PLAINS LAND BANK, FLCA

2024
Quarterly Report
First Quarter

For the Quarter Ended March 31, 2024

REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been 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.

Kay Lynn McLaughlin, Chief Executive Officer
May 10, 2024

Walter (Rusty) Henson, Chairman, Board of Directors
May 10, 2024

Brooke Alvis, Chief Financial Officer
May 10, 2024

First Quarter 2024 Financial Report

Table of Contents

PLAINS LAND BANK, FLCA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the financial performance of Plains Land Bank, FLCA, referred to as the Association, for the quarter ended March 31, 2024. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2023 Annual Report to Stockholders.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The financial statements comprise the operations of the FLCA. The financial statements were prepared under the oversight of the Association's audit committee.

Significant Events:

In January 2024, a patronage of $9,500,000 was declared. An adjustment of $1,648 was made, and $9,498,352 was subsequently disbursed in March of 2024.

Conditions in the Texas District:

The Texas District continues to fulfill its mission to support agriculture and rural communities by providing access to reliable and consistent credit in the midst of financial and macroeconomic volatility driven by factors such as elevated interest rates and persistently high inflation. Despite the challenging operating environment, credit quality at the Texas District has remained strong. Volatility in risk ratings is likely to remain a concern in the near future due to the persistence of inflationary pressure, the relatively high cost of debt and an underlying recession risk.

The Consumer Price Index for All Urban Consumers increased by 3.5 percent for the 12-month period ending March 2024, above the long-term target of approximately 2.0 percent. However, recent inflation rates represent significant declines from the four-decade high of 9.1 percent reached in June 2022. The indexes for shelter and gasoline rose in March, contributing to over half of the monthly increase in the index for all items. Since July 2023, the Federal Open Market Committee (FOMC) has maintained the target federal funds rate within the 5.25 – 5.50 percent range. At the March 2024 FOMC meeting, the Committee stated that it does not expect it will be appropriate to reduce the target federal funds rate until it has gained greater confidence that inflation is moving sustainably toward 2.0 percent. Participants indicated that the policy rate was likely at its peak for this tightening cycle and that, if the economy evolves broadly as expected, cuts in the federal funds rate were probable during 2024. Participants were resolute in their commitment to bring inflation down to the 2.0 percent long-run objective while achieving maximum employment.

On March 28, 2024, the U.S. Bureau of Economic Analysis (BEA) released its third estimate of real gross domestic product (GDP) for the fourth quarter of 2023. U.S. real GDP increased at an annual rate of 3.4 percent during the fourth quarter of 2023, down from 4.9 percent during the previous quarter but up from 2.6 percent during the same period a year ago. The increase in real GDP during the fourth quarter primarily reflected higher levels of consumer spending, exports, and state and local government spending, among other categories. Within the Texas District, fourth quarter 2023 annualized real GDP growth rates ranged from a low of 3.0 percent in Louisiana to a high of 5.0 percent in Texas. According to the International Monetary Fund's latest World Economic Outlook report released in April 2024, U.S. real GDP growth is projected to be 2.7 percent in 2024, up from an estimated annual increase of 2.5 percent in 2023, but decelerating afterwards to 1.9 percent in 2025. Mining increased in 43 states during 2023 and was the leading contributor to growth in seven states including North Dakota and Texas, the two states with the largest annual increases in real GDP.

Data from the U.S. Bureau of Labor Statistics (BLS) indicates that the U.S. unemployment rate decreased month-over-month (MOM) to 3.8 percent in March 2024, down from 3.9 percent in February, but up from 3.5 percent during the same period a year ago. The March state unemployment rates in the Texas District ranged from a low of 3.0 percent in Alabama and Mississippi, to a high of 4.4 percent in Louisiana.

The West Texas Intermediate (WTI) crude oil futures price (front-month) decreased during the first quarter of 2024 to an average of nearly $77 per barrel from an average of approximately $79 per barrel in the fourth quarter of 2023. However, the average WTI price increased by approximately 1.2 percent (about $1 per barrel) during the first quarter of 2024 compared to the same period a year ago. Even though the average WTI price was lower during the first quarter of 2024 than the prior quarter, the WTI front-month price experienced an upward trend by the second half of March 2024, that continued over the first half of April, and its price exceeded $85 per barrel. In the April 2024 edition of the Short-Term Energy Outlook, the U.S. Energy Information Administration estimated that the monthly average WTI spot price would be nearly $84 per barrel in 2024 and $83 per barrel in 2025. The WTI spot price closed above $83 per barrel in March 2024.

On March 28, 2024, the U.S. Department of Agriculture (USDA) released its 2024 Prospective Plantings report, the first official, survey-based estimates of U.S. farmers' planting intentions in 2024. Producers intend to plant 90.0 million acres of corn in 2024, down approximately 5.0 percent from last year. Corn planting intentions are down or unchanged in 38 of the 48 estimating states. A year-over-year (YOY) decrease of 300,000 acres or more is estimated in Texas and seven other states. Soybean planted area for 2024 is intended to be 86.5 million acres, up about 3.5 percent from last year. Acreage increases of 100,000 or more are expected in Louisiana and about 11 other states. All wheat planted area for 2024 is estimated at 47.5 million acres, down about 4.2 percent from 2023. All cotton planted area was estimated at 10.7 million acres, about 4.3 percent above last year. These estimates are derived via a survey of farmers' intentions and are subject to change throughout the season.

According to USDA's April 2024 World Agricultural Supply and Demand Estimates (WASDE) report, average farm prices for corn, wheat, and soybeans are estimated to have increased by approximately 9.0 percent, 15.7 percent, and 6.8 percent, respectively, YOY during the 2022/23 marketing year, while the average farm price for upland cotton is estimated to have declined by 7.2 percent. The prices of these crops are projected to decrease during the 2023/24 season from a range of nearly 10.4 percent (cotton) to 28.1 percent (corn). Barrow/gilt, broiler, and turkey prices are estimated to have decreased by 17.7 percent, 11.5 percent, and 9.3 percent, respectively, YOY in 2023, while steer prices are estimated to have risen by an average of 21.6 percent. Steer, barrow/gilt, and broiler prices are projected to increase YOY by about 5.4 percent, 7.5 percent, and 3.7 percent, respectively in 2024, while turkey prices are projected to decline YOY by nearly 26.0 percent. USDA estimates that all-milk prices declined by 19.2 percent from an average of approximately $25.3 per hundredweight (/cwt.) in 2022 to an estimated average of $20.5/cwt. in 2023. All-milk prices are projected to increase by about 2.1 percent in 2024 .

