FINANCING RURAL OKLAHOMA

2024
ANNUAL FINANCIAL REPORT

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

(Dollars in Thousands)

	December 31				
	2024	2023	2022	2021	2020
Statement of Condition Data					
Loans	**$ 2,109,070**	$ 1,987,991	$ 1,870,507	$ 1,772,110	$ 1,606,107
Less allowance for loan losses	**4,025**	3,500	3,547	3,606	3,533
Net loans	**2,105,045**	1,984,491	1,866,960	1,768,504	1,602,574
Investment in CoBank, ACB	**52,094**	49,849	46,913	50,706	50,706
Other property owned	**502**	1,087	47	47	-
Other assets	**76,801**	73,940	69,716	58,925	49,305
Total assets	**$ 2,234,442**	$ 2,109,367	$ 1,983,636	$ 1,878,182	$ 1,702,585
Obligations with maturities of one year or less	**$ 33,324**	$ 33,262	$ 29,419	$ 25,786	$ 18,802
Obligations with maturities longer than one year	**1,816,798**	1,711,811	1,609,530	1,527,313	1,376,484
Reserve for unfunded commitments	**602**	444	447	539	562
Total liabilities	**1,850,724**	1,745,517	1,639,396	1,553,638	1,395,848
Capital stock	**3,797**	3,695	3,714	3,767	3,636
Additional paid-in capital	**55,558**	55,558	55,558	55,558	55,558
Unallocated retained earnings	**324,364**	304,600	284,968	265,382	247,791
Accumulated other comprehensive income/(loss)	**(1)**	(3)	-	(163)	(248)
Total shareholders' equity	**383,718**	363,850	344,240	324,544	306,737
Total liabilities and shareholders' equity	**$ 2,234,442**	$ 2,109,367	$ 1,983,636	$ 1,878,182	$ 1,702,585

	For the Year Ended December 31				
	2024	2023	2022	2021	2020
Statement of Income/(Expense) Data					
Net interest income	**$ 56,325**	$ 53,640	$ 49,434	$ 43,781	$ 39,622
Patronage distribution from Farm Credit institutions	**9,323**	9,429	9,040	7,593	5,523
(Provision for credit losses)/Credit loss reversal	**(3,004)**	(2,155)	172	266	(663)
Noninterest expense, net	**(27,129)**	(26,241)	(25,015)	(22,531)	(19,899)
(Provision for)/Benefit from income taxes	**(4)**	123	(54)	(23)	(8)
Net income	**$ 35,511**	$ 34,796	$ 33,577	$ 29,086	$ 24,575
Comprehensive income	**$ 35,513**	$ 34,793	$ 33,740	$ 29,171	$ 24,647

	2024	2023	2022	2021	2020
Key Financial Ratios					
For the Year					
Return on average assets	**1.66%**	1.70%	1.75%	1.65%	1.55%
Return on average shareholders' equity	**9.31%**	9.64%	9.87%	9.08%	8.13%
Net interest income as a percentage of average earning assets	**2.79%**	2.77%	2.71%	2.63%	2.65%
Net charge-offs/(recoveries) as a percentage of average net loans	**0.12%**	0.09%	<(0.01%)	(0.02%)	0.03%
At Year End					
Shareholders' equity as a percentage of total assets	**17.17%**	17.25%	17.35%	17.28%	18.02%
Debt as a ratio to shareholders' equity	**4.82:1**	4.80:1	4.76:1	4.79:1	4.55:1
Allowance for loan losses as a percentage of loans	**0.19%**	0.18%	0.19%	0.20%	0.22%
Common equity tier 1 (CET1) capital ratio	**15.03%**	15.06%	14.87%	14.83%	15.88%
Tier 1 capital ratio	**15.03%**	15.06%	14.87%	14.83%	15.88%
Total regulatory capital ratio	**15.32%**	15.32%	15.08%	15.06%	16.12%
Tier 1 leverage ratio	**15.78%**	15.80%	15.64%	15.61%	16.34%
Unallocated retained earnings and URE equivalents (UREE) leverage ratio	**15.60%**	15.62%	15.44%	17.04%	17.55%
Permanent capital ratio	**15.07%**	15.10%	14.90%	14.86%	15.91%
Net Income Distribution					
Cash patronage distributions paid	**$ 15,497**	$ 13,985	$ 11,491	$ 7,995	$ 6,996
Cash patronage declared	**$ 15,750**	$ 15,500	$ 14,000	$ 11,500	$ 8,000

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INTRODUCTION

The following discussion summarizes the financial position and results of operations of Oklahoma AgCredit, 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:

- 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
- Changes in Management

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.okagcredit.com, or upon request. We are located at 3033 Progressive Drive, Edmond, Oklahoma 73034 or may be contacted by calling (405) 938-1700.

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 of eastern and central 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 life insurance, multi-peril crop and crop hail insurance, advance conditional payment accounts, fee appraisals, home loan lending referrals through Rural 1st, and lease financing through AgDirect. 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 3033 Progressive Drive, Edmond, Oklahoma 73034 or by calling (405) 938-1700. 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, economic conditions in our region were stable. The state's unemployment rate of 3.3% is lower than the national average of 4.1%, and total nonfarm employment continues to increase, heavily driven by job growth in the mining and construction, health services, and leisure and hospitality sectors. Inflation persists in our territory as elsewhere in the country: the most recent South region all items Consumer Price Index showed a 12-month increase of 2.7%, which, while lower than the December 2023 inflation rate of 3.4%, is significantly higher than the reading of 2.1% taken in the third quarter. Consumer spending and economic productivity slowed somewhat in 2024, with real state GDP growing at an annual rate of 1.8% compared with 6.3% in 2023. Nevertheless, the current year economic growth rate is in line with historic norms for Oklahoma. Loan-to-values and delinquencies in the broader mortgage market in the state remain steady at around 80% and 3%, respectively. The most current data indicates that Oklahoma agricultural real estate values increased by 8.6% in 2024, compared to 6.8% in 2023. Taken together, economic indicators in Oklahoma suggest that the state's economy is not disproportionately burdened by broader macroeconomic trends.

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. U.S. crude oil production, after briefly decreasing in January of this year, has begun to increase again, with recent monthly production levels exceeding those of the previous year. Crude oil prices, after rising to $85.35 in April 2024, have fallen to $70.12, below their 2023 year-end levels of $71.9 per barrel. Production of natural gas, on the other hand, has continued to decrease since the beginning of this year, showing only intermittent signs of strength. National rig counts have declined by 6.4% in the last year, while Oklahoma's counts have increased by 7%. After decreasing sharply in the first quarter, natural gas prices increased through most of the second and third quarters; however, at $3.01 per million Btu, they remain well below the price levels in the last three years.

Since 2020, cattle prices have risen to historically high levels and have remained there throughout most of 2024, only slightly declining in the second half of the year. The decrease in feed prices over the same period brings additional tailwinds to Oklahoma ranchers. Operating input prices have decreased moderately from their highs in late 2022 and early 2023, and certain feed input costs, such as hay and wheat, after increasing significantly in the second quarter of 2024, resumed their downward trend in the second half of the year.

The 2024 winter wheat crop yielded 108 million bushels, an increase of 57% from the 2023 yield, with yields per acre averaging 38 bushels, an increase of 36% from the previous year. Over the last 12 months, precipitation levels in most areas of the state remain within 90% or more of their historical average.

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 decelerated in the first half of 2024, and the Federal Open Market Committee (FOMC) responded by lowering its policy rate to a range of 4.25% - 4.50% in two rate-cutting decisions. The subsequent acceleration of inflation since then, coupled with the prospect of inflationary trade policies under a new presidential administration, argue strongly for fewer, smaller, and more delayed rate cuts in the coming year. The U.S. economy grew at a faster pace than expected in the second half of 2024 due in part to stronger than projected consumer spending. Real GDP grew at an annual rate of 2.8% and was equivalent to the increase in consumer spending in 2024. Although unemployment has increased slightly from the

prior year, labor market conditions have generally remained healthy, with payrolls and wages continuing to rise. After two years of strong growth, net cash farm income is expected to have decreased 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 $2.11 billion at December 31, 2024, an increase of $121.1 million, or 6.1%, from loans at December 31, 2023. The increase in loans was due to core portfolio growth, driven by increased real estate purchases and elevated balances on operating lines of credit. 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	**$ 1,365,148**	**64.7%**	$ 1,288,234	64.8%	$ 1,276,319	68.2%
Production and intermediate-term	**327,464**	**15.6%**	280,177	14.1%	241,585	12.9%
Agribusiness	**238,744**	**11.3%**	230,264	11.6%	216,686	11.5%
Rural infrastructure	**160,006**	**7.6%**	171,622	8.6%	126,759	6.9%
International	**17,300**	**0.8%**	17,269	0.9%	8,724	0.5%
Rural residential real estate	**408**	**–**	425	–	434	–
Total	**$ 2,109,070**	**100.0%**	$ 1,987,991	100.0%	$ 1,870,507	100.0%

Real estate mortgage loans outstanding increased from year-end 2023 to year-end 2024 primarily due to a strong patronage program and competitive interest rates in our territory. 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 on our total mortgage portfolio in 2024 was 46.0%. 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 elevated cattle prices, increased new loan originations and larger draws on existing lines of credit. 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 through the fall and into the winter as stocker cattle operations purchase calves for fattening. These loans are normally at their lowest levels in the summer, after cattle are sold for finishing.

An increase was also noted in agribusiness loan volume, where the majority of loan volume was due to loan participations purchased. At December 31, 2024, approximately 99.0% of agribusiness and 100% of rural infrastructure and international loan volume was comprised of purchased participations.

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 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	**$ 530,890**	$ 519,037	$ 440,218
Participations sold	**$ 61,846**	$ 51,127	$ 48,174

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 office at December 31 follows below. As previously mentioned, we purchase loan participations outside our territory, which are included in Administrative in the following table.

	2024	2023	2022
Administrative	**25.21%**	26.22%	23.67%
Ardmore	**4.26%**	4.24%	4.23%
Broken Arrow	**8.73%**	8.34%	8.72%
Chickasha	**9.80%**	9.07%	9.38%
Duncan	**5.09%**	4.63%	4.72%
Durant	**6.96%**	7.15%	8.00%
Enid	**5.23%**	5.43%	5.09%
Kingfisher	**7.54%**	8.04%	8.14%
McAlester	**2.80%**	2.74%	2.80%
Muskogee	**4.84%**	4.58%	4.93%
Pauls Valley	**6.62%**	6.88%	6.95%
Poteau	**1.10%**	1.09%	1.19%
Stillwater	**5.12%**	4.99%	5.02%
Vinita	**6.70%**	6.60%	7.16%
Total	**100.00%**	100.00%	100.00%

We are a party to an Agreement Providing Territorial Concurrence (Agreement) with Farm Credit of Mid-America. This Agreement allows Farm Credit of Mid-America to make consumer purpose loans in the Association’s territory for a fee.

