

# **Farm Credit of Western Oklahoma, ACA**



**Quarterly Report**  
**June 30, 2025**

The shareholders' investment in Farm Credit of Western Oklahoma, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2024 CoBank Annual Report to Shareholders and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, **[www.cobank.com](http://www.cobank.com)**, or may be obtained at no charge by contacting us at Farm Credit of Western Oklahoma, ACA, 3302 Williams Avenue, Woodward, Oklahoma 73801, or by calling 580-256-3465 or toll free 1-800-299-3465.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
(Unaudited)

The following discussion summarizes the financial position and results of operations of Farm Credit of Western Oklahoma, ACA (the Association) for the six months ended June 30, 2025, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2024 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The US economic growth remained moderate during the second quarter of 2025. Largely due to downward trends in personal consumption expenditures and residential investments, real GDP growth regressed at an annual rate of 0.5% in the first quarter of 2025, which led to revised forecasts of slower growth in the second quarter. Additionally, a combination of continued high interest rates, global supply chain pressures, and geopolitical risks contribute to the weakened economic growth. The labor market remained relatively steady for the second quarter of 2025 at 4.1%; however, the uncertainty around import tariffs and the deep cuts in government spending have affected the labor market and its outlook for 2025. In June, the Federal Reserve announced that interest rates will remain steady at 4.25% - 4.50% and continued to project two rate cuts later this year as they try to balance the effects of the tariffs and resulting increased inflation and a weaker economy. In 2025, farm income is anticipated to increase primarily as a result of direct government relief payments through the American Relief Act of 2025. For the second year in a row, farming production expenses are forecasted to decrease, bringing expenses to their lowest level since 2021.

Loan demand has been strong throughout the first half of 2025. Given commodity price uncertainty within the agricultural economy, it is important that the operations we serve rely upon diversification to insulate themselves from individual commodity losses. Our customers continue to take advantage of commodity price protection and invest in insurance options to hedge their operations against commodity price fluctuations and to insulate their operations from undue risk related to adverse weather conditions.

With historically low unemployment and strong demand for labor, off-farm income continues to provide healthy diversification to the customers we serve. In addition, the Fed is expected to cut interest rates in the last half of 2025, which will lead to lower costs of borrowed capital and economic relief for many operations.

Based on the Oklahoma Drought Monitor, the state of Oklahoma is drought free and the current soil moisture conditions are primarily within an adequate to surplus range at this time, giving rise to excellent growing conditions throughout our lending territory.

Real estate values in Oklahoma have increased on average 4.99% over the last 5 years. Overall, real estate values have continued to strengthen in our territory as well, with a year-over-year increase of 8.6% in Oklahoma in 2024. Potential weaknesses in commodity markets, volatility in oil/gas prices and production, a U.S. recession brought on by the federal inflation response, and/or economic challenges caused by global unrest could lead to a softening or decline in the real estate market which is a risk to our portfolio as well as 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.

## **LOAN PORTFOLIO**

Loans outstanding at June 30, 2025, totaled \$1.97 billion, an increase of \$48.9 million, or 2.55%, from loans of \$1.92 billion at December 31, 2024. The increase was primarily due to loan growth in the real estate mortgage and agribusiness sectors, partially offset by paydowns and payoffs in the portfolio during the first six months of 2025.

## RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2025, was \$20.9 million, an increase of \$5.0 million, or 31.01%, from the same period ended one year ago. The increase was primarily due to increases in net interest income and noninterest income, and a decrease in noninterest expense. Additionally, a credit loss reversal was recorded for the six months ended June 30, 2025, compared with a provision for credit losses recorded for the six months ended June 30, 2024.

For the six months ended June 30, 2025, net interest income was \$29.1 million, an increase of \$2.3 million, or 8.59%, compared with the six months ended June 30, 2024. Net interest income increased primarily as a result of loan volume growth and increased interest rate spreads between the periods compared.

