REPORT TO SHAREHOLDERS
SECOND QUARTER
2024

WESTERN AGCREDIT

Management's Discussion and Analysis of Financial Condition and Results of Operations:

Statement of Condition: As of June 30, 2024, total loan volume was $1,370.4 million, an increase of $67.8 million from the comparative period for 2023 primarily due to the Association's successful marketing efforts to obtain new good quality loan volume and purchase of loan participations. This compares to an increase of $38 thousand from December 31, 2023 primarily due to new loan volume partially offset by repayments. The allowance for loan losses increased $350 thousand since June 30, 2023 and decreased $122 thousand since December 31, 2023. The increase from June 30, 2023 is due primarily to an increase in loan volume partially offset by decreases in industry, LGD, PD, and collateral quality factors. The decrease from December 31, 2023 is due primarily to decreases in PD factor partially offset by increases in loan volume, LGD, collateral quality, and industry factors.

The Association's cash position decreased $3.1 million compared to year-end 2023 due to a smaller deposit being made at the end of June 2024 than at year-end 2023. Accrued interest receivable increased $3.3 million from June 2023, primarily due to increased interest rates and loan volume. The Investment in CoBank increased $1.6 million from June 2023 due to required purchases associated with higher loan volume and associated note payable during 2023. The $376 thousand decrease in premises and equipment from June 2023 is due primarily to normal depreciation partially offset by capital purchases. Other assets decreased $70 thousand compared to June 2023, primarily due to amortization of prepaid pension costs. The $3.3 million decrease in other assets from year-end 2023 is largely due to the receipt of 2023 CoBank patronage paid in March 2024.

Note payable to CoBank increased $53.0 million from a year earlier primarily due to increased loan volume, which is primarily funded by the note payable. Funds held at June 30, 2024 were $3.1 million higher than year-end 2023 and $4.6 million lower than the comparative period for 2023. Increases result from borrowers' deposit of funds into the Association's funds held account program and decreases result from borrowers use of those funds. Accrued interest payable increased $487 thousand or 15.6% from June 30, 2023 primarily as a result of the higher cost of funds and increased note payable. The Association accrues estimated member patronage each month, resulting in $5.0 million of accrued patronage at June 30, 2024. The $13.9 million of patronage distributions payable at December 31, 2023 is the accrued and declared 2023 patronage, subsequently paid to members in February 2024. Other liabilities decreased $584 thousand when compared to June 2023 primarily due to the decreased Farm Credit Insurance Fund accrual (due to reduced assessed rate) along with decreased deferred tax liability and income taxes payable partially offset by an increase in reserve for unfunded commitments. The $2.1 million decrease in other liabilities from year-end 2023 is largely due to the annual payments of Farm Credit Insurance Fund premiums and accrued employee incentives in the first quarter of each year.

Capital stock and participation certificates increased $7 thousand from year-end 2023 due to stock issuances exceeding retirements. Unallocated retained earnings increased $14.0 million from year-end 2023, attributed to the Association's net income partially offset by accrued member patronage, while the $23.0 million increase from June 2023 resulted from the Association's net income of $37.1 million less the $14.1 million in patronage distributions that were accrued during the period.

Statement of Income: Year-to-date net interest income for 2024 increased $977 thousand or 8.8% when compared to the same period in 2023. Total interest income increased $2.7 million primarily due to increased average interest rate and increased loan volume while total interest expense increased $1.7 million largely attributable to the increase in the average cost of funds and increased note payable. The 2024 year-to-date reversal of loan losses is due to decreases in PD and industry factors partially offset by the increases in loan volume, LGD, and collateral quality factors. The Association's allowance for loan losses remained adequate at 0.12% of loans at June 30, 2024.

The $653 thousand increase in 2024 year-to-date total noninterest income was primarily due to increased other noninterest income, patronage from Farm Credit Institutions, financially related services income, and loan fees. The increase in other noninterest income resulted from receiving the excess Farm Credit Insurance Fund premium. Other noninterest income in 2024 consists of the return of excess Farm Credit Insurance Fund premium, allocated income from the Farm Credit Captive Insurance program, rental income from a portion of South Jordan and Evanston buildings, and mineral income.