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
Cattle	**49.23%**	49.38%	51.37%
Landlords	**12.53%**	11.49%	11.63%
Cash Crops	**5.65%**	6.36%	5.92%
Hay Crops	**4.19%**	4.03%	4.12%
Communication	**3.08%**	3.90%	3.36%
Forest Products	**2.59%**	2.92%	2.79%
Other Livestock	**2.53%**	2.34%	2.04%
Energy	**2.51%**	2.34%	2.08%
Poultry/Eggs	**1.80%**	1.20%	1.19%
Dairy & Dairy Products	**1.70%**	1.74%	1.98%
Wheat	**1.57%**	2.02%	1.93%
Nursery	**0.78%**	0.74%	0.70%
Other	**11.84%**	11.54%	10.89%
Total	**100.00%**	100.00%	100.00%

Our loan portfolio contains a concentration of cattle producers and landlords. 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 19.3% of loan volume and 71.3% 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 - $250	**$ 406,111**	**4,569**	$ 388,104	4,474	$ 388,430	4,503
$251 - $500	**340,915**	**974**	321,439	920	313,815	902
$501 - $1,000	**314,257**	**444**	294,015	416	286,451	409
$1,001 - $5,000	**769,567**	**383**	702,607	353	657,457	342
$5,001 - $25,000	**278,220**	**37**	281,826	38	224,354	30
Total	**$ 2,109,070**	**6,407**	$ 1,987,991	6,201	$ 1,870,507	6,186

As of December 31, 2024, approximately 13% of our loans outstanding is attributable to 37 loans. 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.

Credit guarantees with government agencies of $16.5 million at year-end 2024, $10.9 million at year-end 2023, and $9.2 million at year-end 2022 were outstanding.

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	$ 119,939	$ 176,040	$ 85,914	$ 13,503	$ 395,396
Standby letters of credit	2,620	273	52	92	3,037
Commercial letters of credit	54	9	–	–	63
Total commitments	$ 122,613	$ 176,322	$ 85,966	$ 13,595	$ 398,496

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	**$ 17,528**	$ 14,312	$ 9,764
Accruing restructured loans			312
Total nonperforming loans	**$ 17,528**	$ 14,312	$ 10,076
Other property owned	**$ 502**	$ 1,087	$ 47
Total nonperforming assets[1]	**$ 18,030**	$ 15,399	$ 10,123

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

We had no loans classified as 90 days past due still accruing interest for the years presented.

Total nonperforming assets increased 17.1% at December 31, 2024 compared with year-end 2023. The increase in nonperforming assets is a result of an increase in nonaccrual loans, partially offset by a decrease in other property owned.

Nonaccrual loans represent all loans where there is a reasonable doubt as to collection of all principal and interest. The $3.2 million increase in nonaccrual volume in 2024 is due to $17.1 million in transfers to nonaccrual and $763 thousand in additional disbursements, offset by $10.1 million in repayments, $2.4 million in charge-offs, and $1.9 million in transfers to other property owned. The Association has 19 borrowers with nonaccrual loans, of which six borrowers account for approximately 90% of the total nonaccrual balance as of December 31, 2024. The largest

transfers to nonaccrual relate to large borrowers on purchased participation loans in the wine and nut shelling industries. Large retail loans in nonaccrual status have been paid down and/or restructured.

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 $502 thousand at December 31, 2024, compared with $1.1 million at December 31, 2023 and $47 thousand at December 31, 2022. Properties held in 2024 consist primarily of collateral on one nonperforming participation loan complex. In 2023, the Association acquired land on which it held a foreclosed judgment lien, which its predecessor-in-interest, Farm Credit Services of East Central Oklahoma, ACA ("East Central"), had received in exchange for services rendered to another Farm Credit System Institution. A contingency gain recognized for this property in 2023, and the property was fully disposed of in 2024 at a gain of $2 thousand.

Nonperforming asset volume is anticipated to increase slightly in the short term, due to monetary tightening, the compression of operating margins under persistent inflation, and the repricing of vintage credits in a higher rate environment. As discussed in the Economic Overview section above, the impact of protectionist trade policies may further exacerbate inflationary tendencies in the 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	**97.43%**	97.63%	97.99%
OAEM	**1.41%**	1.42%	1.04%
Substandard	**1.13%**	0.95%	0.97%
Doubtful	**0.03%**	–	–
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 declined slightly. 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	**$ 3,500**	$ 3,547	$ 3,606
Cumulative effect of CECL adoption		(519)	
Balance at January 1		$ 3,028	
Charge-offs:			
Production and intermediate-term	**569**	747	85
Agribusiness	**1,798**	1,133	–
Total charge-offs	**2,367**	1,880	85
Recoveries:			
Production and intermediate-term	**43**	–	106
Agribusiness	**3**	72	–
Total recoveries	**46**	72	106
Net charge-offs/(recoveries)	**2,321**	1,808	(21)
Provision for loan losses/(Loan loss reversal)	**2,846**	2,280	(80)
Balance at December 31	**$ 4,025**	$ 3,500	$ 3,547
Net charge-offs/(recoveries) to average net loans	**0.12%**	0.09%	<(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	**$ 2,066**	$ 1,055	$ 1,058
Production and intermediate-term	**822**	1,008	552
Agribusiness	**643**	200	1,655
Rural infrastructure	**494**	1,237	279
International	**–**	–	3
Total	**$ 4,025**	$ 3,500	$ 3,547

The allowance for loan losses increased from December 31, 2023 to December 31, 2024 primarily due to a $2.8 million provision for loan losses, which was the result of specific reserves for several large purchased participations in the agribusiness and real estate mortgage segments of our portfolio as well as credit quality deterioration across multiple segments. The $2.8 million provision for credit losses in 2024 included a $743 thousand reversal in our rural infrastructure segment, driven primarily by decreases in balances and an improvement in modeled loss rates. The 2024 provision was partially offset by net charge-offs of $2.3 million recorded during 2024, nearly all of which relate to large participations purchased in the wine and tree fruit industries. Overall, charge-off activity remains low relative to the size of our loan portfolio. During 2023, our allowance for loan losses decreased from 2022 primarily due to net charge-offs related to participations purchased for two borrowers. 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	**0.19%**	0.18%	0.19%
Nonperforming loans[1]	**22.96%**	24.46%	35.20%
Nonaccrual loans	**22.96%**	24.46%	36.33%

[1] Prior to the adoption of CECL on January 1, 2023, nonperforming loans included accruing restructured loans.

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	**$ 444**	$ 447	$ 539
Cumulative effect of CECL adoption		122	
Balance at January 1		569	
Provision for/(Reversal of) reserve for unfunded commitments	**158**	(125)	(92)
Total	**$ 602**	$ 444	$ 447

The provision for reserve for unfunded commitments recorded in 2024 is due to credit quality deterioration.

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 credit-related services to young, beginning, and small (YBS) farmers and ranchers to help them build a sound and viable business operation through the implementation of YBS underwriting standards, lending programs, and educational opportunities. 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	16	$ 11,288	1.6%	1.9%
Young & beginning	31	26,930	3.1%	4.5%
Young & small	17	4,729	1.7%	0.8%
Beginning only	21	26,555	2.1%	4.4%
Beginning & small	185	51,656	18.2%	8.6%
Small only	332	67,966	32.7%	11.3%
Young, beginning & small (YBS)*	122	25,325	12.0%	4.2%
YBS Total	724	$ 214,449	71.4%	35.7%
Non-YBS	290	386,175	28.6%	64.3%
Total	1,014	$ 600,624	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	83	$ 29,479	1.3%	1.4%
Young & beginning	149	72,659	2.4%	3.4%
Young & small	176	30,922	2.8%	1.4%
Beginning only	76	62,420	1.2%	2.9%
Beginning & small	1,328	290,134	21.6%	13.5%
Small only	1,909	383,537	30.8%	17.9%
Young, beginning & small (YBS)*	870	148,874	14.0%	6.9%
YBS Total	4,591	$ 1,018,025	74.1%	47.4%
Non-YBS	1,605	1,130,426	25.9%	52.6%
Total	6,196	$ 2,148,451	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 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.

We encourage our loan officers to join and participate in young farmer and rancher organizations. We provide our loan officers with FSA Guaranteed Loan training and sponsor one employee to participate in the Oklahoma Agricultural Leadership Program. We are a title sponsor of the OCA Cattlemen's Leadership Academy, which develops young producers in the state, and nominate our own employees to participate in that event. We are annual sponsors of the Oklahoma State University Cow/Calf Boot Camp. These events provide our loan officers with opportunities to grow professionally and network with potential members who could benefit from our YBS program. We also host a Student Board comprised of current Oklahoma State University Ferguson College of Agriculture students, who thereby gain knowledge about the Farm Credit System and the credit services we offer. We fund four scholarships at Langston University College of Agriculture, a historically black college and university. Beginning in 2022, we launched our educational program, which provides YBS borrowers with support to attend educational and industry events. In collaboration with other CoBank-affiliated associations, we organize and sponsor the Grow Your Future Forum, an educational alliance-conference for Farm Credit YBS members. We sponsor non-traditional agricultural education opportunities such as the annual Oklahoma Local Ag Summit, Tulsa Farmer's Market, and Langston University Small Farmer Conference. Through a partnership with the OSU Minorities in Agriculture, Natural Resources and Related Sciences (MANRRS), we provide a $1,000 scholarship for a chapter member. The Association development of a YBS Advisory Committee is intended to assist the Association in better understanding the needs of YBS producers. This will also provide insight on programs and services we offer that will aid in the growth and development of their operations.

We have partnered with other Farm Credit organizations in Oklahoma to provide financial support to various agricultural events and organizations for young farmers, including the National Land and Range Judging Contest, two Oklahoma 4-H Foundation Hall of Fame awards, Oklahoma Ag in the Classroom program needs, an Oklahoma FFA Foundation top tier sponsorship, various scholarships and support for Oklahoma Youth Expo, and four scholarships to Oklahoma State University Ferguson College of Agriculture students. Other collaborations include sponsorships to the Statewide Women in Ag Conference, American Farmers & Ranchers YBS Meeting, and Oklahoma Farm Bureau YBS Meeting.