Front-month random length lumber futures prices increased during the first quarter of 2024 by approximately 2.2 percent, leading to a YOY increase of 21.1 percent as of March 2024. Lumber prices were volatile in 2023, and this volatility will likely persist in 2024 as elevated interest rates continue to affect construction-related demand. Front-month lumber prices increased by nearly 17.0 percent YOY in 2023.

The National Weather Service (NWS) indicates that El Niño is rapidly weakening, and La Niña is favored to develop by summer and to continue through autumn 2024. The NWS seasonal outlook from April through June 2024 indicates that above normal temperatures are expected for most of the Texas District with a 33-50 percent probability. The precipitation outlook suggests that Louisiana, Mississippi and Alabama will receive above normal precipitation with 33-50 percent probability, while west Texas and most of New Mexico will likely receive below normal precipitation. The recent devastating wildfires that began on February 26, and expanded from the Texas Panhandle and into Oklahoma, caused significant damage in some local areas but are not anticipated to have a material impact on the Texas District's loan portfolio.

The World Health Organization reported that avian influenza was detected in dairy herds in Texas and Kansas in late March 2024. Similarly, the April 2024 edition of the Federal Reserve System's Beige Book reported that avian influenza has been afflicting chickens and dairy cows in the Texas Panhandle, leading to lower milk production. The extent of the impact to dairy product supply, if any, is unknown at this point, but Beige Book contacts noted that there is not a food safety issue.

Agricultural producers and processors are expected to face several risk factors during 2024, including volatile commodity prices, high input costs, export market disruptions, geopolitical challenges, and adverse weather conditions. The Texas District's loan portfolio is well-supported by industry diversification and conservative advance rates. Additionally, a high percentage of the Texas District's borrowers primarily rely on non-farm sources of income to repay their loans.

Loan Portfolio:

Total loans outstanding at March 31, 2024, including nonaccrual loans and sales contracts, were $1,049,181,955 compared to $1,030,435,964 at December 31, 2023, reflecting an increase of 1.8 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.3 percent at March 31, 2024 and December 31, 2023.

The Association recorded no recoveries and $13,746 in charge-offs for the quarter ended March 31, 2024, and no recoveries and charge-offs for the same period in 2023. The Association's allowance for credit losses on loans was 0.2 percent of total loans outstanding as of March 31, 2024, and December 31, 2023.

Risk Exposure:

Nonperforming assets include nonaccrual loans, accruing loans that are 90 days or more past due and other property owned, net. The following table illustrates the Association's components and trends of nonperforming assets.

High-Risk Assets	March 31, 2024		December 31, 2023	
	Amount	**%**	Amount	%
Nonaccrual loans	**$ 3,046,117**	**100.0%**	$ 2,781,157	100.0%
Nonperforming assets	**$ 3,046,117**	**100.0%**	$ 2,781,157	100.0%

Results of Operations:

The Association had net income of $5,466,879 for the three months ended March 31, 2024, as compared to net income of $6,059,953 for the same period in 2023, reflecting a decrease of 9.8 percent due primarily to a decrease in direct note patronage income. Net interest income was $7,278,814 for the three months ended March 31, 2024, compared to $6,888,161 for the same period in 2023.

Three Months Ended:	March 31, 2024		March 31, 2023	
	Average Balance	**Interest**	Average Balance	Interest
Loans	**$ 1,037,419,510**	**$ 16,038,645**	$ 979,666,424	$ 13,955,452
Interest-bearing liabilities	**901,670,060**	**8,759,831**	847,778,673	7,067,291
Impact of capital	**$ 135,749,450**		$ 131,887,751	
Net interest income		**$ 7,278,814**		$ 6,888,161

	2024 Average Yield	2023 Average Yield
Yield on loans	**6.22%**	5.78%
Cost of interest-bearing liabilities	**3.91%**	3.38%
Interest rate spread	**2.31%**	2.40%
Net interest income as a percentage of average earning assets	**2.82%**	2.85%

Three Months Ended: March 31, 2024 vs. March 31, 2023	Increase due to		
	Volume	**Rate**	**Total**
Interest income - loans	**$ 829,972**	**$ 1,253,221**	**$ 2,083,193**
Interest expense	**452,894**	**1,239,646**	**1,692,540**
Net interest income	**$ 377,078**	**$ 13,575**	**$ 390,653**

Interest income for the three months ended March 31, 2024, increased by $2,083,193, or 14.9 percent, from the same period of 2023, primarily due to increases in yields on earning assets and an increase in average loan volume. Interest expense for the three months ended March 31, 2024, increased by $1,692,540, or 23.9 percent, from the same period of 2023 due to an increase in interest rates and an increase in average debt volume. Average loan volume for the first quarter of 2024 was $1,037,419,510, compared to $979,666,424 in the first quarter of 2023. The average net interest rate spread on the loan portfolio for the first quarter of 2024 was 2.31 percent, compared to 2.40 percent in the first quarter of 2023.

The Association's return on average assets for the three months ended March 31, 2024, was 2.03 percent compared to 2.42 percent for the same period in 2023. The Association's return on average equity for the three months ended March 31, 2024, was 13.05 percent, compared to 15.66 percent for the same period in 2023.

Liquidity and Funding Sources:

The Association secures the majority of its lendable funds from the Farm Credit Bank of Texas (the Bank), which obtains its funds through the issuance of System-wide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

		March 31, 2024		December 31, 2023
Note payable to the Bank	**$**	**908,731,002**	$	900,789,413
Accrued interest on note payable		**3,014,488**		2,922,767
Total	**$**	**911,745,490**	$	903,712,180

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2024. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $908,731,002 as of March 31, 2024, is recorded as a liability on the Association's balance sheet. The note carried a weighted average interest rate of 3.91 percent at March 31, 2024. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by the GFA. The increase in note payable to the Bank and related accrued interest payable since December 31, 2023, is due to the Association's increase in accrual loan volume. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $139,973,946 at March 31, 2024. The maximum amount the Association may borrow from the Bank as of March 31, 2024, was $1,064,037,017 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2024, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

Capital Resources:

The Association's capital position decreased by $4,020,035 at March 31, 2024, compared to December 31, 2023. The Association's debt as a percentage of members' equity was 5.48:1 as of March 31, 2024, compared to 5.27:1 as of December 31, 2023.

Farm Credit Administration regulations require the Association to maintain minimums for various regulatory capital ratios. New regulations became effective January 1, 2017, which replaced the previously required core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The new regulations also added tier 1 leverage and unallocated retained earnings and equivalents (UREE) ratios. The permanent capital ratio continues to remain in effect, with some modifications to align with the new regulations. As of March 31, 2024, the Association exceeded all regulatory capital requirements.