Total year-to-date noninterest expense decreased $99 thousand or 1.2%. The decrease resulted from $473 thousand decrease in Farm Credit Insurance Fund premium, $39 thousand increase in the gain on sale of premises and equipment, and $1 thousand increase in the gain on other property owned offset by a $348 thousand increase in salaries and employee benefits, $49 thousand increase in other operating expenses and $17 thousand increase in occupancy and equipment.

The Association's $19.1 million 2024 year-to-date net income is $2.4 million higher than projected in the Association's business plan primarily due to lower than projected provision for loan losses, operating expenses, and Farm Credit Insurance Fund premium and higher than projected noninterest income and net interest income.

Please refer to “Notes to the Association Consolidated Financial Statements” and the Association’s 2023 Annual Report for additional information. The financial statements were prepared under the oversight of the Association’s Audit Committee.

WESTERN AGCREDIT
CONSOLIDATED STATEMENTS OF CONDITION
(Unaudited)
(Dollars in thousands)

	June 30,		December 31,	
	2024	2023	2023	2022
ASSETS				
Loans	**$ 1,370,359**	$ 1,302,571	$ 1,370,321	$ 1,281,157
Less: Allowance for loan losses	**(1,676)**	(1,326)	(1,798)	(2,141)
Net loans	**1,368,683**	1,301,245	1,368,523	1,279,016
Cash	**689**	238	3,818	1,353
Accrued interest receivable	**27,179**	23,927	24,042	18,539
Investment in CoBank	**31,579**	29,992	31,560	34,463
Premises and equipment, net	**11,045**	11,421	11,090	11,451
Other property owned	**2**	905	702	905
Deferred tax assets, net	**49**	-	-	-
Other assets	**13,450**	13,520	16,725	16,998
Total assets	**$ 1,452,676**	$ 1,381,248	$ 1,456,460	$ 1,362,725
LIABILITIES				
Note payable to CoBank	**$ 1,084,327**	$ 1,031,311	$ 1,095,016	$ 1,032,266
Funds held	**39,966**	44,615	36,850	28,163
Accrued interest payable	**3,618**	3,131	2,850	1,970
Accrued member patronage	**5,041**	4,846	-	-
Patronage distributions payable	**-**	-	13,865	8,770
Deferred tax liabilities, net	**-**	96	39	45
Other liabilities	**2,867**	3,451	5,016	5,708
Total liabilities	**1,135,819**	1,087,450	1,153,636	1,076,922
Commitments and contingencies				
MEMBERS' EQUITY				
Capital stock and participation certificates	**1,534**	1,511	1,527	1,500
Unallocated retained earnings	**315,323**	292,291	301,297	284,311
Accumulated other comprehensive loss	**-**	(4)	-	(8)
Total members' equity	**316,857**	293,798	302,824	285,803
Total liabilities and members' equity	**$ 1,452,676**	$ 1,381,248	$ 1,456,460	$ 1,362,725

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

WESTERN AGCREDIT
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)
(Dollars in thousands)

	For the quarter ended June 30,		For the six months ended June 30,	
	2024	2023	**2024**	2023
INTEREST INCOME				
Loans	**$ 21,696**	$ 19,036	**$ 42,912**	$ 37,130
Total interest income	**21,696**	19,036	**42,912**	37,130
INTEREST EXPENSE				
Note payable to CoBank	**9,155**	7,426	**18,126**	14,323
Funds held	**417**	463	**808**	897
Total interest expense	**9,572**	7,889	**18,934**	15,220
Net interest income	**12,124**	11,147	**23,978**	21,910
Reversal of/(Provision for) loan losses	**163**	(25)	**66**	503
Net interest income after provision for loan losses	**12,287**	11,122	**24,044**	22,413
NONINTEREST INCOME				
Patronage distribution from Farm Credit Institutions	**1,315**	1,253	**2,690**	2,473
Financially related services income	**64**	26	**81**	51
Loan fees	**73**	57	**140**	153
Other noninterest income	**432**	35	**492**	73
Total noninterest income	**1,884**	1,371	**3,403**	2,750
NONINTEREST EXPENSE				
Salaries and employee benefits	**2,895**	2,731	**5,771**	5,423
Occupancy and equipment	**164**	161	**366**	349
Other operating expense	**857**	869	**1,862**	1,813
Farm Credit Insurance Fund premium	**266**	435	**509**	982
Gain on sale of premises and equipment	**(21)**	(1)	**(40)**	(1)
Gain on other property owned, net	**-**	-	**(1)**	-
Total noninterest expense	**4,161**	4,195	**8,467**	8,566
Income before income taxes	**10,010**	8,298	**18,980**	16,597
Benefit/(Provision) for income taxes	**(16)**	40	**87**	46
Net income	**$ 9,994**	$ 8,338	**$ 19,067**	$ 16,643
COMPREHENSIVE INCOME				
Amortization of retirement costs	**-**	2	**-**	4
Total Comprehensive Income	**$ 9,994**	$ 8,340	**$ 19,067**	16,647