Quarterly reports are provided to our Board of Directors detailing the number and volume of our YBS customers. We measure our progress in originating new loans with qualifying YBS farmers and ranchers by measuring this activity as a percentage of total new loan originations and comparing this performance to our target minimum percentages.

	Projected Count of New Loans for 2024	**Actual Quantity New Loans for 2024**	Projected New Loan Volume for 2024	**Actual New Loan Volume for 2024**
Young	15.00%	**19.98%**	10.00%	**14.09%**
Beginning	30.00%	**38.66%**	25.00%	**27.45%**
Small	80.00%	**70.09%**	65.00%	**32.11%**

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, fee waiver programs, or other credit enhancement programs. Additionally, we are actively involved in developing and sponsoring educational opportunities, leadership training, business financial training, and insurance services for YBS farmers and ranchers.

CREDIT RISK MANAGEMENT

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 total attributed exposure and tiered limits have been established for both retail and participation lending based on the borrower's credit risk. We have adopted an individual lending limit maximum of $33.0 million of originated retail lending and lease limit base for our highest quality borrowers and $25.0 million for our highest quality participations purchased.

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 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 $35.5 million, compared with $34.8 million in 2023 and $33.6 million in 2022. The increase in 2024 was primarily due to net interest income, partially offset by increases in provision for credit losses and noninterest expense. The increase in 2023 was primarily due to an increase in net interest income and noninterest income, partially offset by 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	**$ 34,796**	$ 33,577
Increase/(Decrease) from changes in:		
Interest income	**11,383**	29,973
Interest expense	**(8,698)**	(25,767)
Net interest income	**2,685**	4,206
Provision for credit losses	**(849)**	(2,327)
Noninterest income	**(348)**	843
Noninterest expense	**(646)**	(1,680)
Provision for income taxes	**(127)**	177
Total increase in net income	**715**	1,219
Net income, current year	**$ 35,511**	$ 34,796

Return on average assets decreased to 1.66% from 1.70% in 2023 and return on average shareholders' equity decreased to 9.31% from 9.64% in 2023, primarily as a result of higher provision for credit losses and noninterest expense in those years.

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 loan growth and a high interest rate environment. 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	**$ 53,640**	$ 49,434
Increase/(Decrease) in net interest income from changes in:		
Interest rates earned	**6,219**	23,990
Interest rates paid	**(5,962)**	(22,532)
Volume of interest-bearing assets and liabilities	**2,473**	3,106
Interest income on nonaccrual loans	**(45)**	(358)
Increase in net interest income	**2,685**	4,206
Net interest income, current year	**$ 56,325**	$ 53,640

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	**2.79%**	2.77%	2.71%
Interest rate on:			
Average loan volume	**6.01%**	5.70%	4.40%
Average debt	**3.74%**	3.39%	1.95%
Interest rate spread	**2.27%**	2.31%	2.45%

The decrease in interest rate spread resulted from a 31 basis point increase in interest rates on average loan volume and a 35 basis point increase in interest rates on average debt. The higher rate of return on our loanable funds resulted in a 2-basis point increase to net interest margin.

Provision for Credit Losses/(Credit Loss Reversals)

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 $3.0 million in 2024 compared with $2.2 million in 2023 and net credit loss reversals of $172 thousand in 2022. The provision for loan losses of $3.0 million recorded during 2024 was primarily due to specific reserves for several large purchased participations in the agribusiness and real estate mortgage segments of our portfolio as well as credit quality deterioration across multiple segments. A reversal of reserve for unfunded commitments of $159 thousand was recorded during 2024 as a result of credit quality deterioration.

The provision for loan losses of $2.3 million recorded during 2023 was primarily due to $1.8 million in specific reserves on participation loans with two borrowers. A reversal of reserve for unfunded commitments of $125 thousand was recorded during 2023 as a result of lower expected loss rates.

The loan loss reversals of $80 thousand recorded during 2022 were primarily due to a $1.0 million reversal for improved credit quality in our participations portfolio, partially offset by a $710 thousand increase in specific reserves on participation loans with one borrower and a $259 thousand increase in the general allowance, due to growth. A reversal of reserve for unfunded commitments of $92 thousand was recorded during 2022 due to improved credit quality within our participations portfolio.

Noninterest Income

During 2024, we recorded noninterest income of $13.0 million, compared with $13.4 million in 2023 and $12.5 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 and stock. The total patronage from CoBank is comprised of two sources: patronage based on our borrowing balance (direct note patronage) and patronage based on Association-originated loans sold to CoBank as a participant (sold volume patronage). We received 100 basis points on participation loans and 45 basis points on our direct note with CoBank for all other loans. These patronage rates do not include any discretionary special patronage declared by CoBank in a given year. Patronage earned from CoBank was $9.3 million in 2024, $8.9 million in 2023, and $8.9 million in 2022. Patronage income from CoBank includes special cash patronage distributions of $1.3 million for 2024, $1.2 million for 2023, and $1.6 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 $480 thousand in 2023 and $113 thousand in 2022. The allocation for 2023 included cash patronage of $240 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 $21 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 $20 thousand recorded in 2023 and $15 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 $673 thousand was recognized during 2024, which was distributed to us by CoBank. Mineral income decreased from $891 thousand in 2023 and $1.1 million in 2022. The decrease in 2024 is due to decreased production volumes.

In 2023, the Association recognized a $1.1 million contingency gain upon its acquisition of other property owned, discussed in the Nonperforming Assets section above. The fair value of the property, less estimated costs to sell, has been recognized in the Consolidated Statement of Comprehensive Income as a contingency gain, rather than as a reduction of loan principal or as a recovery, since neither the Association nor its predecessor-in-interest, East Central, ever held a loan receivable related to this property.

We received a refund of $629 thousand during 2024 from the Farm Credit System Insurance Corporation, which represents our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts. No such refunds were received in 2023 or 2022.

Noninterest income also includes loan fees, financially related services income, and other noninterest income. Loan fees in 2024 were $1.5 million, an increase of $206 thousand, from 2023, primarily due to new revenue streams through Rural 1st. Other noninterest income increased to $877 thousand in 2024 from $677 thousand in 2023, mostly due to higher patronage income on our investment in AgDirect.

Noninterest Expense

Noninterest expense for 2024 increased $646 thousand, or 2.1%, to $30.8 million compared with 2023 and $2.3 million, or 8.2% 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	**$ 15,334**	$ 14,725	$ 14,442	**4.1%**	2.0%
Occupancy & equipment	**1,975**	1,757	1,598	**12.4%**	9.9%
Purchased services from AgVantis	**5,102**	4,131	3,906	**23.5%**	5.8%
Supervisory & examination costs	**776**	694	572	**11.8%**	21.3%
Other	**5,958**	5,990	4,984	**(0.5%)**	20.2%
Total operating expense	**29,145**	27,297	25,502	**6.8%**	7.0%
Farm Credit Insurance Fund premium	**1,675**	2,877	2,992	**(41.8%)**	(3.8%)
Total noninterest expense	**$ 30,820**	$ 30,174	$ 28,494	**2.1%**	5.9%

For the year ended December 31, 2024, total operating expense increased $1.8 million, or 6.8%, compared with the year ended December 31, 2023, primarily due to higher fees paid for services from AgVantis and higher personnel costs. The increase in fees paid to AgVantis relates to several business transformation initiatives. These increases were partially offset by a decrease in our FCSIC premiums, which is related to lower premium rates in the current year. The premium rate decreased 8 basis points from 18 bps in 2023 to 10 bps in 2024.

Provision for income taxes/Benefit from income taxes

We recorded $4 thousand in provision for income taxes during 2024, compared with a benefit from income taxes of $123 thousand in 2023 and provision for income taxes of $54 thousand in 2022. The increase in 2024 was primarily due to the current tax expense on our non-patronage sourced income. The creation of a net operating loss in 2023 reversed the entire net deferred tax liability remaining after the adoption of CECL and resulted in a deferred tax benefit. Tax expense was also impacted by our patronage refund program. We operate as a Subchapter T cooperative for tax purposes and thus may deduct from taxable income certain amounts that are distributed from net earnings to borrowers. See Note 2 for additional details.

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 $1.73 billion in 2024, $1.66 billion in 2023, and $1.56 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. Prior to September 1, 2024, we committed excess loanable funds with CoBank pro-rata with our loan portfolio. This enabled us to reduce our overall cost of funds with CoBank without significantly increasing our overall interest rate risk position. On September 1, 2024, we exited CoBank's full pro-rata funding arrangement in order to reposition a portion of our capital in longer-term, fixed-rate investments and thereby reduce our interest rate risk exposure.

Funds Management

We offer variable, fixed, adjustable prime-based, and Secured Overnight Financing Rate (SOFR) rate loans to borrowers. Our Board of Directors 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 $383.7 million, compared with $363.9 million at December 31, 2023 and $344.2 million at December 31, 2022. The increase of $19.9 million in shareholders' equity reflects net income and net stock issuances, and a decrease in accumulated other comprehensive loss, partially offset by patronage distributions. Our capital position is reflected in the following ratio comparisons.

	2024	2023	2022
Debt to shareholders' equity	**4.82:1**	4.80:1	4.76:1
Shareholders' equity as a percent of net loans	**18.23%**	18.33%	18.44%
Shareholders' equity as a percent of total assets	**17.17%**	17.25%	17.35%

Debt to shareholders' equity increased and shareholders' equity as a percent of net loans and of total assets decreased from 2023 primarily due to growth in our loan portfolio and increased levels of patronage distributions to our borrowers.

Retained Earnings

Our retained earnings increased $19.8 million to $324.4 million at December 31, 2024 from $304.6 million at December 31, 2023 and increased $39.4 million from $285.0 million at December 31, 2022. The increase in 2024 was a result of net income of $35.5 million, partially offset by $15.8 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 $15.5 million in 2024, $14.0 million in 2023, and $11.5 million in 2022. During 2024, we declared patronage distributions of $15.8 million to be paid in April 2025.

Stock

Our total stock increased $102 thousand to $3.8 million at December 31, 2024, from $3.7 million at December 31, 2023 and December 31, 2022. The increase during 2024 was due to $369 thousand of stock issuances, partially offset by $267 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

Certain employees participated 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 income/loss. Accumulated other comprehensive loss totaled $1 thousand at December 31, 2024, a decrease of $2 thousand compared with year-end 2023. At December 31, 2022, the Association had no accumulated other comprehensive income, as there were no participants in the plan at that date.

