ALABAMA FARM CREDIT, ACA

2025
Quarterly Report
First Quarter

For the Quarter Ended March 31, 2025

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.

/s/Mel Koller, Chief Executive Officer/President
May 7, 2025

/s/Matthew Christjohn, DVM, Chairman, Board of Directors
May 7, 2025

/s/Kedric Karkosh, Chief Financial Officer
May 7, 2025

/s/John R Adams, Chairman, Audit Committee
May 7, 2025

First Quarter 2025 Financial Report

Table of Contents

(dollars in thousands, except as noted)

The following commentary reviews the financial performance of the Alabama Farm Credit, ACA (Agricultural Credit Association), referred to as the Association, for the quarter ended March 31, 2025. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2024, 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 consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Significant Events

In January 2025, the Association approved a patronage distribution to its stockholders. The Association was able to distribute $6,154 to its members due to strong earnings during 2024. The distribution was made in April 2025.

In January 2025, the Farm Credit Bank of Texas Board approved a change to the Bank's capitalization policy. Through 2024, associations and qualifying OFIs were required to maintain an investment in the Bank equal to 2.0 percent of their average borrowings from the Bank as determined on an annual basis. Beginning in March 2025, this investment requirement was increased to 2.5 percent of their average borrowings from the Bank and will be determined on a semi-annual basis.

Loan Portfolio

Total loans outstanding at March 31, 2025, including nonaccrual loans and sales contracts, were $1,172,304 compared to $1,144,868 at December 31, 2024, reflecting an increase of 2.4 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.5 percent at March 31, 2025, compared to 0.5 percent at December 31, 2024.

The Association recorded $0 in recoveries and $7 in charge-offs for the quarter ended March 31, 2025, and $0 in recoveries and $12 in charge-offs for the same period in 2024. The Association's allowance for loan losses was 0.4 percent and 0.5 percent of total loans outstanding as of March 31, 2025, and December 31, 2024, respectively.

Risk Exposure

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned. The following table illustrates the Association's components and trends of high-risk assets.

	High-Risk Assets			
	March 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Nonaccrual	$ 5,575	93.8%	$ 5,564	84.8%
90 days past due and still accruing interest	366	6.2%	321	4.9%
Other property owned, net	-	0.0%	675	10.3%
Total	$ 5,941	100.0%	$ 6,560	100.0%

Investments

The Association's held-to-maturity investments are comprised of SBA Securities (loan pools). The principal investment is guaranteed by the United States Treasury. The investments are held for the purpose of asset diversification and risk management.

The following is a summary of investments that are held-to-maturity.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
3/31/2025	$ 44,669	$ -	$ 282	$ 44,387	4.980%
12/31/2024	29,863	-	117	29,747	5.583%
12/31/2023	-	-	-	-	-
12/31/2022	-	-	-	-	-

Results of Operations

The Association had net income of $4,632 for the three months ended March 31, 2025, as compared to net income of $3,109 for the same period in 2024, reflecting an increase of 49.0 percent. Net interest income was $7,183 for the three months ended March 31, 2025, compared to $6,820 for the same period in 2024, reflecting an increase of 5.32 percent.

	Three Months Ended			
	March 31, 2025		March 31, 2024	
	Average Balance	Interest	Average Balance	Interest
Loans	$1,153,070	$ 17,383	$1,097,581	$ 15,983
Investments	37,446	525	-	-
Total interest-earning ass	1,190,516	17,908	1,097,581	15,983
Interest-bearing liabilities	1,068,972	10,725	978,267	9,163
Impact of capital	$ 121,544		$ 119,314	
Net interest income		$ 7,183		$ 6,820

	2025	2024
	Average Yield	Average Yield
Yield on loans	6.11%	5.86%
Yield on investments	5.69%	0.00%
Total yield on interest-earning assets	6.10%	5.86%
Cost of interest-bearing liabilities	4.07%	3.77%
Interest rate spread	2.03%	2.09%
Net interest income as a percentage of average earning assets	2.45%	2.54%