Significant Recent Accounting Pronouncements:

Refer to Note 1 – "Organization and Significant Accounting Policies" in this quarterly report for disclosures of recent accounting pronouncements which may impact the Association's financial position and results of operations and for critical accounting policies.

Relationship With the Farm Credit Bank of Texas:

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2023 Annual Report of Association more fully describe the Association's relationship with the Bank.

The annual and quarterly stockholder reports of the Bank are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9204. The annual and quarterly stockholder reports for the Bank are also available on its website at *www.farmcreditbank.com.*

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Plains Land Bank, FLCA, 1616 S. Kentucky St., Suite C250, Amarillo, Texas 79102-5210 or calling (806) 331-0926. The annual and quarterly stockholder reports for the Association are also available on its website at *www.plainslandbank.com.* Copies of the Association's quarterly stockholder reports can also be requested by e-mailing *balvis@plainslandbank.com.*

PLAINS LAND BANK, FLCA

BALANCE SHEETS

		March 31, 2024 (unaudited)		December 31, 2023
ASSETS				
Cash	$	**1,192**	$	9,445
Loans		**1,049,181,955**		1,030,435,964
Less: allowance for credit losses on loans		**2,488,288**		2,463,374
Net loans		**1,046,693,667**		1,027,972,590
Accrued interest receivable		**21,227,016**		24,537,081
Investment in and receivable from the Farm Credit Bank of Texas:				
Capital stock		**20,134,871**		20,071,326
Other		**762,383**		5,246,859
Premises and equipment, net		**2,524,090**		2,322,303
Other assets		**553,941**		360,001
Total assets	$	**1,091,897,160**	$	1,080,519,605
LIABILITIES				
Note payable to the Farm Credit Bank of Texas	$	**908,731,002**	$	900,789,413
Accrued interest payable		**3,014,488**		2,922,767
Drafts outstanding		**100,081**		38,000
Other liabilities		**11,667,902**		4,365,703
Total liabilities		**923,513,473**		908,115,883
MEMBERS' EQUITY				
Capital stock and participation certificates		**2,371,340**		2,351,245
Unallocated retained earnings		**165,773,406**		169,804,879
Accumulated other comprehensive income		**238,941**		247,598
Total members' equity		**168,383,687**		172,403,722
Total liabilities and members' equity	$	**1,091,897,160**	$	1,080,519,605

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

PLAINS LAND BANK, FLCA

STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
INTEREST INCOME		
Loans	**$ 16,038,645**	$ 13,955,452
INTEREST EXPENSE		
Note payable to the Farm Credit Bank of Texas	**8,759,831**	7,067,291
Net interest income	**7,278,814**	6,888,161
PROVISION FOR (REVERSAL OF) CREDIT LOSSES	**29,556**	(156,309)
Net interest income after provision for credit losses	**7,249,258**	7,044,470
NONINTEREST INCOME		
Income from the Farm Credit Bank of Texas:		
Patronage income	**762,633**	1,581,907
Loan fees	**45,461**	43,872
Financially related services income	**1,874**	1,936
Gain on sale of premises and equipment	**-**	24,900
Other noninterest income	**162,071**	60,337
Total noninterest income	**972,039**	1,712,952
NONINTEREST EXPENSES		
Salaries and employee benefits	**1,549,596**	1,358,792
Directors' expense	**158,284**	140,666
Purchased services	**172,044**	138,167
Travel	**77,351**	55,924
Occupancy and equipment	**133,614**	178,345
Communications	**28,059**	23,571
Advertising	**106,095**	112,230
Public and member relations	**100,714**	85,350
Supervisory and exam expense	**97,280**	83,725
Insurance fund premiums	**285,041**	440,235
Other noninterest expense	**46,340**	80,464
Total noninterest expenses	**2,754,418**	2,697,469
NET INCOME	**5,466,879**	6,059,953
Other comprehensive income:		
Change in postretirement benefit plans	**(8,657)**	(11,256)
COMPREHENSIVE INCOME	**$ 5,458,222**	$ 6,048,697

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

PLAINS LAND BANK, FLCA

STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(unaudited)

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2022	$ 2,267,000	$ 159,833,480	$ 301,167	$ 162,401,647
Cumulative effect of change in accounting principle (Note 1)	-	(254,714)	-	(254,714)
Balance at January 1, 2023	2,267,000	159,578,766	301,167	162,146,933
Comprehensive income	-	6,059,953	(11,256)	6,048,697
Capital stock/participation certificates and allocated retained earnings issued	95,935	-	-	95,935
Capital stock/participation certificates and allocated retained earnings retired	(78,200)	-	-	(78,200)
Patronage refunds:				
Cash	-	(10,500,000)	-	(10,500,000)
Balance at March 31, 2023	$ 2,284,735	$ 155,138,719	$ 289,911	$ 157,713,365
Balance at December 31, 2023	$ 2,351,245	$ 169,804,879	$ 247,598	$ 172,403,722
Comprehensive income	-	5,466,879	(8,657)	5,458,222
Capital stock/participation certificates and allocated retained earnings issued	68,235	-	-	68,235
Capital stock/participation certificates and allocated retained earnings retired	(48,140)	-	-	(48,140)
Patronage refunds:				
Cash	-	(9,498,352)	-	(9,498,352)
Balance at March 31, 2024	**$ 2,371,340**	**$ 165,773,406**	**$ 238,941**	**$ 168,383,687**

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

PLAINS LAND BANK, FLCA
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Plains Land Bank, FLCA (Federal Land Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the counties of Armstrong, Briscoe, Carson, Floyd, Gray, Hale, the southwest portion of Hall, Hansford, Hemphill, Hutchinson, Lipscomb, Motley, Ochiltree, Oldham, Potter, Randall, and Roberts in the state of Texas. The Association is a lending institution of the Farm Credit System (the System), which was established by Acts of Congress to meet the needs of American agriculture.

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

In the opinion of management, the accompanying 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 and conform with GAAP, except for the inclusion of a statement of cash flows. GAAP requires a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these consolidated financial statements. These interim financial statements 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. 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 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 Association's financial condition, as the Association is not subject to income tax.

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 Association is currently assessing the potential impact of this standard on its disclosures.

The Association adopted the FASB guidance entitled "Measurement of Credit Losses on Financial Instruments" and other subsequently issued accounting standards updates related to credit losses on January 1, 2023. This guidance replaced the current incurred loss impairment methodology with a single allowance framework for financial assets carried at amortized cost and certain off-balance sheet credit exposures. This guidance requires management to consider in its estimate of the allowance for credit losses

(ACL) relevant historical events, current conditions and reasonable and supportable forecasts that affect the collectability of the assets. In addition, the guidance amends existing impairment guidance for held-to-maturity and available-for-sale investments to incorporate an allowance for credit losses related to these securities, which will allow for the reversal of credit impairments in the event that the credit of an issuer improves.

