FINANCING RURAL OKLAHOMA

2024 FIRST QUARTER

FINANCIAL REPORT

OKLAHOMA AGCREDIT

NOTICE

The shareholders' investment in Oklahoma AgCredit, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2023 CoBank Annual Report to Shareholders and the CoBank quarterly shareholders' 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:

Oklahoma AgCredit, ACA
3033 Progressive Drive
Edmond, Oklahoma 73034
405-938-1700

OKLAHOMA AGCREDIT

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 Oklahoma AgCredit, ACA (the Association) for the three months ended March 31, 2024, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2023 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

ECONOMIC OVERVIEW

Although the outlook for the U.S. economy continues to remain strong in 2024, economic growth is anticipated to slow down when compared to 2023 due to high interest rates, slower GDP growth, decreased consumer spending, continued global supply chain pressures, and geopolitical risks. Labor shortages normalized by the end of 2023 and unemployment remains generally low in historical context. After recording strong growth for the past two years, the farm economy is anticipated to soften in the coming year. This is primarily a result of high farming expenses partially offsetting strong agricultural commodity prices. Additionally, global conflicts have continued to put pressure on commodity prices, creating volatility and uncertainty in the markets. As a result of a tighter monetary policy contributing to a stronger dollar, inflation is projected to decline in 2024. After several increases in Fed Funds rates in 2023, the Fed kept rates steady in the first quarter of 2024, and may cut interest rates later this year.

The Oklahoma economy remains stable. The state's unemployment rate of 3.6% is lower than the national average of 3.9% and the total nonfarm employment rate continues to increase, with the mining and construction sectors increasing 5.9% over the last twelve months. Inflation remains a concern in our territory as elsewhere in the country: the most recent South region Consumer Price Index showed a 12-month increase of 3.7% and a 1.5% increase in the first quarter of 2024 alone. Nevertheless, consumer spending and economic productivity remain strong, with real GDP in the state growing by 4.5% in 2023. Loan-to-values and delinquencies in the broader mortgage market in the state remain steady at around 80% and 3%, respectively. Oklahoma agricultural real estate values increased by 8.9% in 2023. Taken together, economic indicators in the state do not suggest the presence of an imminent recession or downturn, but as long as inflation and interest rates remain high, even short-term economic outlooks remain highly uncertain.

As one of the nation's largest producers of crude oil and natural gas, Oklahoma's economy is highly dependent on the broader oil and gas market. Production of both oil and natural gas, after increasing steadily through 2022 and 2023, decreased in January of 2024. The national rig counts have declined by 17% in the last year, with Oklahoma and Texas showing even greater reductions. Natural gas prices resumed their fall from August 2022 highs in the first quarter of 2024, hitting a decades-long low of $1.49 in March. Crude oil prices, however, have improved: West Texas Intermediate crude rebounded through the first quarter of 2024, after falling to $70 per barrel in the fourth quarter of 2023, far below the price levels of 2022.

Since 2020, cattle prices have risen to historically high levels and have remained there through the first quarter of 2024. The decrease in feed prices over the same period brings additional tailwinds to Oklahoma ranchers. Operating input prices have moderately decreased. Grain prices have experienced significant volatility over the last several years and continue to decline from their highs in late 2022 and early 2023, with hay, wheat, and corn all falling to levels not seen since before the invasion of Ukraine in 2022. Demand for grain and feed exports have weakened.

Bushels per acre yield from the 2022-2023 wheat harvest was down 10% from 2021-2022 yields, but precipitation levels in late 2023 bode well for the 2023-2024 winter wheat crop, which is in fair to good condition. Most of central and eastern Oklahoma have received adequate rainfall.

LOAN PORTFOLIO

Loans outstanding at March 31, 2024, totaled $2.00 billion, an increase of $14.0 million, or 0.7%, from loans of $1.99 billion at December 31, 2023. The increase in loans was due primarily to our core loan portfolio, in which new loan volume increased by 35.6% and core payments decreased by 16.5%. The change is due to more real estate purchases and financing opportunities in the steady interest rate environment.