	Three Months Ended March 31, 2025 vs. March 31, 2024 Increase (decrease) due to		
	Volume	Rate	Total
Interest income - loans	$ 905	$ 495	$ 1,400
Interest income - investments	-	525	525
Total interest income	905	1,020	1,925
Interest expense	897	665	1,562
Net interest income	$ 8	$ 355	$ 363

Interest income for the three months ended March 31, 2025, increased by $1,925, from the same period of 2024, 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, 2025, increased by $1,562, from the same period of 2024 due to an increase in interest rates offset by an increase in average debt volume. Average loan volume for the first quarter of 2025 was $1,153,070, compared to $1,097,581 in the first quarter of 2024. The average net interest rate spread on the loan portfolio for the first quarter of 2025 was 2.0 percent, compared to 2.1 percent in the first quarter of 2024.

The Association's return on average assets for the three months ended March 31, 2025, was 1.5 percent compared to 1.1 percent for the same period in 2024. The Association's return on average equity for the three months ended March 31, 2025, was 11.8 percent, compared to 8.5 percent for the same period in 2024.

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, 2025	December 31, 2024
Note payable to the Bank	$ 1,096,583	$ 1,057,328
Accrued interest on note payable	3,753	3,525
Total	$ 1,100,336	$ 1,060,853

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2025 The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $1,096,583 as of March 31, 2025, is recorded as a liability on the Association's balance sheet. The note carried a weighted average interest rate of 2.9 percent at March 31, 2025. The indebtedness is collateralized by a pledge of substantially all 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, 2024, is due to the Association's increase in the Association's loan portfolio as a result of the increased loan demand in its 27-county territory and an increase in capital market loans. The Association's average owned funds, which represents the amount of the Association's loan portfolio funded by the Association's equity, were $121,805 at March 31, 2025. The maximum amount the Association may borrow from the Bank as of March 31, 2025, was $1,230,000 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2025, 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.

The Association is required to maintain an investment in the Bank is in the form of Class A voting capital stock and allocated retained earnings. For 2024, the investment required of the Association was 2.00 percent of its average borrowing from the Bank, which was equalized annually. Beginning in 2025, the investment requirement of the Association increased to 2.50 percent of the average borrowings from the Bank, annualized semi-annually.

Capital Resources

The Association's capital position increased by $4,639 at March 31, 2025, compared to December 31, 2024. The Association's debt as a percentage of members' equity was 6.80:1 as of March 31, 2025, compared to 6.76:1 as of December 31, 2024.

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, 2025, 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 consolidated 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 2024 Annual Report of Association more fully describe the Association's relationship with the Bank.

The annual and quarterly stockholder reports of the Bank can be found at the Bank's 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 Alabama Farm Credit, ACA, P.O. Box 639, Cullman, Alabama 35056 or calling (256) 737-7128. The annual and quarterly stockholder reports for the Association are also available on its website at www.alabamafarmcredit.com. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing Kedric.Karkosh@AlabamaFarmCredit.com.

Alabama Farm Credit, ACA

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

ASSETS	March 31, 2025 (unaudited)	December 31, 2024
Cash	$ 9	$ 10
Investments	44,669	29,863
Loans	1,172,304	1,144,868
Less: allowance for credit losses on loans	5,154	5,132
Net loans	1,167,150	1,139,736
Accrued interest receivable	11,677	13,416
Credit Bank of Texas:		
Capital stock	26,337	19,754
Other	2,620	7,397
Other property owned, net	-	675
Premises and equipment, net	15,668	15,846
Other assets	6,134	5,376
Total assets	$ 1,274,264	$ 1,232,073
LIABILITIES		
Note payable to the Farm Credit Bank of Texas	$ 1,096,583	$ 1,057,328
Advance conditional payments	149	5
Accrued interest payable	3,753	3,525
Drafts outstanding	47	65
Dividends payable	5,982	5,981
Other liabilities	4,311	6,369
Total liabilities	$ 1,110,825	$ 1,073,273
MEMBERS' EQUITY		
Capital stock and participation certificates	$ 3,500	$ 3,492
Unallocated retained earnings	159,731	155,098
Accumulated other comprehensive income (loss)	208	210
Total members' equity	163,439	158,800
Total liabilities and members' equity	$ 1,274,264	$ 1,232,073