Also adopted effective January 1, 2023, was the updated guidance entitled "Financial Instruments – Credit Losses: Troubled Debt Restructurings and Vintage Disclosure." This guidance requires the creditor to determine whether a modification results in a new loan or a continuation of an existing loan, among other disclosures specific to modifications with borrowers that are experiencing financial difficulties. The update eliminated the accounting guidance for troubled debt restructurings by creditors. The update also requires disclosure of current period gross write-offs by year of origination for financing receivables and net investments in leases.

The following table presents the impact to the allowance for credit losses and retained earnings upon adoption of this guidance on January 1, 2023:

	December 31, 2022	CECL adoption impact	January 1, 2023
Assets:			
Allowance for credit losses on loans	$ 2,103,114	$ 240,474	$ 2,343,588
Liabilities:			
Allowance for credit losses on unfunded commitments	$ 96,288	$ 14,240	$ 110,528
Retained earnings:			
Unallocated retained earnings	$ 159,833,480	$ (254,714)	$ 159,578,766

Loans and Allowance for Credit Losses

Loans are generally carried at their principal amount outstanding adjusted for charge-offs, deferred loan fees or costs, and valuation adjustments relating to hedging activities. Loan origination fees and direct loan origination costs are netted and capitalized and the net fee or cost is amortized over the average life of the related loan as an adjustment to interest income. Loan prepayment fees are reported in interest income. Interest on loans is accrued and credited to interest income based on the daily principal amount outstanding.

Nonaccrual Loans

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 below. A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan shall remain contractually past due until it is modified or until the entire amount past due, including principal, accrued interest, and penalty interest incurred as the result of past due status, is collected or otherwise discharged in full.

Consistent with prior practice, 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) or charged against the allowance for credit losses (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.

Accrued Interest Receivable

The Association elected to continue classifying accrued interest on loans in accrued interest receivable and not as part of loans on the Balance Sheet. The Association 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 to Borrowers Experiencing Financial Difficulty

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 a term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Collateral Dependent Loans

Collateral dependent loans are loans secured by collateral, including but not limited to agricultural real estate, crop inventory, equipment and livestock. CECL requires the Association to measure the expected credit losses 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 is based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

Allowance for Credit Losses

Beginning January 1, 2023, the allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of financial assets measured at amortized cost and certain off-balance sheet credit exposures. The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancellable. The ACL comprises:

- the allowance for credit losses on loans (ACLL); and
- the allowance for credit losses on unfunded commitments, which is presented on the balance sheet in other liabilities.

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 ACL in those future periods.

Methodology for Allowance for Credit Losses on Loans

The ACLL represents management's estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums, discounts and fair value hedge accounting adjustments.

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

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

In estimating the components of the ACLL that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, commodity, credit quality rating, delinquency category or business segment or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating or delinquency buckets using historical life-of-loan analysis periods for loan types, and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool.

The components of the ACLL 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 multiple scenarios over a reasonable and supportable forecast period of two years. Subsequent to the forecast period, the Association reverts to long run historical loss experience beyond the two years on a straight-line basis over a one-year reversion period to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts incorporate macroeconomic variables, including U.S. unemployment rate, U.S. BBB Spread, and Dow Jones Total U.S. Stock Market Index. Also considered are loan and borrower characteristics, such as internal risk ratings, delinquency status, collateral type, and the remaining term of the loan, adjusted for expected prepayments.

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 ACLL results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral. The economic forecasts are updated on a quarterly basis.

Prior to January 1, 2023, the allowance for credit 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 numerous factors were considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition and prior loan loss experience. The allowance for credit 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. Management considered a number of factors in determining and supporting the levels of the allowances for loan losses, which included, but were not limited to, the concentration of lending in agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects and weather-related influences.

Allowance for Credit Losses on Unfunded Commitments

The Association evaluates the need for an allowance for credit losses on unfunded commitments under CECL and, if required, an amount is recognized and included in "Other liabilities" on the Balance Sheet. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Association and applying the loss factors used in the ACLL methodology to the results of the usage calculation. No allowance for credit losses is recorded for commitments that are unconditionally cancellable.

NOTE 2 — LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS:

A summary of loans follows:

Loan Type	March 31, 2024	December 31, 2023
Production agriculture:		
Real estate mortgage	**$ 916,291,008**	$ 899,151,772
Production and intermediate-term	**13,023,647**	13,077,971
Agribusiness:		
Processing and marketing	**41,586,475**	41,216,144
Farm-related business	**20,330,849**	17,487,237
Loans to cooperatives	**6,784,314**	6,027,270
Rural residential real estate	**18,995,741**	18,733,310
Energy	**14,912,943**	15,244,705
Communication	**10,100,205**	11,448,582
Agricultural export finance	**4,648,115**	4,413,502
Water and waste-water	**2,508,658**	3,635,471
Total	**$ 1,049,181,955**	$ 1,030,435,964

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at March 31, 2024:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Agribusiness	$ 48,376,844	$ -	$ -	$ -	$ 48,376,844	$ -
Real estate mortgage	12,569,177	39,871,244	6,166,927	-	18,736,104	39,871,244
Energy	14,912,943	-	-	-	14,912,943	-
Production and intermediate-term	13,023,647	-	-	-	13,023,647	-
Communication	10,100,205	-	-	-	10,100,205	-
Agricultural export finance	4,648,115	-	-	-	4,648,115	-
Water and waste-water	2,508,658	-	-	-	2,508,658	-
Total	$ 106,139,589	$ 39,871,244	$ 6,166,927	$ -	$ 112,306,516	$ 39,871,244

Credit Quality

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

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

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

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

The following table presents credit quality indicators by loan type and the related principal balance as of March 31, 2024:

March 31, 2024	Term Loans Amortized Cost by Origination Year 2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Real estate mortgage									
Acceptable	$ 40,758,241	$ 141,114,918	$ 154,442,496	$ 162,703,586	$ 142,770,260	$ 216,615,483	$ 39,691,020	$ 3,919,361	$ 902,015,365
OAEM	-	617,173	159,018	-	5,536,307	-	-	-	6,312,498
Substandard/Doubtful	-	-	1,599,397	3,613,847	610,749	1,745,167	10,108	383,877	7,963,145
	$ 40,758,241	$ 141,732,091	$ 156,200,911	$ 166,317,433	$ 148,917,316	$ 218,360,650	$ 39,701,128	$ 4,303,238	$ 916,291,008
Gross charge-offs	-	-	-	-	-	13,746	-	-	13,746
Production and intermediate-term									
Acceptable	$ -	$ -	$ 1,254,131	$ -	$ 48,865	$ 898,116	$ 10,822,535	$ -	$ 13,023,647
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ 1,254,131	$ -	$ 48,865	$ 898,116	$ 10,822,535	$ -	$ 13,023,647
Gross charge-offs	-	-	-	-	-	-	-	-	-
Agribusiness									
Acceptable	$ 532,672	$ 11,277,712	$ 19,410,480	$ 8,833,710	$ 4,582,172	$ 7,683,851	$ 13,564,005	$ -	$ 65,884,602
OAEM	-	-	1,656,229	-	607,006	-	553,801	-	2,817,036
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 532,672	$ 11,277,712	$ 21,066,709	$ 8,833,710	$ 5,189,178	$ 7,683,851	$ 14,117,806	$ -	$ 68,701,638
Gross charge-offs	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	$ 108,611	$ 2,109,275	$ 4,601,773	$ 3,840,520	$ 3,115,462	$ 4,800,774	$ -	$ -	$ 18,576,415
OAEM	-	-	-	144,518	179,341	95,467	-	-	419,326
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 108,611	$ 2,109,275	$ 4,601,773	$ 3,985,038	$ 3,294,803	$ 4,896,241	$ -	$ -	$ 18,995,741
Gross charge-offs	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	$ -	$ 1,997,711	$ -	$ -	$ -	$ 12,226,921	$ 275,387	$ -	$ 14,500,019
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	412,924	-	-	412,924
	$ -	$ 1,997,711	$ -	$ -	$ -	$ 12,639,845	$ 275,387	$ -	$ 14,912,943
Gross charge-offs	-	-	-	-	-	-	-	-	-
Communications									
Acceptable	$ -	$ 3,482,722	$ 1,457,418	$ -	$ 5,160,065	$ -	$ -	$ -	$ 10,100,205
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ 3,482,722	$ 1,457,418	$ -	$ 5,160,065	$ -	$ -	$ -	$ 10,100,205
Gross charge-offs	-	-	-	-	-	-	-	-	-
Agricultural export finance									
Acceptable	$ -	$ 4,413,626	$ -	$ -	$ -	$ -	$ 234,489	$ -	$ 4,648,115
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ 4,413,626	$ -	$ -	$ -	$ -	$ 234,489	$ -	$ 4,648,115
Gross charge-offs	-	-	-	-	-	-	-	-	-
Water and waste-water									
Acceptable	$ -	$ -	$ -	$ 1,693,925	$ -	$ -	$ 814,733	$ -	$ 2,508,658
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ 1,693,925	$ -	$ -	$ 814,733	$ -	$ 2,508,658
Gross charge-offs	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	$ 41,399,524	$ 164,395,964	$ 181,166,298	$ 177,071,741	$ 155,676,824	$ 242,225,145	$ 65,402,169	$ 3,919,361	$ 1,031,257,026
OAEM	-	617,173	1,815,247	144,518	6,322,654	95,467	553,801	-	9,548,860
Substandard/Doubtful	-	-	1,599,397	3,613,847	610,749	2,158,091	10,108	383,877	8,376,069
	$ 41,399,524	**$ 165,013,137**	**$ 184,580,942**	**$ 180,830,106**	**$ 162,610,227**	**$ 244,478,703**	**$ 65,966,078**	**$ 4,303,238**	**$ 1,049,181,955**
Total Gross charge-offs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 13,746**	**$ -**	**$ -**	**$ 13,746**

The following table presents credit quality indicators by loan type and the related principal balance as of December 31, 2023:

December 31, 2023	Term Loans Amortized Cost by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Real estate mortgage									
Acceptable	$ 145,353,100	$ 158,142,912	$ 167,621,451	$ 152,850,977	$ 56,161,778	$ 170,467,201	$ 36,967,811	$ 3,981,449	$ 891,546,679
OAEM	-	159,002	322,434	-	-	-	10,099	-	491,535
Substandard/Doubtful	-	1,496,304	3,275,926	647,505	719,465	574,834	-	399,524	7,113,558
	$ 145,353,100	$ 159,798,218	$ 171,219,811	$ 153,498,482	$ 56,881,243	$ 171,042,035	$ 36,977,910	$ 4,380,973	$ 899,151,772
Gross charge-offs for the year ended December 31, 2023	18,212	22,107	18,022	-	27,499	-	-	-	85,840
Production and intermediate-term									
Acceptable	$ -	$ 1,254,037	$ -	$ 58,502	$ -	$ 898,091	$ -	$ 10,867,341	$ 13,077,971
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ 1,254,037	$ -	$ 58,502	$ -	$ 898,091	$ -	$ 10,867,341	$ 13,077,971
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Agribusiness									
Acceptable	$ 9,012,021	$ 19,510,431	$ 8,960,508	$ 4,621,754	$ 2,050,000	$ 5,648,676	$ 12,333,031	$ -	$ 62,136,421
OAEM	-	1,493,012	-	606,903	-	-	494,315	-	2,594,230
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 9,012,021	$ 21,003,443	$ 8,960,508	$ 5,228,657	$ 2,050,000	$ 5,648,676	$ 12,827,346	$ -	$ 64,730,651
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	$ 1,753,641	$ 4,588,849	$ 3,948,231	$ 3,133,599	$ 1,139,562	$ 3,841,968	$ -	$ -	$ 18,405,850
OAEM	-	-	145,062	180,508	-	1,890	-	-	327,460
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 1,753,641	$ 4,588,849	$ 4,093,293	$ 3,314,107	$ 1,139,562	$ 3,843,858	$ -	$ -	$ 18,733,310
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	$ 1,997,561	$ -	$ -	$ -	$ -	$ 12,414,403	$ 389,114	$ -	$ 14,801,078
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	443,627	-	-	443,627
	$ 1,997,561	$ -	$ -	$ -	$ -	$ 12,858,030	$ 389,114	$ -	$ 15,244,705
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Communications									
Acceptable	$ 3,491,331	$ 1,477,236	$ -	$ 6,480,015	$ -	$ -	$ -	$ -	$ 11,448,582
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 3,491,331	$ 1,477,236	$ -	$ 6,480,015	$ -	$ -	$ -	$ -	$ 11,448,582
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Agricultural export finance									
Acceptable	$ 4,413,502	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,413,502
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 4,413,502	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,413,502
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Water and waste-water									
Acceptable	$ -	$ -	$ 1,698,002	$ -	$ -	$ -	$ 1,937,469	$ -	$ 3,635,471
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ 1,698,002	$ -	$ -	$ -	$ 1,937,469	$ -	$ 3,635,471
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	$ 166,021,156	$ 184,973,465	$ 182,228,192	$ 167,144,847	$ 59,351,340	$ 193,270,339	$ 51,627,425	$ 14,848,790	$ 1,019,465,554
OAEM	-	1,652,014	467,496	787,411	-	1,890	504,414	-	3,413,225
Substandard/Doubtful	-	1,496,304	3,275,926	647,505	719,465	1,018,461	-	399,524	7,557,185
	$ 166,021,156	$ 188,121,783	$ 185,971,614	$ 168,579,763	$ 60,070,805	$ 194,290,690	$ 52,131,839	$ 15,248,314	$ 1,030,435,964
Total Gross charge-offs for the year ended December 31, 2023	$ 18,212	$ 22,107	$ 18,022	$ -	$ 27,499	$ -	$ -	$ -	$ 85,840