Overall, the credit quality of our loan portfolio remained sound during the first three months of 2024, with credit quality ratios improving slightly and nonaccrual balances remaining stable since December 31, 2023.

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure, or other means. We had other property owned of $1.1 million at March 31, 2024 and December 31, 2023.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2024, was $8.6 million, an increase of $1.2 million, or 15.8%, from the same period ended one year ago. The increase was primarily due to higher net interest income and a decrease in provision for credit losses.

Net interest income for the three months ended March 31, 2024, was $14.0 million, an increase of $646 thousand, or 4.8%, compared with the three months ended March 31, 2023. Interest rate spread decreased by 6 basis points. Interest income increased as a result of an increase in borrower rates and an increase in average loan volume growth of 3.7%. Interest expense increased due to an increase in rates and an average volume increase in debt to CoBank of 3.4%. Net interest margin increased 3 basis points, due to a $654 thousand increase in the return on our own capital.

For the three months ended March 31, 2024, the Association recognized a $750 thousand provision for credit losses, a decrease of $445 thousand from the provision for credit losses for the same period ended one year ago. Most of this decrease was due to the $1.5 million provision for specific reserves in 2023, compared to a $10 thousand reversal in the same period in the current year. These reserves related to two participation borrower relationships. Offsetting this decrease in provision for specific reserves was a $724 thousand increase in the provision for collectively evaluated loans, most of which was due to higher historical loss rates in the process and marketing pool. Net recoveries of $34 thousand were recognized in 2024, compared to no charge-offs or recoveries in 2023, further offsetting the increase in provision expense. The provision for unfunded commitments increased by $351 thousand from a $116 thousand reversal in 2023 to a $235 thousand provision in 2024 and was also attributable to the increase in historical loss rates.

Noninterest income increased $123 thousand during the first three months of 2024 compared with the first three months in 2023, primarily due to higher patronage income from Farm Credit system institutions and loan fees, partially offset by a decrease in mineral income. The increase in loan fee income is mainly attributable to the Rural 1st program, which was not fully operating through the first quarter of 2023. The increase in patronage income from CoBank is the result of higher direct note volume in 2024.

Mineral income of $190 thousand was recognized during the first three months of 2024, nearly all of which was received from CoBank. The decrease for the three months ended March 31, 2024 compared with the first three months of 2023 is related to lower oil and gas commodity prices paid on production.

During the first three months of 2024, noninterest expense increased $37 thousand to $7.3 million, primarily due to fees paid to AgVantis and merit increases. These increases were offset by lower Farm Credit System Insurance Corporation (FCSIC) premiums, following a significant decrease in the insurance premium accrual assessment rate on Systemwide adjusted insured debt from 18 basis points to 10 basis points, partially offset by an increase in average loan volume.

CAPITAL RESOURCES

Our shareholders' equity at March 31, 2024, was $372.5 million, an increase of $8.6 million since December 31, 2023. This increase is due to net income of $8.6 million 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.

//Signature on File//

Rodney Holcomb
Chairman of the Audit Committee
May 8, 2024

//Signature on File//

Bill Davis
President/CEO
May 8, 2024

//Signature on File//

Malinda Thimmesch
CFO
May 8, 2024

Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2024	December 31 2023
	UNAUDITED	AUDITED
ASSETS		
Loans	**$ 2,002,009**	$ 1,987,991
Less allowance for loan losses	**4,049**	3,500
Net loans	**1,997,960**	1,984,491
Cash	**111**	3,126
Accrued interest receivable	**27,489**	25,006
Investment in CoBank, ACB	**49,916**	49,849
Investment in AgDirect	**4,649**	4,404
Premises and equipment, net	**16,156**	16,321
Other property owned	**1,087**	1,087
Prepaid benefit expense	**9,569**	9,676
Other assets	**8,894**	15,407
Total assets	**$ 2,115,831**	$ 2,109,367
LIABILITIES		
Note payable to CoBank, ACB	**$ 1,708,501**	$ 1,706,380
Advance conditional payments	**7,949**	7,084
Accrued interest payable	**5,465**	5,431
Patronage distributions payable	**14,047**	15,500
Accrued benefits liability	**277**	281
Reserve for unfunded commitments	**679**	444
Other liabilities	**6,437**	10,397
Total liabilities	**1,743,355**	1,745,517
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**3,714**	3,695
Additional paid-in capital	**55,558**	55,558
Unallocated retained earnings	**313,207**	304,600
Accumulated other comprehensive income/(loss)	**(3)**	(3)
Total shareholders' equity	**372,476**	363,850
Total liabilities and shareholders' equity	**$ 2,115,831**	$ 2,109,367