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

Alabama Farm Credit, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(Dollars in thousands)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
INTEREST INCOME		
Loans	$ 17,383	$ 15,983
Investments	525	-
Total interest income	17,908	15,983
INTEREST EXPENSE		
Note payable to the Farm Credit Bank of Texas	10,725	9,158
Advance conditional payments	-	5
Total interest expense	10,725	9,163
Net interest income	7,183	6,820
PROVISION FOR LOAN LOSSES	66	224
Net interest income after provision for credit losses on loans	7,117	6,596
NONINTEREST INCOME		
Income from the Farm Credit Bank of Texas:		
Patronage income	1,310	1,230
Loan fees	176	139
Financially related services income	83	120
Gain (loss) on other property owned, net	79	(15)
Gain (loss) on sale of premises and equipment, net	90	15
Other noninterest income	131	277
Total noninterest income	1,869	1,766
NONINTEREST EXPENSES		
Salaries and employee benefits	2,646	2,808
Directors' expense	130	99
Purchased services	318	885
Travel	159	169
Occupancy and equipment	419	375
Communications	91	92
Advertising	72	97
Public and member relations	165	213
Supervisory and exam expense	103	101
Insurance fund premiums	48	211
Other noninterest expense	203	203
Total noninterest expenses	4,354	5,253
Income before income taxes	4,632	3,109
Provision for (benefit from) income taxes	-	-
NET INCOME	4,632	3,109
Other comprehensive income:		
Change in postretirement benefit plans	(2)	(3)
Income tax expense related to items of other comprehensive income		
Other comprehensive income, net of tax	(2)	(3)
COMPREHENSIVE INCOME	$ 4,630	$ 3,106

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

Alabama Farm Credit, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

(Dollars in thousands)

	Capital Stock/ Participation Certificates	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2023	$ 3,435	$ 144,297	$ 292	$ 148,024
Net income		3,110		3,110
Other comprehensive income			(3)	(3)
Capital stock/participation certificates and allocated retained earnings issued	93			93
Capital stock/participation certificates and allocated retained earnings retired	(74)			(74)
Balance at March 31, 2024	$ 3,454	$ 147,407	$ 289	$ 151,150
Balance at December 31, 2024	$ 3,492	$ 155,099	$ 210	$ 158,801
Net income		4,632		4,632
Other comprehensive income			(2)	(2)
Capital stock/participation certificates and allocated retained earnings issued	121			121
Capital stock/participation certificates and allocated retained earnings retired	(113)			(113)
Balance at March 31, 2025	$ 3,500	$ 159,731	$ 208	$ 163,439

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

Unaudited (dollar amounts in thousands, except as otherwise noted)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Alabama Farm Credit, ACA (Agricultural 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 Blount, Calhoun, Cherokee, Clay, Cleburne, Colbert, Cullman, DeKalb, Etowah, Fayette, Franklin, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Madison, Marion, Marshall, Morgan, Randolph, Shelby, St. Clair, Talladega, Walker, and Winston in the state of Alabama. 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, 2024, as contained in the 2024 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, 2025. Descriptions of the significant accounting policies are included in the 2024 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 Institution’s financial condition, results of operations or cash flows but will impact the income tax disclosures.]