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	**15.03%**	15.06%	14.87%	7.00%
Tier 1 Capital ratio	**15.03%**	15.06%	14.87%	8.50%
Total Capital ratio	**15.32%**	15.32%	15.08%	10.50%
Tier 1 Leverage ratio	**15.78%**	15.80%	15.64%	5.00%
Unallocated Retained Earnings and URE Equivalents (UREE) Leverage	**15.60%**	15.62%	15.44%	1.50%
Permanent capital ratio	**15.07%**	15.10%	14.90%	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 exceeded 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 104 employees at our headquarters in Edmond, 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 47.6 percent male and 52.4 percent female, with minorities representing approximately 8.6% 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 twelve-member board that provides direction and oversees our management. Of these directors, ten are elected by the shareholders and two 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 six members of the Board of Directors. During 2024, eight 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 Committee

The Risk Committee is responsible for the oversight of risk inherent with a lending institution including strategic, reputation, interest rate, legal/compliance, credit, operational, counterparty, and information/cyber security risks. The Risk Committee consists of six members of the Board of Directors and meets with the Audit Committee at least annually to discuss matters of common interest. During 2024, nine meetings were held. The Risk Committee responsibilities generally include, but are not limited to:

- approval of all major changes related to risk policies, including credit, market, interest rate, legal, compliance, technology, and operational risks;
- oversight of management's risk management practices;
- provides guidance on strategies and risk appetite; and,
- the oversight of the Enterprise Risk Management activities and effectiveness.

Compensation Committee

The Compensation Committee is responsible for the oversight of employee and director compensation. The Compensation Committee is composed of six members of the Board of Directors. During 2024, seven meetings were held. 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 ensuring adequacy and effectiveness of policies, procedures, and activities related to Board composition and structure. The Governance Committee is composed of four members of the Board of Directors.

Building Committee

The Building Committee is responsible for the oversight of the design and construction of Association offices. The Building Committee is composed of four members of the Board of Directors.

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 all employees, officers, and directors of the Association;
- 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 all Association employees, officers, and directors. The Code of Ethics supplements our Standards of Conduct Policy, which also applies to all Association employees, officers, and directors. 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.

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.

CHANGES IN MANAGEMENT

Chief Financial Officer (CFO), Malinda Thimmesch, resigned in October 2024. Our Association's Executive team appointed the Vice President – Controller, Travis Biddick, to serve as interim CFO from October 2024 through January 2025. Mr. Biddick was appointed to the role of CFO effective February 1, 2025.

The Association created a new executive role of Chief Operating Officer (COO) to oversee several functions of the Association, including information technology. Asia Garcia was hired as the Association's Chief Operating Officer (COO) effective July 1, 2024.

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Report of Management

The consolidated financial statements of Oklahoma AgCredit, ACA (the 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 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 Annual Report of Oklahoma AgCredit, ACA 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.

//signature on file//

Dan Childs
Chairman of the Board

//signature on file//

Bill Davis
President and Chief Executive Officer

//signature on file//

Travis Biddick
Chief Financial Officer

March 6, 2025

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Report on Internal Control Over Financial Reporting

Oklahoma AgCredit, ACA (the 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.

//signature on file//	//signature on file//
Bill Davis President and Chief Executive Officer	**Travis Biddick** Chief Financial Officer

March 6, 2025

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AUDIT COMMITTEE REPORT

The Audit Committee (the Committee) includes six members from the Board of Directors of Oklahoma AgCredit (the Association). In 2024, eight 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 $113,460 for audit services and $11,900 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.

//signature on file//

Rodney Holcomb, Chairman of the Audit Committee

Audit Committee Members

Lisa Cochell
Jay Grace
Phillip Landgraf
Shand Rasmusson
Dan Childs (Ex Officio)

March 6, 2025

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Report of Independent Auditors

To the Board of Directors of Oklahoma AgCredit, ACA

Opinion

We have audited the accompanying consolidated financial statements of Oklahoma AgCredit, 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

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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	**$ 2,109,070**	$ 1,987,991	$ 1,870,507
Less allowance for loan losses	**4,025**	3,500	3,547
Net loans	**2,105,045**	1,984,491	1,866,960
Cash	**2,814**	3,126	3,290
Accrued interest receivable	**26,930**	25,006	20,421
Investment in CoBank, ACB	**52,094**	49,849	46,913
Investment in AgDirect	**5,845**	4,404	4,087
Premises and equipment, net	**15,984**	16,321	16,790
Other property owned	**502**	1,087	47
Prepaid benefit expense	**9,247**	9,676	10,508
Other assets	**15,981**	15,407	14,620
Total assets	**$ 2,234,442**	$ 2,109,367	$ 1,983,636
LIABILITIES			
Note payable to CoBank, ACB	**$ 1,811,001**	$ 1,706,380	$ 1,605,622
Advance conditional payments	**7,987**	7,084	7,382
Accrued interest payable	**5,797**	5,431	3,908
Patronage distributions payable	**15,750**	15,500	14,000
Accrued benefits liability	**271**	281	294
Deferred tax liability	**-**	-	60
Reserve for unfunded commitments	**602**	444	447
Other liabilities	**9,316**	10,397	7,683
Total liabilities	**$ 1,850,724**	$ 1,745,517	$ 1,639,396
Commitments and Contingencies (See Note 13)			
SHAREHOLDERS' EQUITY			
Capital stock	**3,797**	3,695	3,714
Additional paid-in capital	**55,558**	55,558	55,558
Unallocated retained earnings	**324,364**	304,600	284,968
Accumulated other comprehensive income/(loss)	**(1)**	(3)	-
Total shareholders' equity	**383,718**	363,850	344,240
Total liabilities and shareholders' equity	**$ 2,234,442**	$ 2,109,367	$ 1,983,636

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	**$ 121,488**	$ 110,105	$ 80,132
Total interest income	**121,488**	110,105	80,132
INTEREST EXPENSE			
Note payable to CoBank, ACB	**64,859**	56,200	30,637
Other	**304**	265	61
Total interest expense	**65,163**	56,465	30,698
Net interest income	**56,325**	53,640	49,434
Provision for credit losses/(Credit loss reversal)	**3,004**	2,155	(172)
Net interest income after provision for credit losses/ credit loss reversal	**53,321**	51,485	49,606
NONINTEREST INCOME			
Financially related services income	**27**	27	22
Loan fees	**1,485**	1,279	995
Patronage distribution from Farm Credit institutions	**9,323**	9,429	9,040
Farm Credit Insurance Fund distribution	**629**	-	-
Mineral income	**673**	891	1,143
Contingency gain	**-**	1,059	-
Other noninterest income	**877**	677	1,319
Total noninterest income	**13,014**	13,362	12,519
NONINTEREST EXPENSE			
Salaries and employee benefits	**15,334**	14,725	14,442
Occupancy and equipment	**1,975**	1,757	1,598
Purchased services from AgVantis, Inc.	**5,102**	4,131	3,906
Farm Credit Insurance Fund premium	**1,675**	2,877	2,992
Supervisory and examination costs	**776**	694	572
Other noninterest expense	**5,958**	5,990	4,984
Total noninterest expense	**30,820**	30,174	28,494
Income before income taxes	**35,515**	34,673	33,631
Provision for/(Benefit from) for income taxes	**4**	(123)	54
Net income	**35,511**	34,796	33,577
COMPREHENSIVE INCOME			
Amortization of retirement costs	**1**	-	160
Actuarial gain/(loss) in retirement obligation	**1**	(3)	3
Total comprehensive income	**$ 35,513**	$ 34,793	$ 33,740

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	$ 3,767	$ 55,558	$ 265,382	$ (163)	$ 324,544
Comprehensive income			33,577	163	33,740
Stock issued	310				310
Stock retired	(363)				(363)
Patronage distributions:					
Cash			(14,000)		(14,000)
Other			9		9
Balance at December 31, 2022	3,714	55,558	284,968	-	344,240
Comprehensive income			34,796	(3)	34,793
Stock issued	247				247
Stock retired	(266)				(266)
Patronage distributions:					
Cash			(15,500)		(15,500)
Reversal of Patronage			15		15
Cumulative effect of CECL adoption			321		321
Balance at December 31, 2023	3,695	55,558	304,600	(3)	363,850
Comprehensive income			35,511	2	35,513
Stock issued	369				369
Stock retired	(267)				(267)
Patronage distributions:					
Cash			(15,750)		(15,750)
Reversal of Patronage			3		3
Balance at December 31, 2024	**$ 3,797**	**$ 55,558**	**$ 324,364**	**$ (1)**	**$ 383,718**

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	**$ 35,511**	$ 34,796	$ 33,577
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation	**1,012**	988	903
Provision for credit losses/(Credit loss reversal)	**3,004**	2,155	(172)
Stock patronage from CoBank, ACB	**(66)**	(68)	(69)
Allocated patronage from AgVantis	**-**	(240)	(113)
Gains on sales of premises and equipment	**(90)**	(76)	(661)
Gains on sales of other property owned	**(2)**	(7)	(1)
Contingency gain on other property owned	**-**	(1,059)	-
Carrying value adjustment for other property owned	**8**	-	-
Net accretion of yield related to loans and notes payable acquired in merger	**6**	(37)	45
Change in assets and liabilities:			
Increase in accrued interest receivable	**(1,924)**	(4,585)	(3,847)
Decrease/(Increase) in prepaid benefit expense	**429**	832	(2,430)
Increase in other assets	**(576)**	(549)	(4,056)
Increase in accrued interest payable	**366**	1,523	2,147
Decrease in accrued benefits liability	**(8)**	(16)	(22)
(Decrease)/Increase in deferred tax liability	**-**	(136)	44
(Decrease)/Increase in other liabilities	**(1,081)**	2,714	218
Total adjustments	**1,078**	1,439	(8,014)
Net cash provided by operating activities	**36,589**	36,235	25,563
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in loans, net	**(125,309)**	(119,276)	(98,426)
(Increase)/Decrease in investment in CoBank, ACB	**(2,177)**	(2,866)	3,797
(Increase)/Decrease in investment in AgDirect	**(1,441)**	(317)	71
Expenditures for premises and equipment	**(719)**	(519)	(2,786)
Proceeds from sales of premises and equipment	**134**	76	742
Proceeds from sales of other property owned	**2,479**	26	1
Net cash used in investing activities	**(127,033)**	(122,876)	(96,601)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net draw on note payable to CoBank, ACB	**104,624**	100,779	80,075
Increase/(Decrease) in advance conditional payments	**903**	(298)	1,056
Capital stock retired	**(267)**	(266)	(363)
Capital stock issued	**369**	247	310
Cash patronage distributions paid	**(15,497)**	(13,985)	(11,491)
Net cash provided by financing activities	**90,132**	86,477	69,587
Net decrease in cash	**(312)**	(164)	(1,451)
Cash at beginning of year	**3,126**	3,290	4,741
Cash at end of year	**$ 2,814**	$ 3,126	$ 3,290
SUPPLEMENTAL CASH INFORMATION:			
Cash paid during the year for:			
Interest	**$ 64,797**	$ 54,942	$ 28,551
Income taxes	**$ 7**	$ 15	$ 7
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES			
Stock patronage from CoBank, ACB	**$ 66**	$ 68	$ 69
Allocated patronage from AgVantis	**$ -**	$ 240	$ 113
Loans transferred to other property owned	**$ 1,900**	$ -	$ -
Contingency gain on other property owned	**$ -**	$ 1,059	$ -
Net charge-offs/(recoveries)	**$ 2,321**	$ 1,808	$ (21)
Patronage distributions payable	**$ 15,750**	$ 15,500	$ 14,000
Reversal of patronage payable	**$ 3**	$ 15	$ 9
Change in accumulated other comprehensive income/(loss)	**$ 2**	$ (3)	$ 163