The credit loss reversal for the six months ended June 30, 2025, was \$783 thousand, compared with a provision for credit losses of \$146 thousand for the same period ended one year ago. The credit loss reversal was recorded due to improvements in the Association's risk portfolio, partially offset by increased loan volume between the periods compared.

Noninterest income increased \$558 thousand during the first six months of 2025 compared with the first six months of 2024, primarily due to the Association recording an increase of \$354 thousand in patronage distribution from Farm Credit institutions. This increase was primarily due to additional patronage distribution from CoBank, resulting from an increase in our direct note payable due to CoBank between the periods compared. Patronage income from other Farm Credit institutions also increased for the period ended June 30, 2025 compared to the period ended June 30, 2024, due to additional patronage eligible loan participations purchased from other Farm Credit institutions. We received a refund of \$348 thousand during the first six months of 2025 from the Farm Credit System Insurance Corporation (FCSIC), compared with a refund of \$500 thousand received in the same period ended one year ago. These refunds represent our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts.

Mineral income of \$524 thousand was recognized during the first six months of 2025, an increase of \$114 thousand from the same period ended one year ago. Of this amount, \$431 thousand was received from CoBank and \$93 thousand was received from Association-owned minerals. The increase for the six months ended June 30, 2025, was primarily due to additional lease bonuses received from Association-owned minerals. Additional mineral income was also received from CoBank during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 due to new leases and additional income generated from 26 newly completed wells over the past year.

During the first six months of 2025, noninterest expense decreased \$1.2 million to \$14.4 million compared to the first six months of 2024. The decrease in noninterest expense was primarily due to decreases in salaries and employee benefit expense and purchased services. This decrease was partially offset by increases in expenses related to the Association's loan origination system upgrade and purchased services from AgVantis.

## CAPITAL RESOURCES

Our shareholders' equity at June 30, 2025, was \$370.7 million, an increase from \$349.5 million at December 31, 2024. This increase is due to net income, the amortization of pension costs included in the net periodic benefit cost, and net stock issuances.

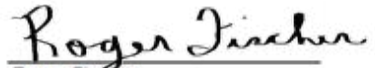
The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements, and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Greg Livingston  
President/CEO  
August 6, 2025



Jamey B. Mitchell  
CFO  
August 6, 2025



Roger Fischer  
Chairman of the Board  
August 6, 2025

**Consolidated Statement of Condition**

(Dollars in Thousands)

	<b>June 30 2025</b>	December 31 2024
	<b>UNAUDITED</b>	AUDITED
<b>ASSETS</b>		
Loans	\$ 1,967,932	\$ 1,919,049
Less allowance for loan losses	3,315	4,359
Net loans	1,964,617	1,914,690
Cash	5,380	6,123
Accrued interest receivable	47,208	39,650
Investment in CoBank, ACB	47,744	47,744
Premises and equipment, net	10,296	10,581
Prepaid benefit expense	9,577	9,763
Other assets	8,990	13,580
<b>Total assets</b>	<b>\$ 2,093,812</b>	<b>\$ 2,042,131</b>
<b>LIABILITIES</b>		
Note payable to CoBank, ACB	\$ 1,688,697	\$ 1,649,113
Advance conditional payments	17,528	13,524
Accrued interest payable	5,324	5,322
Patronage distributions payable	-	10,800
Accrued benefits liability	3,045	3,486
Reserve for unfunded commitments	1,216	1,024
Other liabilities	7,293	9,368
<b>Total liabilities</b>	<b>\$ 1,723,103</b>	<b>\$ 1,692,637</b>
<b>Commitments and Contingencies</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	2,927	2,916
Additional paid-in capital	146,592	146,592
Unallocated retained earnings	222,948	202,022
Accumulated other comprehensive income/(loss)	(1,758)	(2,036)
<b>Total shareholders' equity</b>	<b>370,709</b>	<b>349,494</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,093,812</b>	<b>\$ 2,042,131</b>

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

**Consolidated Statement of Comprehensive Income**

(Dollars in Thousands)