NOTE 2 — INVESTMENTS:

Held-to-Maturity

A summary of the amortized cost and fair value of SBA investment securities held-to-maturity is as follows:

	March 31, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
SBA Investments	$ 44,669	$ -	$ 282	$ 44,387	4.980%

	December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
SBA Investments	$ 29,863	$ -	$ 117	$ 29,747	5.583%

The following table is a summary of the contractual maturity, fair value, amortized cost and weighted average yield of investments Held-to-Maturity at March 31, 2025:

Description	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years	Total
Amoritized Cost	$ -	$ -	$ 18,110	$ 26,559	$ 44,669
Fair Value	-	-	18,006	26,381	44,387
Weighted Average Yield			4.8%	5.1%	

NOTE 3 — LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS:

A summary of loans follows:

Loan Type	March 31, 2025 Amount	December 31, 2024 Amount
Production agriculture:		
Real estate mortgage	$ 829,629	$ 813,083
Production and intermediate-term	163,904	163,582
Agribusiness:		
Loans to cooperatives	9,375	3,806
Processing and marketing	93,138	87,081
Farm-related business	29,629	29,691
Communication	10,162	10,234
Energy	4,996	4,995
Water and waste-water	9,239	9,323
Rural residential real estate	14,188	14,423
Agricultural export finance	8,044	8,650
Total	$ 1,172,304	$ 1,144,868

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, 2025:

	In District		System Entities Outside the District		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 3,809	$ 122,932	$ -	$ -	$ 3,809	$ 122,932
Production and intermediate-term	42,665	13,591	-	327	42,665	13,918
Agribusiness	71,716	18,674	17,524	1,113	89,240	19,787
Communication	7,732	-	2,430	-	10,162	-
Energy	4,996	-	-	-	4,996	-
Water and waste-water	9,239	-	-	-	9,239	-
Rural residential real estate	-	1,068	-	-	-	1,068
Agricultural export finance	8,044	-	-	-	8,044	-
Total	$ 148,201	$ 156,265	$ 19,954	$ 1,440	$ 168,155	$ 157,705

The Association is authorized under the Farm Credit Act to accept "advance conditional payments" (ACPs) from borrowers. To the extent the borrower's access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in other liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. Balances of ACPs were $149 and $5 at March 31, 2025, and December 31, 2024, respectively.

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The Association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, institutions 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 shows the amortized cost of loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of March 31, 2025, and December 31, 2024:

	March 31, 2025	December 31, 2024
Real estate mortgage		
Acceptable	97.0%	97.3%
OAEM	1.5%	1.3%
Substandard/doubtful	1.5%	1.4%
	100.0%	100.0%
Production and intermediate-term		
Acceptable	98.8%	99.2%
OAEM	0.8%	0.5%
Substandard/doubtful	0.4%	0.3%
	100.0%	100.0%
Agribusiness		
Acceptable	96.5%	94.8%
OAEM	2.6%	3.7%
Substandard/doubtful	1.0%	1.5%
	100.0%	100.0%
Energy and water/waste-water		
Acceptable	100.0%	100.0%
OAEM	0.0%	0.0%
Substandard/doubtful	0.0%	0.0%
	100.0%	100.0%
Communication		
Acceptable	100.0%	100.0%
OAEM	0.0%	0.0%
Substandard/doubtful	0.0%	0.0%
	100.0%	100.0%
Rural residential real estate		
Acceptable	93.9%	95.8%
OAEM	3.3%	2.1%
Substandard/doubtful	2.8%	2.1%
	100.0%	100.0%
Agricultural export finance		
Acceptable	100.0%	100.0%
OAEM	0.0%	0.0%
Substandard/doubtful	0.0%	0.0%
	100.0%	100.0%
Total loans		
Acceptable	96.6%	97.5%
OAEM	2.0%	1.3%
Substandard/doubtful	1.4%	1.2%
	100.0%	100.0%

Accrued interest receivable on loans of $1,172,304 and $1,144,868 at March 31, 2025, and December 31, 2024, have been excluded from the amortized cost of loans and reported separately in the Balance Sheet. The Association had accrued interest receivable of $11,677 and $13,416 at March 31, 2025, and December 31, 2024.