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND OPERATIONS

A. Organization: Oklahoma AgCredit, ACA and its subsidiaries, Oklahoma AgCredit, FLCA, (Federal Land Credit Association (FLCA)) and Oklahoma AgCredit, 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 Adair, Alfalfa, Atoka, Blaine, Bryan, Caddo, Canadian, Carter, Cherokee, Choctaw, Cleveland, Coal, Comanche, Cotton, Craig, Creek, Delaware, Garfield, Garvin, Grady, Grant, Haskell, Hughes, Jefferson, Johnston, Kay, Kingfisher, Latimer, LeFlore, Lincoln, Logan, Love, Major, Marshall, Mayes, McClain, McCurtain, McIntosh, Murray, Muskogee, Noble, Nowata, Okfuskee, Oklahoma, Okmulgee, Osage, Ottawa, Pawnee, Payne, Pittsburg, Pontotoc, Pottawatomie, Pushmataha, Rogers, Seminole, Sequoyah, Stephens, Tulsa, Wagoner, and Washington 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 life insurance, multi-peril crop and crop hail insurance, advance conditional payment accounts, and provides additional services to borrowers such as fee appraisals, home loan lending referrals through Rural 1st, and lease financing through AgDirect.

The Association has business relationships with three unincorporated business entities (UBEs) as defined under Subpart J of FCA regulations: AgDirect, LLP, Generation Food Rural Partners1, L.P., and a limited liability company organized for acquiring and managing collateral associated with distressed loans. AgDirect, LLP provides farmers and ranchers served by the System the means to purchase and lease agricultural equipment from or through equipment dealers, equipment manufacturers, auction companies, and other equipment sellers throughout the United States. The Association became a partner in the group in 2014. Our current ownership interest is 1.2%.

The Association is also a limited partner in Generation Food Rural Partners1, L.P., a Rural Business Investment Company (RBIC). Our share of total partnership capital commitment is 1.9%. Generation Food is a 10-year venture fund formed to promote economic development and create wealth and job opportunities among rural areas and help to meet equity and capital investment needs of smaller enterprises in these areas. The fund partners with universities developing innovation-focused research in food, protein, and agricultural technologies to create new companies that will develop cutting-edge products identified as areas of growth within the food and agricultural value chain. RBICs in which we are a limited partner and hold a non-controlling interest are accounted for under the equity method. RBIC investments are assessed for impairment. If impairment exists, losses are included in “Other noninterest income,” in the Consolidated Statements of Income in the year of impairment. This also applies to our investments in other UBE investments, as well as our investment in the Farm Credit System Association Captive Insurance Corporation.

We are also a member of a limited liability company which was formed to hold assets securing the loans of a former participation loan borrower who filed bankruptcy. Our equity interest in the LLC, which amounts to 0.8%, is accounted for at cost less any impairment as there is no readily determinable fair value. Because this ownership interest was acquired through foreclosure, it is reported as other property owned on our Consolidated Statement of Condition.

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 3033 Progressive Drive, Edmond, Oklahoma 73034 or by calling (405) 938-1700. 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.

The Farm Credit Council, a full-service federated trade association, represents the Association and other System institutions before Congress, the Executive Branch, and others, and provides support services on a fee basis.

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 Oklahoma AgCredit, PCA and Oklahoma AgCredit, 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.

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 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.

For the asset-specific component, 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, and credit quality rating at origination. 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. Probability of default is based on a transition matrix model which estimates the cumulative probability of default for each pool based on its historical migration data, adjusted to reflect forecasted economic conditions. 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.

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. Beyond the 12-month reasonable and supportable forecast period, the Association explicitly reverts to long run historical loss experience 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 unemployment rates, real gross domestic product (GDP) levels, real consumer spending, government spending as a percentage of GDP, United States exports, inflation, and the federal funds rate, as well as agricultural commodity prices.

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.

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. The requirement for capitalizing patronage-based participation loans sold to CoBank is 7.00 percent of the prior ten-year average of such participations sold to CoBank. This requirement is met by the CoBank Class A stock that is accumulated over time from stock patronage distributions for participations sold to CoBank. Any stock in excess of the capital requirement is retired annually, subject to CoBank board approval and regulatory compliance.

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.

   Costs associated with designing software configuration, installation, coding programs, and testing systems are capitalized and amortized using the straight-line method over 1 to 15 years. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset group may not be recoverable.

F. Other Property Owned: Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at fair value less estimated selling costs upon acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the

allowance for loan losses. On at least an annual basis, revised estimates to the fair value are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. The gain or loss upon disposal of other property owned is included in other noninterest income, while income and expenses from operations and any carrying value adjustments are included in other noninterest expense in the Consolidated Statement of Comprehensive Income.

G. 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.

H. 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.

I. 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 participated in the Ninth District nonqualified defined benefit Pension Restoration Plan. This plan provided 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 matched a certain percentage of employee contributions to the plan.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.

NOTE 3 – LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Real estate mortgage	**$ 1,365,148**	$ 1,288,234	$ 1,276,319
Production and intermediate-term	**327,464**	280,177	241,585
Agribusiness	**238,744**	230,264	216,686
Rural infrastructure	**160,006**	171,622	126,759
International	**17,300**	17,269	8,724
Rural residential real estate	**408**	425	434
Total loans	**$ 2,109,070**	$ 1,987,991	$ 1,870,507

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	$ 37,837	$ 53,790	$ –	$ –	$ 37,837	$ 53,790
Production and intermediate-term	79,489	8,056	–	–	79,489	8,056
Agribusiness	234,618	–	1,640	–	236,258	–
Rural infrastructure	160,006	–	–	–	160,006	–
International	17,300	–	–	–	17,300	–
Total	$ 529,250	$ 61,846	$ 1,640	$ –	$ 530,890	$ 61,846

	December 31, 2023	
	Other Farm Credit Institutions	
(dollars in thousands)	Purchased	Sold
Real estate mortgage	$ 43,383	$ 46,019
Production and intermediate-term	59,067	5,108
Agribusiness	227,696	–
Rural infrastructure	171,622	–
International	17,269	–
Total	$ 519,037	$ 51,127

	December 31, 2022	
	Other Farm Credit Institutions	
(dollars in thousands)	Purchased	Sold
Real estate mortgage	$ 38,839	$ 43,110
Production and intermediate-term	52,173	5,064
Agribusiness	213,723	–
Rural infrastructure	126,759	–
International	8,724	–
Total	$ 440,218	$ 48,174

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.

Credit enhancements with federal government agencies of $16.5 million at year-end 2024, $10.9 million at year-end 2023, and $9.2 million at year-end 2022 were outstanding. The United States Department of Agriculture provides a guarantee to the Association that limits the Association's losses should a loan end in foreclosure or the Association takes ownership of the property.

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 Loan Classification system as a percentage of total loans by loan type as of December 31.

	2024	2023	2022[1]
Real estate mortgage			
Acceptable	**98.15%**	98.02%	98.27%
OAEM	**0.55%**	1.12%	0.94%
Substandard	**1.30%**	0.86%	0.79%
Total	**100.00%**	100.00%	100.00%
Production and intermediate-term			
Acceptable	**97.33%**	98.53%	97.65%
OAEM	**2.02%**	0.34%	0.74%
Substandard	**0.65%**	1.13%	1.61%
Total	**100.00%**	100.00%	100.00%
Agribusiness			
Acceptable	**95.37%**	98.01%	95.94%
OAEM	**3.55%**	–	2.28%
Substandard	**0.80%**	1.99%	1.78%
Doubtful	**0.28%**	–	–
Total	**100.00%**	100.00%	100.00%
Rural infrastructure			
Acceptable	**94.15%**	92.55%	99.11%
OAEM	**4.51%**	7.45%	0.59%
Substandard	**1.34%**	–	0.30%
Total	**100.00%**	100.00%	100.00%
International			
Acceptable	**100.00%**	100.00%	100.00%
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%
Total Loans			
Acceptable	**97.43%**	97.63%	97.99%
OAEM	**1.41%**	1.42%	1.04%
Substandard	**1.13%**	0.95%	0.97%
Doubtful	**0.03%**	–	–
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	**$ 16,648**	$ 9,437	$ 5,139
Production and intermediate-term	**206**	3,010	750
Agribusiness	**674**	1,865	3,875
Total nonaccrual loans	**$ 17,528**	$ 14,312	$ 9,764
Accruing restructured loans:			
Real estate mortgage			$ 311
Production and intermediate-term			1
Total accruing restructured loans			$ 312
Total nonperforming loans	**$ 17,528**	$ 14,312	$ 10,076
Other property owned	**$ 502**	$ 1,087	$ 47
Total nonperforming assets[1]	**$ 18,030**	$ 15,399	$ 10,123
Nonaccrual loans to total loans	**0.83%**	0.72%	0.52%
Nonperforming assets[1] to total loans	**0.85%**	0.77%	0.54%
Nonperforming assets[1] to total shareholders' equity	**4.70%**	4.23%	2.94%

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

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 years presented:

	December 31, 2024			
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real estate mortgage	$ 8,773	$ 7,875	$ 16,648	$ 54
Production and intermediate-term	163	43	206	169
Agribusiness	–	674	674	–
Total	$ 8,936	$ 8,592	$ 17,528	$ 223

	December 31, 2023			
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real estate mortgage	$ 2,085	$ 7,352	$ 9,437	$ 141
Production and intermediate-term	2,600	410	3,010	111
Agribusiness	785	1,080	1,865	16
Total	$ 5,470	$ 8,842	$ 14,312	$ 268

Accrued interest receivable on loans of $26.9 million at December 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 $268 thousand of accrued interest receivable during 2024 and $155 thousand during 2023 through reversals of interest income.