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

OKLAHOMA AGCREDIT

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months ended March 31 2024	2023
INTEREST INCOME		
Loans	**$ 29,874**	$ 26,026
Total interest income	**29,874**	26,026
INTEREST EXPENSE		
Note payable to CoBank, ACB	**15,808**	12,625
Other	**61**	42
Total interest expense	**15,869**	12,667
Net interest income	**14,005**	13,359
Provision for credit losses	**750**	1,195
Net interest income after provision for credit losses	**13,255**	12,164
NONINTEREST INCOME		
Financially related services income	**5**	3
Loan fees	**363**	323
Patronage distribution from Farm Credit institutions	**1,993**	1,930
Mineral income	**190**	230
Other noninterest income	**66**	8
Total noninterest income	**2,617**	2,494
NONINTEREST EXPENSE		
Salaries and employee benefits	**3,711**	3,524
Occupancy and equipment	**423**	457
Purchased services from AgVantis, Inc.	**1,275**	1,033
Farm Credit Insurance Fund premium	**414**	711
Supervisory and examination costs	**192**	167
Other noninterest expense	**1,248**	1,334
Total noninterest expense	**7,263**	7,226
Income before income taxes	**8,609**	7,432
Provision for income taxes	**2**	2
Net income/Comprehensive income	**$ 8,607**	$ 7,430

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
Balance at December 31, 2022	$ 3,714	$ 55,558	$ 284,968	$ -	$ 344,240
Comprehensive income			7,430	-	7,430
Stock issued	53				53
Stock retired	(66)				(66)
Cumulative effect of CECL adoption			321		321
Balance at March 31, 2023	$ 3,701	$ 55,558	$ 292,719	$ -	$ 351,978
Balance at December 31, 2023	$ 3,695	$ 55,558	$ 304,600	$ (3)	$ 363,850
Comprehensive income			8,607	-	8,607
Stock issued	80				80
Stock retired	(61)				(61)
Balance at March 31, 2024	**$ 3,714**	**$ 55,558**	**$ 313,207**	**$ (3)**	**$ 372,476**

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

NOTES TO FINANCIAL STATEMENTS
Dollars in Thousands, Except as Noted
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Oklahoma AgCredit, 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, 2023, are contained in the 2023 Annual Report to Shareholders. These unaudited first quarter 2024 financial statements should be read in conjunction with the 2023 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2023, as contained in the 2023 Annual Report to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments necessary for a fair statement of results for the interim periods. 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, 2024. Descriptions of the significant accounting policies are included in the 2023 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

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 enhanced rate reconciliation will require tabular reporting by amount and percentage for specifically defined reconciling items as well as additional information for reconciling items that meet a quantitative threshold of greater than five percent of the amount computed by multiplying pre-tax income by the applicable statutory income 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 guidance will also eliminate the requirement to disclose an estimate of the range of the reasonably possible change in the unrecognized tax benefits balances in the next 12 months. The amendments in this guidance are effective for public business entities for annual periods beginning after December 15, 2024 and should be applied on a prospective basis, although retrospective application is permitted. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. 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.

NOTE 2 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans follows.