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, 2025	December 31, 2024
Nonaccrual loans:		
Real estate mortgage	$ 4,157	$ 4,174
Production and intermediate-term	115	28
Agribusiness	1,270	1,328
Rural residential real estate	33	34
Total nonaccrual loans	5,575	5,564
Accruing loans 90 days or more past due:		
Real estate mortgage	296	-
Production and intermediate-term	60	322
Total accruing loans 90 days or more past due	356	322
Other property owned	-	675
Total nonperforming assets	$ 5,931	$ 6,561
Nonaccrual loans as a percentage of total loans	0.48%	0.49%
Nonperforming assets as a percentage of total loans and other property owned	0.51%	0.57%
Nonperforming assets as a percentage of capital	3.63%	4.13%

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

	March 31, 2025			Interest Income Recognized
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended March 31, 2025
Nonaccrual loans:				
Real estate mortgage	$ -	$ 4,157	$ 4,157	$ 10
Production and intermediate-term	30	85	115	1
Agribusiness	1,270	-	1,270	-
Rural residential real estate	-	33	33	-
Total nonaccrual loans	$ 1,300	$ 4,275	$ 5,575	$ 11

	December 31, 2024			Interest Income Recognized
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Twelve Months Ended December 31, 2024
Nonaccrual loans:				
Real estate mortgage	$ 1,894	$ 2,280	$ 4,174	$ 71
Production and intermediate-term	28	-	28	6
Agribusiness	1,328	-	1,328	
Rural residential real estate	-	34	34	-
Total nonaccrual loans	$ 3,250	$ 2,314	$ 5,564	$ 77

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

March 31, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Less Than Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 3,929	$ 1,027	$ 4,956	$ 824,673	$ 829,629	$ 302
Production and intermediate term	1,058	179	1,237	162,667	163,904	64
Loans to cooperatives	-	-	-	9,375	9,375	-
Processing and marketing	-	1,270	1,270	91,868	93,138	-
Farm-related business	-	-	-	29,629	29,629	-
Communication	-	-	-	10,162	10,162	-
Energy	-	-	-	4,996	4,996	-
Water and waste-water	-	-	-	9,239	9,239	-
Rural residential real estate	283	-	283	13,905	14,188	-
Agricultural export finance	-	-	-	8,044	8,044	-
Total	$ 5,270	$ 2,476	$ 7,746	$ 1,164,558	$ 1,172,304	$ 366

December 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	$ 10,949	$ 970	$ 11,919	$ 801,144	$ 813,063	$ -
Production and intermediate term	2,435	367	2,802	160,780	163,582	322
Loans to cooperatives	-	-	-	3,806	3,806	-
Processing and marketing	-	1,327	1,327	85,754	87,081	-
Farm-related business	1,311	-	1,311	28,380	29,691	-
Communication	-	-	-	10,234	10,234	-
Energy	-	-	-	4,995	4,995	-
Water and waste-water	-	-	-	9,323	9,323	-
Rural residential real estate	497	-	497	13,926	14,423	-
Agricultural export finance	-	-	-	8,650	8,650	-
Total	$ 15,192	$ 2,664	$ 17,856	$ 1,126,992	$ 1,144,848	$ 322

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

For loan modifications granted to borrowers during 2025, the following table shows the amortized cost basis of the outstanding balances reflected in our balance sheet as of March 31, 2025, disaggregated by loan type and type of modification granted.

	Modified Loans that Subsequently Defaulted During the Three Months Ended March 31, 2025									
					Combination					
	Interest Rate Reduction	Term Extension	Payment Deferral	Principal Forgivnes s	Interest Rate & Term Extension	Interest Rate & Payment Deferral	Interest Rate & Principal Forgiveness	Term Extension & Principal Forgiveness	Term Extension & Payment Deferral	Extension & Principal Forgivnes
Real estate mortgage	$ -	$ 1,054	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production and intermediate-te	-	-	-	-	-	-	-	-	-	-
Agribusiness	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-	-
Energy and Water/waste dispo	-	-	-	-	-	-	-	-	-	-
Rural residential real estate	-	-	-	-	-	-	-	-	-	-
International	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ 1,054	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) Excludes loans that were modified during the period but were paid off, sold or charged-off prior to period end.