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	$ 3,949	$ 11,481	$ 15,430	$ 1,349,718	$ 1,365,148	$ –
Production and intermediate-term	5,114	163	5,277	322,187	327,464	–
Agribusiness	2,016	–	2,016	236,728	238,744	–
Rural infrastructure	–	–	–	160,006	160,006	–
International	–	–	–	17,300	17,300	–
Rural residential real estate	–	–	–	408	408	–
Total	$ 11,079	$ 11,644	$ 22,723	$ 2,086,347	$ 2,109,070	$ –

	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	$ 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	$ –

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	$ 2,279	$ 296	$ 2,575	$ 1,288,416	$ 1,290,991	$ –
Production and intermediate-term	5,319	416	5,735	240,344	246,079	–
Agribusiness	–	126	126	217,466	217,592	–
Rural infrastructure	–	–	–	127,067	127,067	–
International	–	–	–	8,763	8,763	–
Rural residential real estate	–	–	–	436	436	–
Total	$ 7,598	$ 838	$ 8,436	$ 1,882,492	$ 1,890,928	$ –

Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon 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 table shows the amortized cost basis at December 31, 2024 for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted.

	Term Extension	
(dollars in thousands)	**For the Year Ended December 31, 2024**	% of Portfolio Segment
Production and intermediate-term	**$ 43**	0.01%
Total	**$ 43**	

There was no accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of December 31, 2024. The Association had no loan modifications to borrowers experiencing financial difficulty as of December 31, 2023.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the year ended December 31, 2024:

	Weighted-Average Term Extension (in Months)
	2024
Production and intermediate-term	**62.0**

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

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the year ended December 31, 2024:

	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	$ 43	$ –	$ –
Total	$ 43	$ –	$ –

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

Troubled Debt Restructuring

Prior to the adoption of updated FASB guidance on loan modifications January 1, 2023, 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:		
Production and intermediate-term	$ 38	$ 14
Total	$ 38	$ 14

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 2022 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 year-end 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.

	December 31, 2022	
(dollars in thousands)	Loans Modified as TDRs	TDRs in Nonaccrual Status[1]
Real estate mortgage	$ 2,007	$ 1,696
Production and intermediate-term	14	13
Total	$ 2,021	$ 1,709

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

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:					
Production and intermediate-term	$ –	$ –	$ –	$ 79	$ –
Agribusiness	3,690	3,814	764	1,177	–
Total	$ 3,690	$ 3,814	$ 764	$ 1,256	$ –
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 5,450	$ 6,144		$ 5,923	$ 511
Production and intermediate-term	751	994		1,038	141
Agribusiness	185	314		273	–
Total	$ 6,386	$ 7,452		$ 7,234	$ 652
Total impaired loans:					
Real estate mortgage	$ 5,450	$ 6,144	$ –	$ 5,923	$ 511
Production and intermediate-term	751	994	–	1,117	141
Agribusiness	3,875	4,128	764	1,450	–
Total	$ 10,076	$ 11,266	$ 764	$ 8,490	$ 652

* 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	$ 553
Less: interest income recognized	647
Interest income recognized	$ (94)

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	$ 1,055	$ –	$ –	$ 1,011	$ 2,066
Production and intermediate-term	1,008	569	43	340	822
Agribusiness	200	1,798	3	2,238	643
Rural infrastructure	1,237	–		(743)	494
Total	$ 3,500	$ 2,367	$ 46	$ 2,846	$ 4,025

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	Provision for Loan Losses	Balance at December 31, 2023
Real estate mortgage	$ 1,058	$ (148)	$ 910	$ –	$ –	$ 145	$ 1,055
Production and intermediate-term	552	(177)	375	747	–	1,380	1,008
Agribusiness	1,655	(445)	1,210	1,133	72	51	200
Rural infrastructure	279	254	533	–	–	704	1,237
International	3	(3)	–	–	–	–	–
Total	$ 3,547	$ (519)	$ 3,028	$ 1,880	$ 72	$ 2,280	$ 3,500

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	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at December 31, 2022
Real estate mortgage	$ 888	$ –	$ –	$ 170	$ 1,058
Production and intermediate-term	631	85	106	(100)	552
Agribusiness	1,924	–	–	(269)	1,655
Rural infrastructure	159	–	–	120	279
International	3	–	–	–	3
Rural residential real estate	1	–	–	(1)	–
Total	$ 3,606	$ 85	$ 106	$ (80)	$ 3,547

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	**$ 444**	$ 447	$ 539
Cumulative effect of CECL adoption		122	
Balance at January 1		569	
Provision/(Reversal of reserve) for unfunded commitments	**158**	(125)	(92)
Total	**$ 602**	$ 444	$ 447

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 current requirement for capitalizing patronage-based participation loans sold to CoBank is 7.00 percent of the Association's prior ten-year average balance of such participations sold to CoBank. Under the current CoBank capital plan, patronage from CoBank related to these participations sold is paid 75 percent cash and 25 percent Class A stock. 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 1.20 percent of the outstanding common stock of CoBank at December 31, 2024, compared with 1.22 percent in 2023 and 1.17 percent in 2022.

NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment consisted of the following.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Land	**$ 3,344**	$ 3,344	$ 3,344
Buildings and leasehold improvements	**14,675**	14,584	14,536
Furniture, equipment, and automobiles	**4,001**	3,903	3,656
Software development in progress	**166**	–	–
	22,186	21,831	21,536
Less: accumulated depreciation	**6,202**	5,510	4,746
Total	**$ 15,984**	$ 16,321	$ 16,790

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	**$ 2,050,000**	$ 2,050,000	$ 1,750,000
Outstanding principal and accrued interest balance	**$ 1,816,598**	$ 1,711,665	$ 1,609,481
Average outstanding principal balance under the line of credit	**$ 1,730,300**	$ 1,657,429	$ 1,562,056
Weighted average interest rate	**3.75%**	3.39%	1.96%

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 note 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	**$ 309,678**	$ 293,560	$ 276,098
Average rates	**3.53%**	3.25%	1.69%

NOTE 7 – SHAREHOLDERS' EQUITY

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

A. 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.

B. 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	15.03%	15.06%	14.87%	7.0%	4.5%
Tier 1 Capital	CET1 Capital and non-cumulative perpetual preferred stock	Risk-weighted assets	15.03%	15.06%	14.87%	8.5%	6.0%
Total Regulatory 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	15.32%	15.32%	15.08%	10.5%	8.0%
Tier 1 Leverage	Tier 1 Capital (at least 1.5% must be URE and URE equivalents)	Total assets	15.78%	15.80%	15.64%	5.0%	4.0%
URE and URE Equivalents Leverage	URE and URE Equivalents	Total assets	15.60%	15.62%	15.44%	–	1.5%
Permanent Capital	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	Risk-weighted assets	15.07%	15.10%	14.90%	–	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.

C. 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 classes of stock. Transfers of stock are only allowed as long as the Association meets the regulatory minimum capital requirements. Refer to the Management Discussion and Analysis Capital Resources discussion for further information.

Class A — Preferred Stock (Nonvoting, at-risk, no shares outstanding) – Represents Association retained earnings, dividends, or patronage distributions allocated on or after October 6, 1988. This stock may also represent Class B or Class C Common Stock of a borrower which automatically converts to Class A two years after repayment of the loan in full. Retirement is at the sole discretion of the Board of Directors.

Class B — Common Stock (Voting, at-risk, 758,301 shares outstanding) – Issued on or after October 6, 1988, for farm and ranch loans. Retirement is at the sole discretion of the Board of Directors. If the Association is unable to retire Class B Common Stock, or if the borrower elects to keep his/her investment in the Association after repayment of the loan in full, the stock must be converted to Class A Preferred Stock within two years.

Class C — Common Stock (Nonvoting, at-risk, 1,200 shares outstanding) – Issued on or after October 6, 1988, for farm-related and rural home loans and to other persons or organizations who are eligible to borrow but are not eligible to hold voting stock. Retirement is at the sole discretion of the Board of Directors. If the Association is unable to retire Class C Common Stock, or if the borrower elects to keep his/her investment in the Association after repayment of the loan in full, the stock must be converted to Class A Preferred Stock within two years.

Class D — Investor Stock (Nonvoting, at-risk, no shares outstanding) – Available to outside parties.

Class E — Preferred Stock (Nonvoting, at-risk, no shares outstanding) – 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) – Issued prior to October 6, 1988, to borrowers entitled to vote. It must be retired at par value upon repayment of the loan unless the borrower elects to retain his/her investment in the Association. If so, the stock must be converted to Class G Common Stock within two years after loan repayment in full.

Class G — Common Stock (Nonvoting, protected, no shares outstanding) – Formerly participation certificates, this represents stock issued prior to October 6, 1988, to rural residence borrowers and others not eligible to vote. This stock may also represent Class F Common Stock of a borrower which automatically converts to Class G Common Stock two years after repayment of the loan in full. It must be retired at par value upon repayment of the loan unless the borrower elects to retain his/her investment in the Association.

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	739,151
Issuances	73,841
Retirements	(53,491)
Shares outstanding at December 31, 2024	759,501

D. 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 $15.5 million in 2024, $14.0 million in 2023, and $11.5 million in 2022. The Association declared a cash patronage of $15.8 million in 2024 for distribution in 2025.

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 in the following order of priority: first, to the holders, pro rata of Class E Preferred Stock (if any) until an amount equal to the aggregate par value of all such shares then issued and outstanding has been distributed to such holders; second, to the holders, pro rata, of all classes of common stock, until an amount equal to the aggregate par value of all such shares then issued and outstanding has been distributed to such holders; 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; fifth, 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 44.37 percent of its patronage-sourced net income to its patrons.