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

	March 31, 2024		December 31, 2023	
Real estate mortgage				
Acceptable	**98.4**	**%**	99.1	%
OAEM	**0.7**		0.1	
Substandard/doubtful	**0.9**		0.8	
	100.0		100.0	
Production and intermediate-term				
Acceptable	**100.0**		100.0	
OAEM	**-**		-	
Substandard/doubtful	**-**		-	
	100.0		100.0	
Agribusiness				
Acceptable	**95.9**		96.0	
OAEM	**4.1**		4.0	
Substandard/doubtful	**-**			
	100.0		100.0	
Rural residential real estate				
Acceptable	**97.8**		98.3	
OAEM	**2.2**		1.7	
Substandard/doubtful	**-**		-	
	100.0		100.0	
Energy				
Acceptable	**97.2**		97.1	
OAEM	**-**		-	
Substandard/doubtful	**2.8**		2.9	
	100.0		100.0	
Communication				
Acceptable	**100.0**		100.0	
OAEM	**-**		-	
Substandard/doubtful	**-**		-	
	100.0		100.0	
Agricultural export finance				
Acceptable	**100.0**		100.0	
OAEM	**-**		-	
Substandard/doubtful	**-**		-	
	100.0		100.0	
Water and waste-water				
Acceptable	**100.0**		100.0	
OAEM	**-**		-	
Substandard/doubtful	**-**		-	
	100.0		100.0	
Total loans				
Acceptable	**98.3**		98.9	
OAEM	**0.9**		0.4	
Substandard/doubtful	**0.8**		0.7	
	100.0	%	100.0	%

Accrued interest receivable on loans of $21,227,016 and $24,537,081 at March 31, 2024 and December 31, 2023 have been excluded from the amortized cost of loans and reported separately in the Balance Sheet.

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

	March 31, 2024	December 31, 2023
Nonaccrual loans:		
Real estate mortgage	**$ 2,633,193**	$ 2,337,530
Energy	**412,924**	443,627
Total nonperforming assets	**$ 3,046,117**	$ 2,781,157
Nonaccrual loans as a percentage of total loans	**0.3%**	0.3%
Nonperforming assets as a percentage of total loans and other property owned	**0.3%**	0.3%
Nonperforming assets as a percentage of capital	**1.8%**	1.6%

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

	March 31, 2024			**Interest Income Recognized For the Three Months Ended March 31, 2024**
	Amortized Cost with Allowance	**Amortized Cost without Allowance**	**Total**	
Nonaccrual loans:				
Real estate mortgage	**$ -**	**$ 2,633,193**	**$ 2,633,193**	**$ -**
Energy	**412,924**	**-**	**412,924**	**-**
Total nonaccrual loans	**$ 412,924**	**$ 2,633,193**	**$ 3,046,117**	**$ -**

	December 31, 2023			Interest Income Recognized For the Three Months Ended March 31, 2023
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	
Nonaccrual loans:				
Real estate mortgage	$ -	$ 2,337,530	$ 2,337,530	$ -
Energy	443,627	-	443,627	-
Total nonaccrual loans	$ 443,627	$ 2,337,530	$ 2,781,157	$ -

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

March 31, 2024	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**	**Recorded Investment >90 Days and Accruing**
Real estate mortgage	**$ 12,865,713**	**$ 212,447**	**$ 13,078,160**	**$ 903,212,848**	**$ 916,291,008**	**$ -**
Production and intermediate term	**-**	**-**	**-**	**13,023,647**	**13,023,647**	**-**
Processing and marketing	**-**	**-**	**-**	**41,586,475**	**41,586,475**	**-**
Farm-related business	**-**	**-**	**-**	**20,330,849**	**20,330,849**	**-**
Loans to cooperatives	**-**	**-**	**-**	**6,784,314**	**6,784,314**	**-**
Rural residential real estate	**94,203**	**-**	**94,203**	**18,901,538**	**18,995,741**	**-**
Energy	**-**	**-**	**-**	**14,912,943**	**14,912,943**	**-**
Communication	**-**	**-**	**-**	**10,100,205**	**10,100,205**	**-**
Agricultural export finance	**-**	**-**	**-**	**4,648,115**	**4,648,115**	**-**
Water and waste-water	**-**	**-**	**-**	**2,508,658**	**2,508,658**	**-**
Total	**$ 12,959,916**	**$ 212,447**	**$ 13,172,363**	**$ 1,036,009,592**	**$ 1,049,181,955**	**$ -**

December 31, 2023	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 2,742,538	$ -	$ 2,742,538	$ 896,409,234	$ 899,151,772	$ -
Production and intermediate term	-	-	-	13,077,971	13,077,971	-
Processing and marketing	-	-	-	41,216,144	41,216,144	-
Farm-related business	-	-	-	17,487,237	17,487,237	-
Loans to cooperatives	-	-	-	6,027,270	6,027,270	-
Rural residential real estate	-	-	-	18,733,310	18,733,310	-
Energy	-	-	-	15,244,705	15,244,705	-
Communication	-	-	-	11,448,582	11,448,582	-
Agricultural export finance	-	-	-	4,413,502	4,413,502	-
Water and waste-water	-	-	-	3,635,471	3,635,471	-
Total	$ 2,742,538	$ -	$ 2,742,538	$ 1,027,693,426	$ 1,030,435,964	$ -

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 mortgage and rural residential real estate loans.

Loan Modifications to Borrowers Experiencing Financial Difficulties

There were no new loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2024 and 2023, respectively. The Association had no accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended March 31, 2024 and 2023. No loans to borrowers experiencing financial difficulties defaulted after receiving a modification on or after January 1, 2023, the date of adoption of CECL, through March 31, 2024.