For loan modifications granted to borrowers during 2024, the following table shows the amortized cost basis of the outstanding balances reflected in our balance sheet as of March 31, 2024, disaggregated by loan type and type of modification granted.

	Modified Loans that Subsequently Defaulted During the Three Months Ended March 31, 2024									
					Combination					
	Interest Rate Reduction	Term Extension	Payment Deferral	Principal Forgivness	Interest Rate & Term Extension	Interest Rate & Payment Deferral	Interest Rate & Principal Forgiveness	Term Extension & Principal Forgiveness	Term Extension & Payment Deferral	Payment Extension & Principal Forgivness
Real estate mortgage	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production and intermediate-term	-	-	-	-	-	-	-	-	-	-
Agribusiness	-	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-	-
Energy and Water/waste disposal	-	-	-	-	-	-	-	-	-	-
Rural residential real estate	-	-	-	-	-	-	-	-	-	-
International	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) Excludes loans that were modified during the period but were paid off, sold or charged-off prior to December 31, 2024.

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended March 31, 2025, and 2024 was $35 thousand and $0, respectively.

The following tables describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2025 and 2024:

	Financial Effect
	For the Three Months Ended March 31, 2025
	Interest Rate Reduction
Real estate mortgage	-
Agribusiness	-
	Term Extension
Real estate mortgage	1,054
Rural residential real estate	-
	Payment Deferral
Real estate mortgage	-
Rural residential real estate	-
	Principal Forgiveness
Real estate mortgage	-
Production and intermediate-term	-
	Combination - Interest Rate Reduction and Term Extension
Real estate mortgage	-
Agribusiness	-
	Combination - Interest Rate Reduction and Payment Deferral
Real estate mortgage	-
Agribusiness	-
	Combination – Interest Rate Reduction and Principal Forgiveness
Real estate mortgage	-
Production and intermediate-term	-
	Combination – Term Extension and Principal Forgiveness
Real estate mortgage	-
Agribusiness	-
	Combination – Term Extension and Payment Deferral
Real estate mortgage	-
Agribusiness	-
	Combination – Payment Deferral and Principal Forgiveness
Real estate mortgage	-
Agribusiness	-

	Financial Effect For the Three Months Ended March 31, 2024
	Interest Rate Reduction
Real estate mortgage	-
Agribusiness	-
	Term Extension
Real estate mortgage	-
Rural residential real estate	-
	Payment Deferral
Real estate mortgage	-
Rural residential real estate	-
	Principal Forgiveness
Real estate mortgage	-
Production and intermediate-term	-
	Combination - Interest Rate Reduction and Term Extension
Real estate mortgage	-
Agribusiness	-
	Combination - Interest Rate Reduction and Payment Deferral
Real estate mortgage	-
Agribusiness	-
	Combination – Interest Rate Reduction and Principal Forgiveness
Real estate mortgage	-
Production and intermediate-term	-
	Combination – Term Extension and Principal Forgiveness
Real estate mortgage	-
Agribusiness	-
	Combination – Term Extension and Payment Deferral
Real estate mortgage	-
Agribusiness	-
	Combination – Payment Deferral and Principal Forgiveness
Real estate mortgage	-
Agribusiness	-

The following table sets forth an aging analysis at March 31, 2025 of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2025:

	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	$ 1,054	$ -	$ -
Production and intermediate-term	-	-	-
Agribusiness	-	-	-
Communication	-	-	-
Energy and Water/waste disposal	-	-	-
Rural residential real estate	-	-	-
International	-	-	-
Total	$ 1,054	$ -	$ -

The following table sets forth an aging analysis at March 31, 2024, of loans to borrowers experiencing financial difficulty 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	$ 1,585	$ -	$ -
Production and intermediate-term	-	-	-
Agribusiness	-	-	-
Communication	-	-	-
Energy and Water/waste disposal	-	-	-
Rural residential real estate	-	-	-
International	-	-	-
Total	$ 1,585	$ -	$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the three months ended March 31, 2025, were $0 and $0 at December 31, 2024.