E. 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 $1 thousand in 2024, compared with $3 thousand in 2023. There was no accumulated other comprehensive income/loss 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	**$ (3)**	$ –	$ (163)
Other comprehensive income/(loss) before reclassifications	**1**	(3)	3
Amounts reclassified from accumulated other comprehensive income/(loss)	**1**	–	160
Net current period other comprehensive income/(loss)	**2**	(3)	163
Year-end balance	**$ (1)**	$ (3)	$ –

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	**$ 1**	$ –	$ 160	Salaries and employee benefits
Total reclassifications	**$ 1**	$ –	$ 160	

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	**$ 9,302**	$ 8,929	$ 8,912
AgVantis	**–**	480	113
Farm Credit Foundations	**21**	20	15
Total	**$ 9,323**	$ 9,429	$ 9,040

Patronage distributed from CoBank was in cash and stock. 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 $1.3 million in 2024, $1.2 million in 2023, and $1.6 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 represented a cash distribution, paid in 2024, 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.

NOTE 9 – INCOME TAXES

The provision for/(benefit from) income taxes follows.

	Year Ended December 31		
(dollars in thousands)	**2024**	2023	2022
Current:			
Federal	**$ 3**	$ 11	$ 8
State	**1**	2	2
Deferred:			
Federal	**–**	(118)	39
State	**–**	(18)	5
Provision for/(Benefit from) income taxes	**$ 4**	$ (123)	$ 54

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	**$ 7,457**	$ 7,281	$ 7,063
State tax, net	**1**	(16)	5
Effect of non-taxable FLCA subsidiary	**(7,745)**	(7,609)	(6,935)
Change in valuation allowance	**291**	221	–
Patronage refunds to borrowers	**–**	–	(79)
Provision for/(Benefit from) income taxes	**$ 4**	$ (123)	$ 54

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	**$ 163**	$ 88	$ 180
Nonaccrual loan interest	**21**	49	49
Net operating loss carryforwards	**833**	531	130
Gross deferred tax assets	**1,017**	668	359
Less: valuation allowance	**(588)**	(254)	–
Deferred tax assets, net of valuation allowance	**429**	414	359
Deferred income tax liabilities:			
Bank patronage allocations	**(266)**	(241)	(235)
Depreciation	**(163)**	(173)	(184)
Gross deferred tax liability	**(429)**	(414)	(419)
Net deferred tax liability	**$ –**	$ –	$ (60)

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 $588 thousand in 2024, $254 thousand in 2023 and no valuation allowance 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 loss carryforwards of $3.4 million, of which $303 thousand were generated prior to 2018 and expire between 2033 to 2035, while the other $3.1 million were generated after 2017 and, due to tax reform, have an indefinite carryforward period.

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)	**599**	1,199	756
Plan contributions:			
All participating employers	**$ 2,200**	$ 4,000	$ 30,000
Association's allocated share	**171**	367	3,186

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 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 $5 thousand in 2024, $2 thousand in 2023 and income of $4 thousand in 2022. The Association made cash contributions of $14 thousand in 2024, $18 thousand in 2023, and $19 thousand in 2022.

The Association participated in a non-qualified defined benefit Pension Restoration Plan that is unfunded. The plan provided 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 $1 thousand in 2024 and $163 thousand in 2022. There were no expenses in 2023.

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	**$ 3**	$ –	$ 163
Interest cost	**–**	–	3
Actuarial (gain)/loss	**(1)**	3	(3)
Benefits paid	**(1)**	–	(163)
Benefit obligation at the end of the period	**$ 1**	$ 3	$ –
Change in plan assets:			
Company contributions	**$ 1**	$ –	$ 163
Benefits paid	**(1)**	–	(163)
Fair value of plan assets at the end of the period	**$ –**	$ –	$ –
Funded Status of the plan	**$ (1)**	$ (3)	$ –
Amounts recognized in the Consolidated Statement of Condition consist of:			
Liabilities	**$ 1**	$ 3	$ –
Net amount recognized	**$ 1**	$ 3	$ –

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	**$ (1)**	$ (3)	$ –
Total amount recognized in AOCI/(loss)	**$ (1)**	$ (3)	$ –

An estimated actuarial loss of $1 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	**$ 1**	$ 2	$ –
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	**$ 1**	$ 3	$ –
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			
Interest cost	**$ –**	$ –	$ 3
Net amortization and deferral	**1**	–	160
Net periodic benefit cost	**$ 1**	$ –	$ 163

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 gain/(loss)	**$ 1**	$ (3)	$ 3
Amortization of net actuarial loss	**1**	–	160
Total recognized in other comprehensive income/(loss)	**$ 2**	$ (3)	$ 163

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	$ 1
2026	$ 1
2027	$ –
2028 – 2034	$ –

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 $991 thousand in 2024, $884 thousand in 2023, and $911 thousand in 2022.

NOTE 11 – RELATED PARTY TRANSACTIONS

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 in the ordinary course of business and as permitted by FCA regulations. 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 other persons.

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	**$ 25,574**	$ 18,205	$ 19,320
New loans	**14,618**	16,315	3,529
Repayments	**(12,636)**	(8,946)	(4,644)
Ending balance	**$ 27,556**	$ 25,574	$ 18,205

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 $5.1 million in 2024, $4.1 million in 2023, and $3.9 million in 2022 to AgVantis for technology services. One Association officer serves as an AgVantis director. The Association paid $265 thousand in 2024, $241 thousand in 2023, and $225 thousand in 2022 to Foundations for human resource services and $62 thousand in 2024, $47 thousand in 2023, and $63 thousand in 2022 to CoBank for operational services.

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, $395.4 million of commitments to extend credit and $63 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, $3.0 million of standby letters of credit were outstanding with a nominal fair value. Outstanding standby letters of credit have expiration dates ranging from 2024 to 2039. The maximum potential amount of future payments the Association is required to make under the guarantees is $3.0 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	**$ 2,927**	**$ –**	**$ –**	**$ 2,927**
2023	$ 3,397	$ –	$ –	$ 3,397
2022	$ 432	$ –	$ –	$ 432

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	
Assets:				
2024				
Loans	**$ –**	**$ –**	**$ 7,989**	**$ 7,989**
Other property owned	**$ –**	**$ –**	**$ 543**	**$ 543**
2023				
Loans	$ –	$ –	$ 5,573	$ 5,573
Other property owned	$ –	$ –	$ 1,236	$ 1,236
2022				
Loans	$ –	$ –	$ 2,956	$ 2,956
Other property owned	$ –	$ –	$ 56	$ 56

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 loans measured at fair value 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.

Other Property Owned

Other property owned 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 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:

Location	Description	Form of Ownership
601 East Kenosha Broken Arrow, Oklahoma	Office Building	Owned
536 Leahy Avenue Pawhuska, Oklahoma	Office Building	Rented
2303 West Main Durant, Oklahoma	Office Building	Owned
2108 SE Washington Street, Suite C Idabel, Oklahoma	Office Building	Rented
2810 West Shawnee Bypass Muskogee, Oklahoma	Office Building	Owned
2507 North Rockford Road Ardmore, Oklahoma	Office Building	Owned
1104 South George Nigh Expressway McAlester, Oklahoma	Office Building	Owned
28824 State Highway 112 Poteau, Oklahoma	Office Building	Owned
17765 US Highway 81 Kingfisher, Oklahoma	Office Building	Owned
519 East 32nd Avenue Stillwater, Oklahoma	Office Building	Owned
265 West Dwain Willis Avenue Vinita, Oklahoma	Office Building	Owned
509 West Paul Pauls Valley, Oklahoma	Office Building	Owned
805 Chisholm Trail Enid, Oklahoma	Office Building	Owned
1902 South Highway 81 Duncan, Oklahoma	Office Building & 2.39 Acres Land	Owned

Location	Description	Form of Ownership
1027 West Choctaw Avenue Chickasha, Oklahoma	Office Building	Owned
1420 North Clarence Nash Boulevard Watonga, Oklahoma	Office Building	Owned
2801 North Kickapoo, Suite B Shawnee, Oklahoma	Office Building	Rented
3033 Progressive Drive Edmond, Oklahoma	Office Building & 4.47 Acres Land	Owned

* Rented property is leased at the fair market rate for the local area on a month to month basis, with the exception of the Idabel office which is a one year lease agreement.

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 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

Dan Childs	Chairman. Four-year term expiring in May 2027. Mr. Childs serves as ex-officio member of the Audit Committee and is a member of the Executive Committee. Occupation for the past five years – Farming, ranching, and agricultural economist with the Noble Research Institute. Vice President of Johnston County Farm Bureau and Board member of National Farm Credit Council and Farm Credit Council Services. Member of CoBank District Farm Credit Council and officer for the Foundation for Livestock and Grain Marketing in Denver, Colorado.

Kenneth Markes — Vice Chairman. Three-year term expiring in May 2026. Mr. Markes serves as ex-officio member of the Building, Compensation, Governance, and Risk Committees and is a member of the Executive Committee. Occupation for the past five years – Farming and ranching. His operation includes wheat, soybeans, canola, a cow/calf herd, and stockers. Member of Oklahoma Wheat Growers, American Farmers and Ranchers, St. Joseph Catholic Church, and Oklahoma Cattlemen's Association.

Gary Bledsoe — Five-year term expiring in May 2028. Mr. Bledsoe serves as Compensation Committee Chairman and as Governance Committee Vice Chairman. Mr. Bledsoe is a member of the Building, Executive, and Risk Committees. Occupation for the past five years – Farming and ranching. Owner and operator of Bledsoe Farms, an Angus seedstock operation. Former consultant in rural economic development for the Oklahoma Department of Agriculture. Director of Lincoln County Conservation District and currently serves as Chairperson, Secretary/Treasurer of Crosstimbers Prescribed Burn Association.

Lisa Cochell — Appointed Director. Three-year term expiring in May 2026. Ms. Cochell serves as Audit Committee Vice Chairwoman and as a financial expert. Occupation for the past five years – Ms. Cochell has been a practicing Certified Public Accountant for more than 25 years. She has been practicing as Managing Member of Cochell Tax & Consulting PLLC from August 2017 to present. Member of The Oaks Church in Oklahoma City.

Bob Eubanks — Three-year term expiring in May 2025. Mr. Eubanks is Risk Committee Chairman and is a member of the Building, Compensation, and Governance Committees. Occupation for the past five years – Farming and ranching. Owner of Eubanks Land, LLC., and co-owner of Eubanks Equipment Company, LLC., an agriculture equipment dealer. Majority-owner of Eubanks Brothers Farm, LLC. Co-owner of Eubanks Investments and Properties, LLC. Board member of Northeast Oklahoma Rural Electric Cooperative Trust Foundation (Operation Roundup) and Chairman of Credentials Committee for Northeast Oklahoma Rural Electric Cooperative. Member of Oklahoma Cattlemen's Association and Welch Baptist Church.