	March 31, 2024	December 31, 2023
Real estate mortgage	**$ 1,298,994**	$ 1,288,234
Production and intermediate-term	**279,849**	280,177
Agribusiness	**236,500**	230,264
Rural infrastructure	**168,972**	171,622
International	**17,270**	17,269
Rural residential real estate	**424**	425
Total Loans	**$ 2,002,009**	$ 1,987,991

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 March 31, 2024:

	Other Farm Credit Institutions	
	Purchased	Sold
Real estate mortgage	$ 38,596	$ 48,027
Production and intermediate-term	58,382	8,955
Agribusiness	233,935	-
Rural infrastructure	168,972	-
International	17,270	-
Total	$ 517,155	$ 56,982

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 loan is 90 days or more past due. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The Association 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:

	March 31, 2024	December 31, 2023
Real estate mortgage		
Acceptable	**98.21%**	98.02%
OAEM	**0.93%**	1.12%
Substandard	**0.86%**	0.86%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**98.24%**	98.53%
OAEM	**0.56%**	0.34%
Substandard	**1.20%**	1.13%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**98.00%**	98.01%
Substandard	**2.00%**	1.99%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**92.83%**	92.55%
OAEM	**6.93%**	7.45%
Substandard	**0.24%**	-
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
International		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**97.75%**	97.63%
OAEM	**1.27%**	1.42%
Substandard	**0.98%**	0.95%
Total	**100.00%**	100.00%

Accrued interest receivable of $27.5 million at March 31, 2024 and $25.0 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 $3 thousand during the first three months of 2024 and $124 thousand during the first three months of 2023.

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:

	March 31, 2024	December 31, 2023
Nonaccrual loans		
Real estate mortgage	**$ 9,276**	$ 9,437
Production and intermediate-term	**3,094**	3,010
Agribusiness	**1,874**	1,865
Total nonaccrual loans	**$ 14,244**	$ 14,312
Total nonperforming loans	**$ 14,244**	$ 14,312
Other property owned	**1,087**	1,087
Total nonperforming assets	**$ 15,331**	$ 15,399
Nonaccrual loans to total loans	**0.71%**	0.72%
Nonperforming assets to total loans and other property owned	**0.77%**	0.77%
Nonperforming assets to total shareholders' equity	**4.12%**	4.23%

The Association had no accruing loans 90 days or more past due as of March 31, 2024 or December 31, 2023.

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:

	March 31, 2024		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans			
Real estate mortgage	**$ 2,075**	**$ 7,201**	**$ 9,276**
Production and intermediate-term	**2,599**	**495**	**3,094**
Agribusiness	**794**	**1,080**	**1,874**
Total	**$ 5,468**	**$ 8,776**	**$ 14,244**

	December 31, 2023		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans			
Real estate mortgage	$ 2,085	$ 7,352	$ 9,437
Production and intermediate-term	2,600	410	3,010
Agribusiness	785	1,080	1,865
Total	$ 5,470	$ 8,842	$ 14,312

	Interest Income Recognized For the Three Months Ended March 31	
	2024	2023
Nonaccrual loans		
Real estate mortgage	**$ 14**	$ 123
Production and intermediate-term	**2**	-
Total	**$ 16**	$ 123

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

March 31, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 5,750	$ 2,480	$ 8,230	$ 1,290,764	$ 1,298,994	$ -
Production and intermediate-term	6,243	868	7,111	272,738	279,849	-
Agribusiness	-	1,874	1,874	234,626	236,500	-
Rural infrastructure	-	-	-	168,972	168,972	-
International	-	-	-	17,270	17,270	-
Rural residential real estate	-	-	-	424	424	-
Total	$ 11,993	$ 5,222	$ 17,215	$ 1,984,794	$ 2,002,009	$ -

December 31, 2023	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 Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 5,254	$ 246	$ 5,500	$ 1,282,734	$ 1,288,234	$ -
Production and intermediate-term	678	564	1,242	278,935	280,177	-
Agribusiness	-	1,866	1,866	228,398	230,264	-
Rural infrastructure	-	-	-	171,622	171,622	-
International	-	-	-	17,269	17,269	-
Rural residential real estate	-	-	-	425	425	-
Total	$ 5,932	$ 2,676	$ 8,608	$ 1,979,383	$ 1,987,991	$ -

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral dependent loans are real estate mortgage and production and intermediate loans. Certain collateral-dependent loans are secured by collateral whose fair value is insufficient to satisfy the outstanding principal of these loans. Such shortfalls are reflected in our allowance.