UNAUDITED	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
<b>INTEREST INCOME</b>				
Loans	\$ 30,887	\$ 29,395	\$ 61,192	\$ 56,962
Other	14	3	17	3
<b>Total interest income</b>	<b>30,901</b>	<b>29,398</b>	<b>61,209</b>	<b>56,965</b>
<b>INTEREST EXPENSE</b>				
Note payable to CoBank, ACB	16,388	15,382	31,991	30,006
Other	79	94	150	190
<b>Total interest expense</b>	<b>16,467</b>	<b>15,476</b>	<b>32,141</b>	<b>30,196</b>
Net interest income	14,434	13,922	29,068	26,769
(Credit loss reversal)/Provision for credit losses	(721)	(318)	(783)	146
Net interest income after credit loss reversal/provision for credit losses	15,155	14,240	29,851	26,623
<b>NONINTEREST INCOME</b>				
Financially related services income	8	7	25	14
Loan fees	300	179	477	337
Patronage distribution from Farm Credit institutions	1,909	1,782	3,901	3,547
Farm Credit Insurance Fund distribution	-	500	348	500
Mineral income	262	192	524	410
Other noninterest income	100	77	207	116
<b>Total noninterest income</b>	<b>2,579</b>	<b>2,737</b>	<b>5,482</b>	<b>4,924</b>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	3,449	4,612	7,069	8,591
Occupancy and equipment	296	295	888	680
Purchased services from AgVantis, Inc.	1,369	1,242	2,738	2,485
Farm Credit Insurance Fund premium	383	355	761	706
Supervisory and examination costs	147	132	294	263
Other noninterest expense	898	1,188	2,657	2,849
<b>Total noninterest expense</b>	<b>6,542</b>	<b>7,824</b>	<b>14,407</b>	<b>15,574</b>
<b>Net income</b>	<b>11,192</b>	<b>9,153</b>	<b>20,926</b>	<b>15,973</b>
<b>COMPREHENSIVE INCOME</b>				
Amortization of retirement costs	139	121	278	242
<b>Total comprehensive income</b>	<b>\$ 11,331</b>	<b>\$ 9,274</b>	<b>\$ 21,204</b>	<b>\$ 16,215</b>

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

**Consolidated Statement of Changes in Shareholders' Equity**

(Dollars in Thousands)

UNAUDITED	Capital Stock	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
<b>Balance at December 31, 2023</b>	\$ 2,884	\$ 146,592	\$ 180,939	\$ (1,916)	\$ 328,499
Comprehensive income			15,973	242	16,215
Stock issued	106				106
Stock retired	(92)				(92)
<b>Balance at June 30, 2024</b>	\$ 2,898	\$ 146,592	\$ 196,912	\$ (1,674)	\$ 344,728
<b>Balance at December 31, 2024</b>	\$ 2,916	\$ 146,592	\$ 202,022	\$ (2,036)	\$ 349,494
Comprehensive income			20,926	278	21,204
Stock issued	115				115
Stock retired	(104)				(104)
<b>Balance at June 30, 2025</b>	\$ 2,927	\$ 146,592	\$ 222,948	\$ (1,758)	\$ 370,709

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



## NOTES TO FINANCIAL STATEMENTS (Unaudited)

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit of Western Oklahoma, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2024, are contained in the 2024 Annual Report to Shareholders. These unaudited second quarter 2025 financial statements should be read in conjunction with the 2024 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under U.S. GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2024, as contained in the 2024 Annual Report to Shareholders.

In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary for a fair statement of results for the interim periods, have been made. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2025. Descriptions of the significant accounting policies are included in the 2024 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

#### Recently Adopted or Issued Accounting Pronouncements

##### Disaggregation of Income Statement Expenses (ASC 220)

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities and require disclosure of specified information about certain costs and expenses in the notes to financial statements. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)-(e).
- Include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Association is currently assessing the potential impact of this standard on its disclosures.