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

WESTERN AGCREDIT
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

(Unaudited)

(Dollars in thousands)

	At-Risk Equity			
	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2022	$ 1,500	$ 284,311	$ (8)	$ 285,803
Cumulative effect of change in accounting principle (Note 1)		216		216
Comprehensive income		16,643	4	16,647
Accrued member patronage		(4,846)		(4,846)
Patronage declared and accrued		(4,033)		(4,033)
Capital stock and participation certificates issued	68			68
Capital stock and participation certificates retired	(57)			(57)
Balance at June 30, 2023	$ 1,511	$ 292,291	$ (4)	$ 293,798
Balance at December 31, 2023	$ 1,527	$ 301,297	$ -	$ 302,824
Comprehensive income		**19,067**		**19,067**
Accrued member patronage		**(5,041)**		**(5,041)**
Capital stock and participation certificates issued	**54**			**54**
Capital stock and participation certificates retired	**(47)**			**(47)**
Balance at June 30, 2024	**$ 1,534**	**$ 315,323**	**$ -**	**$ 316,857**

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

WESTERN AGCREDIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited and $ amounts in thousands)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Western AgCredit, ACA and wholly-owned subsidiaries, Western AgCredit, PCA and Western AgCredit, FLCA (collectively called "the Association"), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2023 are contained in the 2023 Annual Report to Stockholders. These unaudited second quarter 2024 financial statements should be read in conjunction with the 2023 Annual Report to Stockholders.

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

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2024. Descriptions of the significant accounting policies are included in the 2023 Annual Report to Stockholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Adopted or Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information.

The amendments in this standard 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, 2025. The adoption of this guidance is not expected to have a material impact on the Associations financial condition, results of operations, or cash flows.

In November 2023, the FASB issued ASU 2023-07 - Segment Reporting: Improvements to Reportable Segment Disclosures. The standard requires a public entity to disclose, on an annual and interim basis, the following:

- significant segment expenses that are readily provided to the chief operating decision maker ("CODM") and included in segment profit or loss,
- composition and aggregate amount of other segment items, which represent the difference between profit or loss and segment revenues less significant segment expenses,
- the title and position of the CODM, and
- an explanation of how the CODM uses the reported segment measures in assessing segment performance and deciding how to allocate resources.

Even if a public entity has a single reportable segment, it is required to provide all disclosures set forth in the standard and all existing segment disclosures. The amendments in the standard are to be applied retrospectively to all prior periods presented and are effective for fiscal years beginning after December

31, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Farm Credit System is currently assessing the potential impact of this standard on its disclosures.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows:

	June 30, 2024	December 31, 2023
Real estate mortgage	$ 956,263	$ 958,888
Production & intermediate-term	273,941	283,609
Agribusiness	107,980	97,127
Rural infrastructure	32,175	30,697
Total loans	$ 1,370,359	$ 1,370,321

The Association purchases or sells participation interests with other parties to diversify risk, manage loan volume, and comply with Board Policy and Farm Credit Administration regulations.

The following table presents information regarding participations purchased and sold as of the quarter ended June 30, 2024:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 53,722	$ 82,977	$ 193,340	$ -	$ 247,062	$ 82,977
Production & intermediate-term	47,626	14,000	16,305	-	63,931	14,000
Agribusiness	71,292	24,258	31,212	-	102,504	24,258
Rural infrastructure	32,175	-	-	-	32,175	-
Total participations	$ 204,815	$ 121,235	$ 240,857	$ -	$ 445,672	$ 121,235

Credit Quality

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

The Association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default within twelve months from the date of the determination of the PD rating. The loss given default is management's estimate as to the anticipated loss on a specific loan assuming a default has occurred or will occur within the next twelve months. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. The credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The Association reviews the probability of default category at least on an annual basis, or when a credit action is taken.