Loan Modifications to Borrowers Experiencing Financial Difficulties

The Association did not have any loan modifications granted to borrowers experiencing financial difficulty during the twelve months ended March 31, 2024.

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

	Combination - Interest Rate Reduction and Term Extension	
	For the Three Months Ended	
	March 31, 2023	% of Portfolio Segment
Real estate mortgage	$ 1,880	0.15%
Total	$ 1,880	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was $11 thousand as of the three months ended March 31, 2023.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2023:

	Weighted-Average Term Extension (in months)
	For the Three Months Ended March 31, 2023
Real estate mortgage	11

There were no loans to borrowers experiencing financial difficulty that defaulted during the three months ended March 31, 2024 or March 31, 2023 which were modified during the twelve months prior to those periods.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2023, the date of adoption of CECL, through March 31, 2023:

	Payment Status of Modified Loans		
	During the Three Months Ended March 31, 2023		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$ 1,880	$ -	$ -
Total	$ 1,880	$ -	$ -

There were no additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at March 31, 2024 or December 31, 2023.

The Association had no loans held for sale at March 31, 2024 or December 31, 2023.

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, 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 an institution's lending and leasing limit base. 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:

	Balance at December 31, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2024
Real estate mortgage	$ 1,055	$ -	$ -	$ (3)	$ 1,052
Production and intermediate-term	1,008	-	31	(19)	1,020
Agribusiness	200	-	3	1,002	1,205
Rural infrastructure	1,237	-	-	(465)	772
Total	$ 3,500	$ -	$ 34	$ 515	$ 4,049

	Balance at December 31, 2022	Cumulative Effect of CECL Adoption	Balance at January 1, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2023
Real estate mortgage	$ 1,058	$ (148)	$ 910	$ -	$ -	$ (5)	$ 905
Production and intermediate-term	552	(177)	375	-	-	812	1,187
Agribusiness	1,655	(445)	1,210	-	-	489	1,699
Rural infrastructure	279	254	533	-	-	15	548
International	3	(3)	-	-	-	-	-
Total	$ 3,547	$ (519)	$ 3,028	$ -	$ -	$ 1,311	$ 4,339

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:

	For the Three Months Ended March 31, 2024
Beginning Balance	$ 444
Provision for reserve for unfunded commitments	235
Ending Balance	$ 679

	For the Three Months Ended March 31, 2023
Beginning Balance	$ 447
Cumulative Effect of CECL Adoption	122
Balance at January 1, 2023	569
Reversal of reserve for unfunded commitments	(116)
Ending Balance	$ 453

NOTE 3 - CAPITAL

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

	As of March 31, 2024	As of December 31, 2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	**14.72%**	15.06%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**14.72%**	15.06%	6.0%	2.5%	8.5%
Total capital ratio	**14.91%**	15.32%	8.0%	2.5%	10.5%
Permanent capital ratio	**14.75%**	15.10%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**15.37%**	15.80%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.19%**	15.62%	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.

There was no activity in accumulated other comprehensive loss for the three-month periods ended March 31, 2024 or December 31, 2023.

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 2023 Annual Report to Shareholders for a more complete description.

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

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
March 31, 2024	**$ 3,631**	**$ -**	**$ -**	**$ 3,631**
December 31, 2023	$ 3,397	$ -	$ -	$ 3,397

The Association had no liabilities measured at fair value on a recurring basis at March 31, 2024 or December 31, 2023.

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

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
March 31, 2024				
Loans	**$ -**	**$ -**	**$ 5,555**	**$ 5,555**
Other property owned	**-**	**-**	**1,236**	**1,236**
December 31, 2023				
Loans	$ -	$ -	$ 5,573	$ 5,573
Other property owned	-	-	1,236	1,236

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. The Association utilizes appraisals or other market-based information 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 March 31, 2024 or December 31, 2023.

Valuation Techniques

As more fully discussed in Note 2 of the 2023 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 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.

Other Property Owned

Other property owned measured on a non-recurring basis is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 8, 2024, which is the date the financial statements were issued, and no material subsequent events were identified.