##### Improvements to Income Tax Disclosures (ASC 740)

In December 2023, FASB issued 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. Income taxes paid will require disaggregated disclosure by federal, state, and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. 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.

## NOTE 2 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans by type follows:

<i>(dollars in thousands)</i>	June 30, 2025	December 31, 2024
Real estate mortgage	\$ 1,232,217	\$ 1,193,808
Production and intermediate-term	519,525	522,824
Agribusiness	142,021	128,891
Rural infrastructure	62,091	64,239
Agricultural export finance	10,457	7,469
Rural residential real estate	1,621	1,818
<b>Total loans</b>	<b>\$ 1,967,932</b>	<b>\$ 1,919,049</b>

The Association purchases and sells participation interests with other parties in order to diversify risk, manage loan volume, and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at June 30, 2025:

<i>(dollars in thousands)</i>	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ 55,888	\$ 6,464	\$ 153,899	\$ -	\$ 209,787	\$ 6,464
Production and intermediate-term	70,618	23,330	-	-	70,618	23,330
Agribusiness	104,381	563	-	-	104,381	563
Rural infrastructure	62,091	-	-	-	62,091	-
Agricultural export finance	10,457	-	-	-	10,457	-
<b>Total</b>	<b>\$ 303,435</b>	<b>\$ 30,357</b>	<b>\$ 153,899</b>	<b>\$ -</b>	<b>\$ 457,334</b>	<b>\$ 30,357</b>

### Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit, and unfunded loan commitments. The Association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position, and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The Association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. 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 borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The institution reviews, at least on an annual basis, or when a credit action is taken, the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to

a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. 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 under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of:

	<b>June 30, 2025</b>	December 31, 2024
Real estate mortgage		
Acceptable	<b>97.30%</b>	98.07%
OAEM	<b>2.07%</b>	1.14%
Substandard	<b>0.63%</b>	0.79%
Total	<b>100.00%</b>	100.00%
Production and intermediate-term		
Acceptable	<b>97.22%</b>	96.92%
OAEM	<b>2.56%</b>	2.65%
Substandard	<b>0.22%</b>	0.43%
Total	<b>100.00%</b>	100.00%
Agribusiness		
Acceptable	<b>87.36%</b>	89.78%
OAEM	<b>9.87%</b>	7.01%
Substandard	<b>2.77%</b>	3.21%
Total	<b>100.00%</b>	100.00%
Rural infrastructure		
Acceptable	<b>96.73%</b>	96.83%
OAEM	<b>3.27%</b>	3.17%
Total	<b>100.00%</b>	100.00%
Agricultural export finance		
Acceptable	<b>100.00%</b>	100.00%
Total	<b>100.00%</b>	100.00%
Rural residential real estate		
Acceptable	<b>100.00%</b>	100.00%
Total	<b>100.00%</b>	100.00%
Total Loans		
Acceptable	<b>96.56%</b>	97.17%
OAEM	<b>2.79%</b>	2.01%
Substandard	<b>0.65%</b>	0.82%
Total	<b>100.00%</b>	100.00%

Accrued interest receivable on loans of \$47.2 million at June 30, 2025 and \$39.7 million at December 31, 2024 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 \$8 thousand during the first six months of 2025 and \$31 thousand during the first six months of 2024.

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. The following table shows these nonperforming assets and related credit quality statistics as follows:

<i>(dollars in thousands)</i>	June 30, 2025	December 31, 2024
Nonaccrual loans		
Real estate mortgage	\$ 2,256	\$ 4,262
Production and intermediate-term	95	1,288
Total nonaccrual loans	\$ 2,351	\$ 5,550
Accruing loans 90 days past due		
Real estate mortgage	\$ 341	\$ 168
Total accruing loans 90 days past due	\$ 341	\$ 168
Total nonperforming assets	\$ 2,692	\$ 5,718
Nonaccrual loans to total loans	0.12%	0.29%
Nonperforming assets to total loans	0.14%	0.30%
Nonperforming assets to total shareholders' equity	0.73%	1.64%

