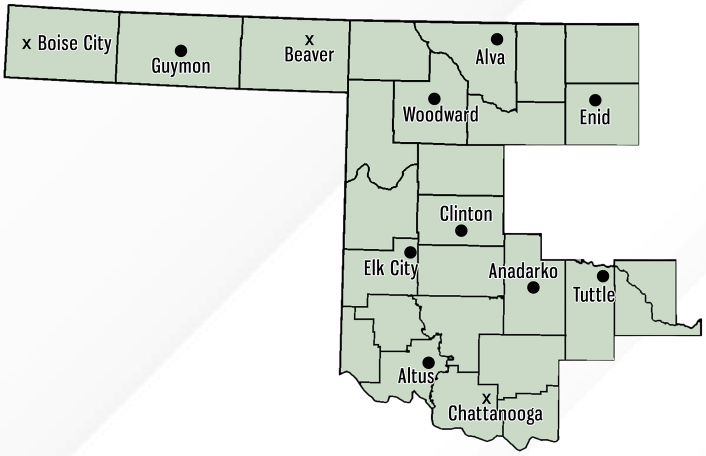
ENID
1605 W. Owen K. Garriott
580.233.3489

GUYMON
2143 Hwy. 64 N.
580.338.3828

TUTTLE
4955 Farm Credit Dr.
405.381.3000

WOODWARD
3302 Williams Ave.
580.256.3465

Farm Credit
WESTERN OKLAHOMA



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