Each probability of default category carries a distinct percentage of default probability. The probability of default rate between the acceptable categories is very narrow and reflects a range from almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. These categories are defined as follows:

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

The following table shows loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of June 30, 2024 and December 31, 2023:

	June 30 2024	December 31, 2023
Real estate mortgage		
Acceptable	95.18%	96.13%
OAEM	1.74%	1.66%
Substandard	3.08%	2.21%
Total	100.00%	100.00%
Production & intermediate-term		
Acceptable	96.16%	94.55%
OAEM	2.16%	1.39%
Substandard	1.68%	4.06%
Total	100.00%	100.00%
Agribusiness		
Acceptable	92.55%	91.81%
OAEM	0.00%	7.61%
Substandard	7.45%	0.58%
Total	100.00%	100.00%
Rural infrastructure		
Acceptable	100.00%	100.00%
Total	100.00%	100.00%
Total Loans		
Acceptable	95.28%	95.58%
OAEM	1.65%	1.99%
Substandard	3.07%	2.43%
Total loans	100.00%	100.00%

Accrued interest receivable on loans of $27.2 million and $24.0 million at June 30, 2024 and December 31, 2023 has been excluded from the amortized cost of loans and reported separately in the Combined Statements of Condition.

The following table reflects nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned along with related credit quality statistics:

	June 30, 2024	December 31, 2023
Nonaccrual loans:		
Real estate mortgage	$ 7,643	$ 6,403
Production & intermediate-term	1,229	3,246
Agribusiness	459	561
Total nonaccrual loans	9,331	10,210
Other property owned	2	702
Total nonperforming assets	$ 9,333	$ 10,912
Nonaccrual loans as a percentage of total loans		0.68%
Nonperforming assets as a percentage of total loans and other property owned		0.68%
Nonperforming assets as a percentage of capital		2.95%

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

	June 30, 2024			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Nonaccrual loans:					
Real estate mortgage	$ 7,643	$ -	$ 7,643	$ (65)	$ (62)
Production and intermediate-term	1,229	-	1,229	86	88
Agribusiness	459	-	459	-	-
Total nonaccrual loans	$ 9,331	$ -	$ 9,331	$ 21	$ 26

	December 31, 2023			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2023
Nonaccrual loans:					
Real estate mortgage	$ 6,403	$ -	$ 6,403	$ 4	$ 8
Production and intermediate-term	3,246	-	3,246	-	3
Agribusiness	561	-	561	-	-
Total nonaccrual loans	$ 10,210	$ -	$ 10,210	$ 4	$ 11

The following tables provide an age analysis of past due loans at amortized cost by portfolio segment as of:

June 30, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less then 30 Days Past Due	Recorded Investment in Loans Outstanding	Recorded Investment >90 days and Accruing
Real estate mortgage	$ 266	$ 222	$ 488	$ 955,775	$ 956,263	$ -
Production and intermediate-term	1,914	599	2,513	271,428	273,941	-
Agribusiness	-	-	-	107,980	107,980	-
Rural infrastructure	-	-	-	32,175	32,175	-
Total	$ 2,180	$ 821	$ 3,001	$ 1,367,358	$ 1,370,359	$ -

December 31, 2023	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less then 30 Days Past Due	Recorded Investment in Loans Outstanding	Recorded Investment >90 days and Accruing
Real estate mortgage	$ -	$ 2,514	$ 2,514	$ 956,374	$ 958,888	$ -
Production and intermediate-term	9	436	445	283,164	283,609	-
Agribusiness	-	-	-	97,127	97,127	-
Rural infrastructure	-	-	-	30,697	30,697	-
Total	$ 9	$ 2,950	$ 2,959	$ 1,367,362	$ 1,370,321	$ -

As of June 30, 2024, the Association had $7.9 million in nonaccrual loans that meet the CECL definition of collateral dependent. A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral dependent loans are primarily real estate mortgages and production and intermediate-term loans.