The Association had no other property owned for the periods 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:

<i>(dollars in thousands)</i>	June 30, 2025		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans			
Real estate mortgage	\$ -	\$ 2,256	\$ 2,256
Production and intermediate-term	92	3	95
Total	\$ 92	\$ 2,259	\$ 2,351

<i>(dollars in thousands)</i>	December 31, 2024		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans			
Real estate mortgage	\$ -	\$ 4,262	\$ 4,262
Production and intermediate-term	63	1,225	1,288
Total	\$ 63	\$ 5,487	\$ 5,550

<i>(dollars in thousands)</i>	Interest Income Recognized			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Nonaccrual loans				
Real estate mortgage	\$ 4	\$ 509	\$ 137	\$ 509
Production and intermediate-term	11	249	279	247
Total	\$ 15	\$ 758	\$ 416	\$ 756

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

**June 30, 2025**

<i>(dollars in thousands)</i>	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	\$ 4,538	\$ 538	\$ 5,076	\$1,227,141	\$1,232,217	\$ 341
Production and intermediate-term	398	63	461	519,064	519,525	-
Agribusiness	-	-	-	142,021	142,021	-
Rural infrastructure	-	-	-	62,091	62,091	-
Agricultural export finance	-	-	-	10,457	10,457	-
Rural residential real estate	-	-	-	1,621	1,621	-
<b>Total</b>	<b>\$ 4,936</b>	<b>\$ 601</b>	<b>\$ 5,537</b>	<b>\$1,962,395</b>	<b>\$1,967,932</b>	<b>\$ 341</b>

**December 31, 2024**

<i>(dollars in thousands)</i>	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	-
<b>Total</b>	<b>\$ 4,753</b>	<b>\$ 2,679</b>	<b>\$ 7,432</b>	<b>\$1,911,617</b>	<b>\$1,919,049</b>	<b>\$ 168</b>

**Loan Modifications to Borrowers Experiencing Financial Difficulty**

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

<i>(dollars in thousands)</i>	Term Extension			
	For the Three Months Ended		For the Six Months Ended	
	<b>June 30, 2025</b>	% of Portfolio Segment	<b>June 30, 2025</b>	% of Portfolio Segment
Production and intermediate-term	\$ -	-	\$ 164	0.03%
Agribusiness	1,593	1.12%	1,593	1.12%
<b>Total</b>	<b>\$ 1,593</b>		<b>\$ 1,757</b>	

<i>(dollars in thousands)</i>	Payment Deferral			
	For the Three Months Ended		For the Six Months Ended	
	<b>June 30, 2025</b>	% of Portfolio Segment	<b>June 30, 2025</b>	% of Portfolio Segment
Real estate mortgage	\$ 570	0.05%	\$ 570	0.05%
<b>Total</b>	<b>\$ 570</b>		<b>\$ 570</b>	

	Combination - Interest Rate Reduction and Term Extension			
	For the Three Months Ended		For the Six Months Ended	
	June 30, 2025	% of Portfolio Segment	June 30, 2025	% of Portfolio Segment
<i>(dollars in thousands)</i>				
Production and intermediate-term	\$ -	-	\$ 699	0.13%
Total	\$ -		\$ 699	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was \$9 thousand as of the three months ended June 30, 2025 and \$46 thousand as of the six months ended June 30, 2025.

	Term Extension			
	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	% of Portfolio Segment	June 30, 2024	% of Portfolio Segment
<i>(dollars in thousands)</i>				
Production and intermediate-term	\$ 1,028	0.22%	\$ 1,028	0.22%
Agribusiness	349	0.25%	349	0.25%
Total	\$ 1,377		\$ 1,377	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was \$3 thousand as of the three and six months ended June 30, 2024.