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 boards 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	Agri-business	Communications	Energy and Water/Waste Disposal	Rural Residential Real Estate	International	Total
Allowance for credit losses on loans:								
Balance at December 31, 2024	$ (2,870)	$ (304)	$ (1,822)	$ (15)	$ (15)	$ (59)	$ (14)	$ (5,099)
Charge-offs	(6)	(1)	-	-	-	-	-	(7)
Recoveries	-	-	-	-	-	-	-	-
Provision for credit losses (credit loss reversal)	75	(29)	15	(47)	-	(16)	1	(1)
Merger adjustment1	-	-	-	-	-	-	-	-
Balance at March 31, 2025	$ (2,801)	$ (334)	$ (1,807)	$ (62)	$ (15)	$ (75)	$ (13)	$ (5,107)
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2024	$ (4)	$ (306)	$ (85)	$ (1)	$ (1)	$ -	$ (3)	$ (400)
Provision for unfunded commitments	(1)	(36)	1	(1)	-	-	1	(36)
Balance at March 31, 2025	$ (5)	$ (342)	$ (84)	$ (2)	$ (1)	$ -	$ (2)	$ (436)

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communications	Energy and Water/Waste Disposal	Rural Residential Real Estate	International	Total
Allowance for credit losses on loans:								
Balance at December 31, 2023	$ (2,627)	$ (251)	$ (300)	$ (8)	$ (19)	$ (56)	$ (7)	$ (3,268)
Charge-offs	9	2	-	-	-	-	-	11
Recoveries	-	-	-	-	-	-	-	-
Provision for loan losses (credit loss reversal)	(167)	(50)	(23)	1	1	1	1	(236)
Merger adjustment1	-	-	-	-	-	-	-	-
Balance at March 31, 2024	$ (2,785)	$ (299)	$ (323)	$ (7)	$ (18)	$ (55)	$ (6)	$ (3,493)
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2023	$ (1)	$ (300)	$ (97)	$ -	$ (1)	$ -	$ (5)	$ (404)
Provision for unfunded commitments	1	11	1	-	-	-	1	14
Balance at March 31, 2024	$ -	$ (289)	$ (96)	$ -	$ (1)	$ -	$ (4)	$ (390)

Discussion of Changes in Allowance for Credit Losses

The ACL increased $22 thousand to $5,154 at March 31, 2025, as compared to $5,132 at December 31, 2024.

The Association's macroeconomic forecasts include a weighted average selection of a third-party vendor's economic scenarios over a reasonable and supportable forecast period. The economic scenarios utilized in the March 31, 2024, estimate for the allowance for credit losses were based on the following: a baseline scenario, which represents a relatively stable economic environment; a downside scenario reflecting an economic recession during the forecast period; and an upside scenario that considers the potential for economic improvement relative to the baseline scenario. The economic forecast incorporates macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

NOTE 4 —LEASES:

The components of right of use assets were as follows:

		For the Three Months Ended	
Lease Type	Classification	March 31, 2025	March 31, 2024
Operating lease	Operating lease right of use asset: Building	$ 202	$ -
Operating lease	Operating lease right of use asset: Other	143	-
Total lease assets		$ 345	$ -
Operating lease	Operating lease right of use liability: Building	$ 204	$ -
Operating Lease	Operating lease right of use liability: Other	146	-
Total Lease assets		$ 350	$ -

The components of lease expense associated with right of use assets are as follows:

Lease Type	Income Statement Classification	As of March 31 2025	2024
Operating lease	Operating lease right of use lease expense		
	Building	$ 40	$ -
	Other	50	-

Future minimum lease payments under non-cancellable leases are as follows:

	Operating Leases
2025	$ 81
2026	121
2027	76
2028	54
2029	18
Thereafter	-
Total lease payments	$ 350

NOTE 5 — 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 losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an 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.