The following table sets forth an aging analysis of amortized cost of loans to borrowers experiencing financial difficulties that were modified during the twelve months prior to March 31, 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	3,694,827	-	-
Total	**$ 3,694,827**	**$ -**	**$ -**

There were no additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified since the adoption of CECL.

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 percent of the Association's lending and leasing limit base but the Association's board of directors have generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment are as follows:

	Real Estate Mortgage	**Production and Intermediate Term**	**Agribusiness**	**Communications**	**Energy**	**Water and Waste Water**	**Rural Residential Real Estate**	**Agricultural Export Finance**	**Total**
Allowance for credit losses on loans:									
Balance at December 31, 2023	$ 2,153,596	$ 6,995	$ 106,660	$ 11,657	$ 128,539	$ 2,371	$ 51,833	$ 1,723	$ 2,463,374
Charge-offs	(13,746)	-	-	-	-	-	-	-	(13,746)
Recoveries	-	-	-	-	-	-	-	-	-
Provision for credit losses (Credit loss reversal)	35,098	(328)	6,002	(486)	(171)	(673)	(604)	(178)	38,660
Balance at March 31, 2024	**$ 2,174,948**	**$ 6,667**	**$ 112,662**	**$ 11,171**	**$ 128,368**	**$ 1,698**	**$ 51,229**	**$ 1,545**	**$ 2,488,288**
Allowance for credit losses on unfunded commitments:									
Balance at December 31, 2023	$ 29,335	$ 3,924	$ 58,220	$ -	$ 479	$ 1,149	$ -	$ 1,948	$ 95,055
Provision for unfunded commitments	(6,191)	(553)	(2,204)	-	18	41	-	(215)	(9,104)
Balance at March 31, 2024	**$ 23,144**	**$ 3,371**	**$ 56,016**	**$ -**	**$ 497**	**$ 1,190**	**$ -**	**$ 1,733**	**$ 85,951**
Total allowance for credit losses	**$ 2,198,092**	**$ 10,038**	**$ 168,678**	**$ 11,171**	**$ 128,865**	**$ 2,888**	**$ 51,229**	**$ 3,278**	**$ 2,574,239**

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communications	Energy	Water and Waste Water	Rural Residential Real Estate	Agricultural Export Finance	Total
Allowance for credit losses on loans:									
Balance at December 31, 2022	$ 1,529,278	$ 19,406	$ 237,504	$ 21,524	$ 253,991	$ 6,557	$ 31,616	$ 3,238	$ 2,103,114
Cumulative effect of a change in accounting principle	401,588	(15,736)	(134,133)	(15,296)	(6,039)	(4,656)	16,251	(1,505)	240,474
Balance at January 1, 2023	1,930,866	3,670	103,371	6,228	247,952	1,901	47,867	1,733	2,343,588
Charge-offs	-	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-	-
Provision for credit losses (Credit loss reversal)	(93,588)	1,464	(20,925)	(609)	244	(293)	(2,015)	(39)	(115,761)
Balance at March 31, 2023	$ 1,837,278	$ 5,134	$ 82,446	$ 5,619	$ 248,196	$ 1,608	$ 45,852	$ 1,694	$ 2,227,827
Allowance for credit losses on unfunded commitments:									
Balance at December 31, 2022	$ 10,868	$ 7,035	$ 70,498	$ -	$ 896	$ 3,175	$ -	$ 3,816	$ 96,288
Cumulative effect of a change in accounting principle	20,135	(4,587)	2,920	-	(158)	(2,660)	-	(1,410)	14,240
Balance at January 1, 2023	31,003	2,448	73,418	-	738	515	-	2,406	110,528
Provision for unfunded commitments	(451)	618	(39,422)	-	(104)	(128)	-	(1,061)	(40,548)
Balance at March 31, 2023	$ 30,552	$ 3,066	$ 33,996	$ -	$ 634	$ 387	$ -	$ 1,345	$ 69,980
Total allowance for credit losses	$ 1,867,830	$ 8,200	$ 116,442	$ 5,619	$ 248,830	$ 1,995	$ 45,852	$ 3,039	$ 2,297,807

Discussion of Changes in Allowance for Credit Losses

The allowance for credit losses (ACL) increased $15,810 to $2,574,239 at March 31, 2024, as compared to $2,558,429 at December 31, 2023. This is largely due to new loan volume.

NOTE 3 —LEASES:

The components of lease expense were as follows:

	For the Three Months Ended:	
Classification	**March 31, 2024**	March 31, 2023
Operating lease cost	**$ 31,917**	$ 23,261
Net lease cost	**$ 31,917**	$ 23,261

Other information related to leases was as follows:

	For the Three Months Ended:	
	March 31, 2024	March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 33,145**	$ 24,108
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	**$ 140,048**	$ 180,169

Lease term and discount rate are as follows:

	March 31, 2024	December 31, 2023
Weighted average remaining lease term in years		
Operating leases	**1.14**	1.39
Weighted average discount rate		
Operating leases	**3.40%**	3.33%

Future minimum lease payments under non-cancellable leases as of March 31, 2024, were as follows:

	Operating Leases
2024	$ 100,635
2025	49,154
2026	-
2027	-
Thereafter	-
Total lease payments	$ 149,789
Less: interest	2,637
Total	$ 147,152

NOTE 4 — CAPITAL:

The Association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the Association's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for credit losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of the Association's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the board.

	March 31, 2024	December 31, 2023
Capital stock and participation certificates	**$ 2,371,340**	$ 2,351,245
Accumulated other comprehensive loss	**238,941**	247,598
Retained earnings[1]	**165,773,406**	169,804,879
Total Capital	**$ 168,383,687**	$ 172,403,722

[1] Retained earnings for the year ended December 31, 2023, reflects a decrease from the cumulative effect of a change in accounting principle for CECL on January 1, 2023.