Jay Grace — Five-year term expiring in May 2029. Mr. Grace serves as Building Committee Chairman and is a member of the Audit Committee. Occupation for the past five years – Farming and ranching, operating under Rocking G Livestock, Inc. (stocker cattle and feedlot). Partner in 4G Cattle Company, a family corporation (stocker cattle and horses). Member of Ardmore Methodist Church. Fireman on the Claypool Volunteer Fire Department.

Rodney Holcomb — Appointed Director. Five-year term expiring in May 2028. Dr. Holcomb serves as Audit Committee Chairman and as a financial expert. Professor of Agricultural Economics at Oklahoma State University (OSU) and the McLaughlin Endowed Chair with the OSU Food & Agricultural Products Center. Dr. Holcomb has been with OSU since 1997, working in the areas of value-added agricultural products and agribusiness management. Currently serves on the OSU Retirement Investments Committee. Serves on the Food Distribution Research Society Board.

Brian Knowles — Four-year term expiring in May 2028. Mr. Knowles is Risk Committee Vice Chairman and is a member of the Compensation Committee. Occupation for the past five years – Farming and ranching (cow/calf, stockers, poultry, wheat, and hay). Vice President of the Leflore County Farm Bureau, President of Keota Round Up Club, Fire Chief of Keota Volunteer Fire Department, and member of Keota First Baptist Church.

Phillip Landgraf — Five-year term expiring in May 2029. Mr. Landgraf is a member of the Audit Committee. Occupation for the past five years – Owner/operator of Landgraf Fertilizer, where Mr. Landgraf and his wife, Kathy, have provided seed, fertilizer, and chemical sales and application to growers since 1991. His farming operation includes cattle and crops (cotton, wheat, corn, and soybeans). Director on the Red River Valley Rural Electric Association since 1997; currently serving as President.

Shand Rasmusson — Three-year term expiring in May 2027. Mr. Rasmusson is a member of the Audit Committee. Occupation for the past five years – Full-time farmer and rancher. Owner/operator of Shand Diversified, a beef cattle operation with ranches in Oklahoma, Arkansas, and Idaho. Rasmusson's ranches include cow/calf herds, stockers, and cattle feeding. He is also involved in row crop production. Member of Oklahoma Cattlemen's

	Association and McCurtain County Cattlemen's Association. Former state cattlemen's association vice president and former Farm Bureau Young Farmer and Rancher Board member. Previously served on a state beef board. He is a member of a local church, where he volunteers in many capacities.
Brad Scott	Three-year term expiring in May 2025. Mr. Scott is Chairman of the Governance Committee, and serves as a member of the Compensation and Risk Committees. Occupation for the past five years – Farming and ranching, operating under Brad Scott Ranch (yearling cattle operation) and is a partner in his parents' cattle ranch. Affiliated with C&S Rentals; and Bradley Ranch II, LLC. Director for Jefferson County Hospital and Duncan Regional Hospital. Chairman of the Board for First Christian Church of Waurika and is a Jefferson County Farm Service Agency Committee member.
Jay Stinnett	Four-year term expiring in May 2026. Mr. Stinnett is a member of the Compensation and Risk Committees. Occupation for the past five years – His primary occupation is farming and ranching (cow/calf, stocker, and hay operation). Mr. Stinnett is a retired Agricultural Education instructor. Member of Tahlequah Cooperative, Cherokee County Cattleman's Association, Oklahoma Cattlemen's Association, and American Farmers and Ranchers. Member of Exciting Southeast Baptist Church of Tahlequah.

SENIOR OFFICERS

Bill Davis	President/Chief Executive Officer (CEO) – Appointed President/CEO effective May 24, 2023. Serves on the AgVantis Board, a service corporation. Served as Managing Member of Elkhorn Valley Consulting, LLC., providing agribusiness and farm business consulting services to agricultural financing institutions from April 2022 to May 2023. Served as Executive Vice President for CoBank's Farm Credit Banking Group from 2018 to 2022. Served as Chief Credit Officer for CoBank in 2017. Served as Chief Credit Officer for Farm Credit Services of America from 2005 to 2016, where he had roles as Senior Vice President – Credit from 2002 to 2004, and as Director of Credit Underwriting from 1998 to 2001. Total Farm Credit System experience exceeds 41 years. Managing Member of Wagon Road Farm, LLC., a family farm operation in Missouri. Managing Member of Tigger Land Company, LLC., a farmland investment company in Nebraska.
Travis Biddick	Chief Financial Officer (CFO) – Appointed CFO effective February 5, 2025. Served as Interim CFO from October 2024 through January 2025. Served as VP-Controller from October 2019 until October 2024. Certified public accountant since 2017. Served audit and tax clients in a variety of industries between 2016 and 2019. Total Farm Credit System experience exceeds 5 years.
John Burk	Chief Lending Officer (CLO) – Appointed CLO effective January 1, 2019. Appointed to Executive Management Team effective January 2019. Served as Senior Vice President of Credit from January 2016 through December 2018. Served jointly as Senior Vice President for East Central Oklahoma and Chisholm Trail in 2015. Served as Senior Vice President of Credit and as a member of the Executive Management Team for East Central Oklahoma from October 2012 to December 2014. Served as Muskogee lending office Vice President/Branch Manager from September 2010 to September 2012. Served as Loan Officer in the Stillwater lending office from August 2006 to September 2010. Total Farm Credit System experience exceeds 18 years.
Steve Davenport	Executive Vice President/Chief Credit Officer (CCO) – Appointed Executive Vice President/CCO effective January 1, 2016. Served as Acting CEO and Executive Vice President/CCO in April and May 2023. Served jointly as Executive Vice President/CCO for Chisholm Trail and East Central in 2015. Served as Executive Vice President/CCO for Chisholm Trail from April 2002 through December 2014, and as Vice President – Credit for Chisholm Trail from January 1997 to April 2002. Total Farm Credit System experience exceeds 32 years.
Asia Garcia	Chief Operating Officer (COO) – Appointed COO effective July 1, 2024. Served as Vice President, Audit and Compliance for AgTrust, ACA in Texas from September 2016 to June 2024. Previously served as internal auditor for financial institutions in Texas from 2011 to 2016. Total Farm Credit System experience exceeds 8 years.

Joe Voth	Chief Business Development Officer (CBDO) – Appointed CBDO effective May 1, 2024. Appointed Chief Risk Officer (CRO) effective August 1, 2022. Appointed to the Executive Management Team effective August 2022. Served as the Kingfisher lending office Vice President/Branch Manager from January 2013 to July 2022. Served as Loan Officer in the Kingfisher lending office from August 2008 to December 2013. Total Farm Credit System experience exceeds 16 years. Serves on the Board of Directors for the Kingfisher Regional Hospital, Mercy Hospital Advisory Council, and Kingfisher Educational Foundation.
Ryan McBride	Chief Information Officer (CIO) – Mr. McBride resigned on April 30, 2024 after serving as Chief Information Officer since January 2019.
Malinda Thimmesch	Chief Financial Officer (CFO) – Ms. Thimmesch resigned on October 18, 2024 after serving as Chief Financial Officer since July 2018.

COMPENSATION OF DIRECTORS AND SENIOR OFFICERS

During 2024, directors of the Association were compensated for services on a per diem basis at the rate of $1,000 per day. For regular board meetings only, payment for travel time was made at the rate of $0.40 per mile. Directors were reimbursed mileage at the standard IRS mileage rate while on official business. The mileage rate was $0.67 per mile beginning January 1, 2024. Directors are paid a $100 retainer per month for services rendered between regularly scheduled meetings. The Compensation, Risk, Governance, and Audit Committee meetings were held in conjunction with the regular board meetings, so no additional compensation was paid to the directors for these meetings.

The Board Chairperson was paid an additional $1,000 per month. The Board Vice Chairperson was paid an additional $100 per month. The Audit Committee Chairperson was paid an additional $500 per month. The Compensation Committee Chairperson & Risk Committee Chairperson were paid an additional $250 per month. The Governance Committee Chairperson was paid an additional $100 per month.

Additional information for each director is provided below:

Name	Number of Days Served at Board Meetings	Number of Days Served in Other Official Activities	Board Meetings and Other Official Duties Comp	Retainer	Chairperson/ Vice Chairperson	Committee Chairmen	Additional Time and Duties	Compensation Paid During 2024
Dan Childs	14.5	16.0	$ 30,500	$ 1,200	$ 7,500	$ –	$ 1,046	$ 40,246
Kenneth Markes	14.5	13.0	27,500	1,200	700	500	793	30,693
Gary Bledsoe	15.5	8.0	23,500	1,200	5,000	1,500	540	31,740
Lisa Cochell	14.5	1.0	15,500	1,200	–	–	1,041	17,741
Bob Eubanks	14.5	5.0	19,500	1,200	–	3,000	1,284	24,984
Jay Grace	14.5	5.0	19,500	1,200	–	–	1,015	21,715
Rodney Holcomb	14.5	4.0	18,500	1,200	–	6,000	670	26,370
Brian Knowles	14.5	1.0	15,500	1,200	–	–	1,508	18,208
Phillip Landgraf	14.5	8.0	22,500	1,200	–	–	1,016	24,716
Shand Rasmusson	13.0	8.0	21,000	1,200	–	–	1,953	24,153
Brad Scott	13.5	–	13,500	1,200	–	2,100	934	17,734
Jay Stinnett	14.0	1.0	15,000	1,200	–	–	1,432	17,632
Total Compensation			$ 242,000	$ 14,400	$ 13,200	$ 13,100	$ 13,232	$ 295,932

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 $123,951 in 2024, $108,046 in 2023, and $112,173 in 2022. There was no non-cash compensation to directors during 2024.

The Annual Meeting Information Statement is available for public inspection at the Association office. Required senior officer compensation information is included in the Association's Annual Meeting Information Statement mailed to all stockholders. Disclosure of information on the total compensation paid during the last fiscal year to any senior officer or to any other officer included, is available to shareholders by appointment.

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 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. Association 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.

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.

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.

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.

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 3033 Progressive Drive, Edmond, Oklahoma 73034, or may be contacted by calling (405) 938-1700. The reports may also be obtained free of charge by visiting CoBank's website at www.cobank.com.