Loan Modifications to Borrowers Experiencing Financial Difficulties

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

	For the Three Months Ended June 30, 2024						
	Interest Rate Reduction	Term Extension	Payment Deferred	Combination - Interest Rate & Term Extension	Combination - Interest Rate & Payment Deferred	Combination - Term Extension & Payment Deferred	Percentage of Total by Loan Type
Real estate mortgage	$ -	$ -	$ 6,712	$ -	$ -	$ -	0.49%
Production & intermediate-term	-	2,346	-	75	-	-	0.18%
Total	$ -	$ 2,346	$ 6,712	$ 75	$ -	$ -	0.67%

	For the Three Months Ended June 30, 2023						
	Interest Rate Reduction	Term Extension	Deferred	Combination - Interest Rate & Term Extension	Combination - Interest Rate & Payment Deferred	Combination - Term Extension & Payment Deferred	Percentage of Total by Loan Type
Real estate mortgage	$ -	$ 3,045	$ 109	$ -	$ -	$ -	0.23%
Production & intermediate-term	-	342	-	-	-	-	0.03%
Total	$ -	$ 3,387	$ 109	$ -	$ -	$ -	0.26%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended June 30, 2024 and 2023 was $164 thousand and $785 thousand, respectively.

	For the Six Months Ended June 30, 2024						
	Interest Rate Reduction	Term Extension	Payment Deferred	Combination - Interest Rate & Term Extension	Combination - Interest Rate & Payment Deferred	Combination - Term Extension & Payment Deferred	Percentage of Total by Loan Type
Real estate mortgage	$ -	$ -	$ 7,248	$ -	$ -	$ -	0.53%
Production & intermediate-term	-	2,346	474	75	-	-	0.21%
Total	$ -	$ 2,346	$ 7,722	$ 75	$ -	$ -	0.74%

	For the Six Months Ended June 30, 2023						
	Interest Rate Reduction	Term Extension	Payment Deferred	Combination - Interest Rate & Term Extension	Combination - Interest Rate & Payment Deferred	Combination - Term Extension & Payment Deferred	Percentage of Total by Loan Type
Real estate mortgage	$ -	$ 3,902	$ 109	$ -	$ -	$ -	0.30%
Production & intermediate-term	-	371	-	-	-	-	0.03%
Total	$ -	$ 4,273	$ 109	$ -	$ -	$ -	0.33%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the six months ended June 30, 2024 and 2023 was $176 thousand and $926 thousand, respectively.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2024 and June 30, 2023:

For the three months ended June 30, 2024	Weighted average interest rate pre-modification	Weighted average interest rate post-modification	Weighted average term extensions (months)	Weighted average payments deferred (months)
Real estate mortgage	-%	-%	-	297
Production & intermediate-term	12.55%	11.90%	8	-

For the three months ended June 30, 2023	Weighted average interest rate pre-modification	Weighted average interest rate post-modification	Weighted average term extensions (months)	Weighted average payments deferred (months)
Real estate mortgage	-%	-%	-	4
Production & intermediate-term	10.30%	9.85%	12	-

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2024 and June 30, 2023:

For the six months ended June 30, 2024	Weighted average interest rate pre-modification	Weighted average interest rate post-modification	Weighted average term extensions (months)	Weighted average payments deferred (months)
Real estate mortgage	-%	-%	-	19
Production & intermediate-term	12.55%	11.90%	8	3

For the six months ended June 30, 2023	Weighted average interest rate pre-modification	Weighted average interest rate post-modification	Weighted average term extensions (months)	Weighted average payments deferred (months)
Real estate mortgage	-%	-%	-	5
Production & intermediate-term	10.30%	9.85%	11	-

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended June 30, 2024 and received a modification in the twelve months before default:

	For the Three Months Ended June 30, 2024					
	Interest Rate Reduction	Term Extension	Payment Deferred	Combination - Interest Rate & Term Extension	Combination - Interest Rate & Payment Deferred	Combination - Term Extension & Payment Deferred
Production & intermediate-term	$ -	$ 21	$ -	$ -	$ -	$ -
Total	$ -	$ 21	$ -	$ -	$ -	$ -

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2024 and received a modification in the twelve months before default:

	For the Six Months Ended June 30, 2024					
	Interest Rate Reduction	Term Extension	Payment Deferred	Combination - Interest Rate & Term Extension	Combination - Interest Rate & Payment Deferred	Combination - Term Extension & Payment Deferred
Production & intermediate-term	$ -	$ 21	$ -	$ -	$ -	$ -
Total	$ -	$ 21	$ -	$ -	$ -	$ -

The Association did not have any modified loans with borrowers experiencing financial difficulty that that received a modification on or after January 1, 2023, that date of adoption of CECL that subsequently defaulted during the three or six months ended June 30, 2023.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2024:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$ 8,342	$ -	$ -
Production & intermediate-term	3,047	-	21
Total	$ 11,389	$ -	$ 21

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2023, the date of the adoption of CECL, through June 30, 2023:

	Payment Status of Loans Modified in the Past 6 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$ -	$ -	$ 857
Production & intermediate-term	29	-	-
Total	$ 29	$ -	$ 857

At June 30, 2024, there were additional commitments to lend to borrowers of $624 thousand whose loans were modified during the six months ended June 30, 2024 and none during the year ended December 31, 2023.

Allowance for Credit Losses

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the Association's lending and leasing limit base but the Associations' boards of directors have generally established more restrictive lending limits. This limit applies to Associations with long-term and short-and intermediate-term lending authorities, and to the Banks' (other than CoBank) loan participation summary of changes in the allowance for credit losses by portfolio segment are as follows:

	Real estate mortgage	Production and intermediate-term	Agribusiness	Rural infrastructure	Total
Allowance for loan losses:					
Balance at March 31, 2024	$ 564	$ 1,039	$ 275	$ 60	$ 1,938
Chargeoffs	-	-	-	-	-
Recoveries	-	-	-	-	$ -
Provision for/(reversal of) loan losses	200	(599)	146	(9)	(262)
Balance at June 30, 2024	$ 764	$ 440	$ 421	$ 51	$ 1,676
Allowance for Unfunded Commitments:					
Balance at March 31, 2024	$ -	$ -	$ -	$ -	$ -
Provision for/(reversal of) unfunded commitments	6	46	45	3	100
Balance at June 30, 2024	$ 6	$ 46	$ 45	$ 3	$ 100
Total allowance for credit losses at June 30, 2024	$ 770	$ 486	$ 466	$ 54	$ 1,776

	Real estate mortgage	Production and intermediate-term	Agribusiness	Rural infrastructure	Total
Allowance for loan losses:					
Balance at December 31, 2023	$ 522	$ 985	$ 238	$ 53	$ 1,798
Chargeoffs	-	-	-	-	-
Recoveries	-	43	-	-	$ 43
Provision for/(reversal of) loan losses	242	(588)	183	(2)	(165)
Balance at June 30, 2024	$ 764	$ 440	$ 421	$ 51	$ 1,676
Allowance for Unfunded Commitments:					
Balance at December 31, 2023	$ -	$ -	$ -	$ -	$ -
Provision for/(reversal of) unfunded commitments	6	46	45	3	100
Balance at June 30, 2024	$ 6	$ 46	$ 45	$ 3	$ 100
Total allowance for credit losses at June 30, 2024	$ 770	$ 486	$ 466	$ 54	$ 1,776

	Real estate mortgage	Production and intermediate-term	Agribusiness	Rural infrastructure	Total
Allowance for loan losses:					
Balance at March 31, 2023	$ 494	$ 604	$ 150	$ 52	$ 1,300
Chargeoffs	-	-	-	-	-
Recoveries	-	1	-	-	$ 1
Provision for/(reversal of) loan losses	4	(25)	34	12	25
Balance at June 30, 2023	$ 498	$ 580	$ 184	$ 64	$ 1,326

	Real estate mortgage	Production and intermediate-term	Agribusiness	Rural infrastructure	Total
Allowance for loan losses:					
Balance at December 31, 2022	$ 664	$ 1,061	$ 336	$ 80	$ 2,141
Cumulative effect of change in accounting principle	115	(320)	(83)	(25)	(313)
Balance at January 1, 2023	779	741	253	55	1,828
Chargeoffs	-	-	-	-	-
Recoveries	-	1	-	-	$ 1
Provision for/(reversal of) loan losses	(281)	(162)	(69)	9	(503)
Balance at June 30, 2023	$ 498	$ 580	$ 184	$ 64	$ 1,326

NOTE 3 - CAPITAL

In accordance with the Farm Credit Act, each borrower is required to invest in capital stock (in the case of agricultural loans) or participation certificates (in the case of rural home and farm-related business loans) as a condition of borrowing. Borrowers purchase an amount of stock equal to the lesser of $1,000 or 2% of the amount borrowed at the customer level. The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made, but usually does not make a cash investment; the aggregate par value is added to the principal amount of the related loan obligation. The Association retains a first lien on the stock or participation certificates owned by borrowers. In accordance with the Farm Credit Act, such equities are unprotected and at risk.