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

	Weighted-Average Term Extension (in months)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Production and intermediate-term	-	79.7	72.5	79.7
Agribusiness	7.0	12.6	7.0	12.6

	Weighted-Average Payment Deferral (in months)			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Real estate mortgage	12.0	-	12.0	-

	Combination – Interest Rate Reduction and Term Extension	
	For the Six Months Ended June 30, 2025	
Production and intermediate-term	Reduced weighted average interest rates from 9.75% to 7.80% and added a weighted average of 96.1 months to the life of the loan	

There were no loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2025 or June 30, 2024 which were modified during the twelve months prior to those periods.

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

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended June 30, 2025		
<i>(dollars in thousands)</i>	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	\$ 570	\$ -	\$ -
Production and intermediate-term	922	-	-
Agribusiness	1,993	-	-
Total	\$ 3,485	\$ -	\$ -

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended June 30, 2024		
<i>(dollars in thousands)</i>	Current	30-89 Days Past Due	90 Days or More Past Due
Production and intermediate-term	\$ 1,101	\$ -	\$ -
Agribusiness	349	-	-
Total	\$ 1,450	\$ -	\$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2025 were \$1.7 million and during the year ended December 31, 2024 were \$1.0 million.

The Association had no loans held for sale at June 30, 2025 and December 31, 2024.

#### **Allowance for Credit Losses**

The allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures. The ACL takes into consideration 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 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 such as 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.

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the Association's lending and leasing limit base but the Association's board of directors has generally established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities.

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

<i>(dollars in thousands)</i>	Balance at March 31, 2025	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2025
Real estate mortgage	\$ 221	\$ -	\$ -	\$ 494	\$ 715
Production and intermediate-term	1,216	-	-	217	1,433
Agribusiness	2,695	69	-	(1,730)	896
Rural infrastructure	288	-	-	(20)	268
Agricultural export finance	1	-	-	-	1
Rural residential real estate	1	-	-	1	2
Total	\$ 4,422	\$ 69	\$ -	\$ (1,038)	\$ 3,315

<i>(dollars in thousands)</i>	Balance at December 31, 2024	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2025
Real estate mortgage	\$ 235	\$ -	\$ -	\$ 480	\$ 715
Production and intermediate-term	1,081	-	-	352	1,433
Agribusiness	2,723	69	-	(1,758)	896
Rural infrastructure	318	-	-	(50)	268
Agricultural export finance	1	-	-	-	1
Rural residential real estate	1	-	-	1	2
Total	\$ 4,359	\$ 69	\$ -	\$ (975)	\$ 3,315

<i>(dollars in thousands)</i>	Balance at March 31, 2024	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2024
Real estate mortgage	\$ 221	\$ -	\$ -	\$ 9	\$ 230
Production and intermediate-term	1,253	-	36	(336)	953
Agribusiness	605	-	-	51	656
Rural infrastructure	700	-	-	17	717
Agricultural export finance	1	-	-	-	1
Rural residential real estate	2	-	-	-	2
Total	\$ 2,782	\$ -	\$ 36	\$ (259)	\$ 2,559

<i>(dollars in thousands)</i>	Balance at December 31, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2024
Real estate mortgage	\$ 231	\$ -	\$ -	\$ (1)	\$ 230
Production and intermediate-term	1,042	-	37	(126)	953
Agribusiness	651	-	-	5	656
Rural infrastructure	551	-	-	166	717
Agricultural export finance	1	-	-	-	1
Rural residential real estate	1	-	-	1	2
Total	\$ 2,477	\$ -	\$ 37	\$ 45	\$ 2,559

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's 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:

<i>(dollars in thousands)</i>	<b>For the Three Months Ended June 30, 2025</b>	<b>For the Six Months Ended June 30, 2025</b>
Balance at beginning of period	\$ 899	\$ 1,024
Provision for reserve for unfunded commitments	317	192
<b>Total</b>	<b>\$ 1,216</b>	<b>\$ 1,216</b>

<i>(dollars in thousands)</i>	<b>For the Three Months Ended June 30, 2024</b>	<b>For the Six Months Ended June 30, 2024</b>
Balance at beginning of period	\$ 1,091	\$ 931
(Reversal of)/Provision for reserve for unfunded commitments	(59)	101
<b>Total</b>	<b>\$ 1,032</b>	<b>\$ 1,032</b>

### NOTE 3 – CAPITAL

A summary of select capital ratios based on a three-month average and minimums set by the Farm Credit Administration follows.