Regulatory Capitalization Requirements

Risk-adjusted:	Regulatory Minimums wih Buffer	As of March 31, 2024	As of December 31, 2023
Common equity tier 1 ratio	7.00%	13.79%	14.04%
Tier 1 capital ratio	8.50%	13.79%	14.04%
Total capital ratio	10.50%	14.03%	14.27%
Permanent capital ratio	7.00%	13.82%	14.07%
Non-risk-adjusted:			
Tier 1 leverage ratio	5.00%	13.95%	14.22%
UREE leverage ratio	1.50%	13.73%	14.00%

The details for the amounts used in the calculation of the regulatory capital ratios as of March 31, 2024 and December 31, 2023, respectively:

March 31, 2024	**Common equity tier 1 ratio**	**Tier 1 capital ratio**	**Total capital ratio**	**Permanent capital ratio**
Numerator:				
Unallocated retained earnings	**$ 165,722,000**	**$ 165,722,000**	**$ 165,722,000**	**$ 165,722,000**
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	**2,359,543**	**2,359,543**	**2,359,543**	**2,359,543**
Allowance for credit losses and reserve for credit losses subject to certain limitations	**-**	**-**	**2,558,803**	**-**
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	**(20,058,683)**	**(20,058,683)**	**(20,058,683)**	**(20,058,683)**
	$ 148,022,860	**$ 148,022,860**	**$ 150,581,663**	**$ 148,022,860**
Denominator:				
Risk-adjusted assets excluding allowance	**$ 1,093,465,744**	**$ 1,093,465,744**	**$ 1,093,465,744**	**$ 1,093,465,744**
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	**(20,058,683)**	**(20,058,683)**	**(20,058,683)**	**(20,058,683)**
Allowance for credit losses on loans	**-**	**-**	**-**	**(2,464,052)**
	$ 1,073,407,061	**$ 1,073,407,061**	**$ 1,073,407,061**	**$ 1,070,943,009**

December 31, 2023	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 165,970,388	$ 165,970,388	$ 165,970,388	$ 165,970,388
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	2,350,185	2,350,185	2,350,185	2,350,185
Allowance for credit losses and reserve for credit losses subject to certain limitations	-	-	2,482,371	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(17,892,227)	(17,892,227)	(17,892,227)	(17,892,227)
	$ 150,428,346	$ 150,428,346	$ 152,910,717	$ 150,428,346
Denominator:				
Risk-adjusted assets excluding allowance	$ 1,089,222,882	$ 1,089,222,882	$ 1,089,222,882	$ 1,089,222,882
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(17,892,227)	(17,892,227)	(17,892,227)	(17,892,227)
Allowance for credit losses on loans	-	-	-	(2,412,579)
	$ 1,071,330,655	$ 1,071,330,655	$ 1,071,330,655	$ 1,068,918,076

	March 31, 2024		December 31, 2023	
	Tier 1 leverage ratio	**UREE leverage ratio**	Tier 1 leverage ratio	UREE leverage ratio
Numerator:				
Unallocated retained earnings	**$ 165,722,000**	**$ 165,722,000**	$ 165,970,388	$ 165,970,388
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	**2,359,543**	**-**	2,350,185	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	**(20,058,683)**	**(20,058,683)**	(17,892,227)	(17,892,227)
	$ 148,022,860	**$ 145,663,317**	$ 150,428,346	$ 148,078,161
Denominator:				
Total Assets	**$ 1,081,175,350**	**$ 1,081,175,350**	$ 1,078,061,693	$ 1,078,061,693
Regulatory Adjustments and Deductions:				
Regulatory deductions included in tier 1 capital	**(20,092,578)**	**(20,092,578)**	(20,047,145)	(20,047,145)
	$ 1,061,082,772	**$ 1,061,082,772**	$ 1,058,014,548	$ 1,058,014,548

The following tables present the activity in the accumulated other comprehensive income by component:

	Accumulated Other Comprehensive Income
Balance at December 31, 2023	**$ 247,598**
Other comprehensive income before reclassifications	**(8,657)**
Net current period other comprehensive loss	**(8,657)**
Balance at March 31, 2024	**$ 238,941**

	Accumulated Other Comprehensive Income
Balance at December 31, 2022	$ 301,167
Other comprehensive income before reclassifications	(11,256)
Net current period other comprehensive loss	(11,256)
Balance at March 31, 2023	$ 289,911

NOTE 5 — 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 13 in the 2023 Annual Report to Stockholders for a more complete description.

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

March 31, 2024	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$ 286,995**	**$ 286,995**

December 31, 2023	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ 317,698	$ 317,698

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

Valuation Techniques

As more fully discussed in Note 13 to the 2023 Annual Report to Stockholders, authoritative 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 represent a brief summary of the valuation techniques used for the Association's assets and liabilities. For a more complete description, see the 2023 Annual Report to Stockholders.

Loans

Fair value is estimated by discounting the expected future cash flows using the Association's current interest rates at which similar loans would be made to borrowers with similar credit risk. The discount rates are based on the Association's current loan origination rates as well as management's estimates of credit risk. Management has no basis to determine whether the fair values presented would be indicative of the value negotiated in an actual sale and could be less.

For purposes of estimating fair value of accruing loans, the loan portfolio is segregated into pools of loans with homogeneous characteristics. Expected future cash flows, primarily based on contractual terms, and interest rates reflecting appropriate credit risk are separately determined for each individual pool.

The fair value of loans in nonaccrual status that are current as to principal and interest is estimated as described above, with appropriately higher interest rates which reflect the uncertainty of continued cash flows. For collateral-dependent impaired loans, it is assumed that collection will result only from the disposition of the underlying collateral.

Loans Evaluated for Impairment

For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying collateral since the loans are collateral-dependent loans for which real estate is the collateral. 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.

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 Payable to the Bank

The note payable to the Bank is not regularly traded; thus, quoted market prices are not available. Fair value of this instrument is discounted based on the Association's and Bank's loan rates as well as on management estimates. For the purposes of this estimate, it is assumed that the cash flow on the note is equal to the principal payments on the Association's loan receivables plus accrued interest on the note payable. This assumption implies that earnings on the Association's interest margin are used to fund operating expenses and capital expenditures. Management has no basis to determine whether the fair values would be indicative of the value negotiated in an actual sale.

NOTE 6 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs for the three months ended March 31:

	Pension Benefits	
	2024	2023
Service cost	**$ 1,116**	$ 1,036
Interest cost	**13,086**	12,139
Amortization of prior credits costs	**-**	(992)
Amortization of net actuarial gain	**(8,657)**	(10,264)
Net periodic benefit cost	**$ 5,545**	$ 1,919

The Association's liability for the unfunded accumulated obligation for these benefits at March 31, 2024, was $979,851 and is included in other liabilities on the balance sheet.

The components of net periodic benefit cost other than the service cost component are included in the line item "other noninterest expense" in the Statement of Comprehensive Income.

The structure of the District's defined benefit pension plan is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (Bank and associations). The Association recognizes its amortized annual contributions to the plan as an expense. The Association previously disclosed in its financial statements for the year ended December 31, 2023, that it expected to contribute $50,353 to the District's defined benefit pension plan in 2024. As of March 31, 2024, $50,298 of contributions have been made. The Association presently anticipates contributing an additional $150,894 to fund the defined benefit pension plan in 2024 for a total of $201,192.

NOTE 7 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Association is involved in various legal proceedings in the normal course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the Association.

NOTE 8 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through May 10, 2024, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of May 10, 2024.