Retirement of at-risk equities will be solely at the discretion of the Board of Directors at the lower of par or book value, and repayment of a loan cannot automatically result in retirement of the corresponding stock or participation certificates. The Board of Directors may adjust the required level of capitalization as necessary to meet the Association's long-term capital goals.

Risk adjusted assets have been defined by FCA Regulations as the Statement of Condition assets and off-balance sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Capital ratios are depicted in the table below.

	Regulatory Minimums	Capital Conservation Buffer	Total	As of June 30, 2024
Risk-adjusted:				
Common Equity tier 1 capital ratio	4.5%	2.5%	7.0%	18.51%
Tier 1 capital ratio	6.0%	2.5%	8.5%	18.51%
Total capital ratio	8.0%	2.5%	10.5%	18.63%
Permanent captial ratio	7.0%	0.0%	7.0%	18.53%
Non-risk-adjusted:				
Tier 1 leverage ratio	4.0%	1.0%	5.0%	19.93%
UREE leverage ratio	1.5%	0.0%	1.5%	20.21%

The following tables present the activity in the accumulated other comprehensive loss, net of tax by component:

	Pension and Other Benefit Plans	Accumulated Other Comprehensive Loss
Balance at March 31, 2024	$ -	$ -
Net current period comprehensive income	-	-
Balance at June 30, 2024	$ -	$ -

	Pension and Other Benefit Plans	Accumulated Other Comprehensive Loss
Balance at March 31, 2023	$ -	$ (6)
Net current period comprehensive income	-	2
Balance at June 30, 2023	$ -	$ (4)

	Pension and Other Benefit Plans	Accumulated Other Comprehensive Loss
Balance at December 31, 2023	$ -	$ -
Net current period comprehensive income	-	-
Balance at June 30, 2024	$ -	$ -

	Pension and Other Benefit Plans	Accumulated Other Comprehensive Loss
Balance at December 31, 2022	$ -	$ (8)
Net current period comprehensive income	-	4
Balance at June 30, 2023	$ -	$ (4)

NOTE 4 – FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 15 to the 2023 Annual Report for a more complete description.

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

	Total Fair Value	
	June 30, 2024	December 31, 2023
LEVEL 3 - Assets:		
Impaired loans	$ 9,331	$ 10,210
Other property owned	2	702

Valuation Techniques

As more fully discussed in Note 2 to the 2023 Annual Report to Stockholders, the FASB 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. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities measured at fair value. For a more complete description, see Notes to the 2023 Annual Report to Stockholders.

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 independent 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.

Loans Evaluated for Impairment - For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying real estate collateral since the loans are collateral-dependent. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on management's knowledge of, and judgment about, current market conditions, specific issues relating to the collateral, and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

NOTE 5 - INVESTMENT IN COBANK

The Association is required to maintain a minimum at-risk investment in CoBank stock based on a percentage of the Association's average borrowings from CoBank. The required stock investment in CoBank, which can change from time to time, is 3.00%.

The stockholder's investment in the Association is materially affected by the financial condition and results of operations of CoBank. CoBank's Second Quarter 2024 Report to Shareholders can be obtained free of charge from their website (www.cobank.com) or by contacting us at 10980 South Jordan Gateway, South Jordan, UT 84095 or by calling 800-824-9198.

NOTE 6 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 2, 2024, the date the financial statements were available to be issued. No material subsequent events were identified.

CERTIFICATION

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

LaDell Eyre
Chairman of the Board of Directors

David G. Brown
President and Chief Executive Officer

Darren Haas

Darren L. Haas
Senior Vice President and Chief Financial Officer

August 2, 2024

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