	<b>As of June 30, 2025</b>	As of December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
<b>Risk Adjusted:</b>					
Common equity tier 1 ratio	16.23%	16.40%	4.5%	2.5%	7.0%
Tier 1 capital ratio	16.23%	16.40%	6.0%	2.5%	8.5%
Total capital ratio	16.50%	16.74%	8.0%	2.5%	10.5%
Permanent capital ratio	16.26%	16.45%	7.0%	-	7.0%
<b>Non-risk-adjusted:</b>					
Tier 1 leverage ratio	15.49%	15.70%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	15.35%	15.55%	1.5%	-	1.5%

If capital ratios fall below the regulatory minimum plus buffer amounts, capital distributions (equity redemptions, cash dividend payments, and cash patronage payments) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

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

<i>(dollars in thousands)</i>	For the Three Months Ended June 30		For the Six Months Ended June 30	
	<b>2025</b>	2024	<b>2025</b>	2024
<b>Pension and other benefit plans:</b>				
Beginning balance	<b>\$ (1,897)</b>	\$ (1,795)	<b>\$ (2,036)</b>	\$ (1,916)
Amounts reclassified from accumulated other comprehensive income/loss	<b>139</b>	121	<b>278</b>	242
<b>Net current period other comprehensive income</b>	<b>139</b>	121	<b>278</b>	242
<b>Ending balance</b>	<b>\$ (1,758)</b>	\$ (1,674)	<b>\$ (1,758)</b>	\$ (1,674)

The following tables represent reclassifications out of accumulated other comprehensive income/loss.

<i>(dollars in thousands)</i>	Amount Reclassified from Accumulated Other Comprehensive Income/Loss		Location of Gain/Loss Recognized in Statement of Income
	For the Three Months Ended June 30		
	2025	2024	
Pension and other benefit plans:			Salaries and employee benefits
Net actuarial loss	\$ 139	\$ 121	
Total reclassifications	\$ 139	\$ 121	

<i>(dollars in thousands)</i>	Amount Reclassified from Accumulated Other Comprehensive Income/Loss		Location of Gain/Loss Recognized in Statement of Income
	For the Six Months Ended June 30		
	2025	2024	
Pension and other benefit plans:			Salaries and employee benefits
Net actuarial loss	\$ 278	\$ 242	
Total reclassifications	\$ 278	\$ 242	

#### NOTE 4 - 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 the principal or most advantageous market for the asset or liability. See Note 2 of the 2024 Annual Report to Shareholders for a more complete description.

Assets measured at fair value on a recurring basis are summarized below:

<i>(dollars in thousands)</i>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
<b>June 30, 2025</b>	\$ 2,187	\$ -	\$ -	\$ 2,187
December 31, 2024	\$ 2,649	\$ -	\$ -	\$ 2,649

The Association had no liabilities measured at fair value on a recurring basis at June 30, 2025 or December 31, 2024.

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

<i>(dollars in thousands)</i>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans				
<b>June 30, 2025</b>	\$ -	\$ -	\$ 19	\$ 19
December 31, 2024	\$ -	\$ -	\$ 1,025	\$ 1,025

With regard to impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and takes into account unobservable inputs such as income and expense, comparable sales, replacement cost, and comparability adjustments.

The Association had no liabilities measured at fair value on a non-recurring basis at June 30, 2025 or December 31, 2024.

## **Valuation Techniques**

As more fully discussed in Note 2 of the 2024 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an Association to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. 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 Evaluated for Impairment*

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. As a result, these fair value measurements fall within Level 3 of the 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 5 - SUBSEQUENT EVENTS**

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