Regulatory Capitalization Requirements

Risk-adjusted:	Regulatory Minimums with Buffer	As of March 31, 2025
Common equity tier 1 ratio	7.50%	11.71%
Tier 1 capital ratio	9.00%	11.71%
Total capital ratio	11.00%	12.19%
Permanent capital ratio	7.00%	11.76%
Non-risk-adjusted:		
Tier 1 leverage ratio	5.40%	11.08%
UREE leverage ratio	2.00%	10.79%

The details for the amounts used in the calculation of the regulatory capital ratios as of March 31, 2025:

	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 157,016	$ 157,016	$ 157,016	$ 157,016
Paid-in capital	-	-	-	-
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	3,485	3,485	3,485	3,485
Allowance for loan losses and reserve for credit losses subject to certain limitations			5,564	
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(22,664)	(22,664)	(22,664)	(22,664)
Other regulatory required deductions	(3,000)	(3,000)	(3,000)	(3,000)
	$ 134,837	$ 134,837	$ 140,401	$ 134,837
Denominator:				
Risk-adjusted assets excluding allowance	$ 1,177,597	$ 1,177,597	$ 1,177,597	$ 1,177,597
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(25,664)	(25,664)	(25,664)	(25,664)
Allowance for loan losses				(5,164)
	$ 1,151,933	$ 1,151,933	$ 1,151,933	$ 1,146,769

	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	$ 157,016	$ 157,016
Paid-in capital	-	-
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	3,485	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(22,664)	(22,664)
Other regulatory required deductions	(3,000)	(3,000)
	$ 134,837	$ 131,352
Denominator:		
Total Assets	$ 1,243,065	$ 1,243,065
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(26,104)	(26,104)
	$ 1,216,961	$ 1,216,961

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

	March 31, 2025	December 31, 2024
Preferred stock	$ -	$ -
Capital stock and participation certificates	3,500	3,492
Additional paid-in-capital	-	-
Accumulated other comprehensive loss	208	210
Retained earnings1	159,731	155,098
Total Capital	$ 163,439	$ 158,800

	2025	2024
Accumulated other comprehensive income(loss) at January 1	$ 210	$ 292
Amortization of actuarial (gain)loss included in salaries and employee benefits	(2)	(3)
Accumulated other comprehensive income(loss) at March 31	$ 208	$ 289

NOTE 6 — 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 in the 2024 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, 2025	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	$ -	$ -	$ 19	$ 19
Other property owned	-	-	-	-

December 31, 2024	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	$ -	$ -	$ 1,763	$ 1,763
Other property owned	-	-	675	675

- Represents the fair value of certain loans that were evaluated for impairment under the authoritative guidance "Accounting by Creditors for Impairment of a Loan." The fair value was based upon the underlying collateral since these were collateral-dependent loans for which real estate is the collateral.

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the consolidated balance sheets for each of the fair value hierarchy values are summarized as follows:

	March 31, 2025				
		Fair Value Measurement Using			
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$ 9	$ 9	$ -	$ -	$ 9
Investments held-to-maturity	44,669		44,387		44,387
Net loans	1,167,150			1,110,927	1,110,927
Total Assets	$ 1,211,828	$ 9	$ 44,387	$ 1,110,927	$ 1,155,323
Liabilities:					
Note payable to Bank	$ 1,096,583	$ -	$ -	$ 1,043,950	$ 1,043,950
Total Liabilities	$ 1,096,583	$ -	$ -	$ 1,043,950	$ 1,043,950

	December 31, 2024				
		Fair Value Measurement Using			
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$ 10	$ 10	$ -	$ -	$ 10
Investments held-to-maturity	29,863	-	29,747	-	29,863
Net loans	1,139,736	-	-	1,083,166	1,083,166
Total Assets	$ 1,169,609	$ 10	$ 29,747	$ 1,083,166	$ 1,113,039
Liabilities:					
Note payable to Bank	$ 1,057,328	$ -	$ -	$ 1,006,567	$ 1,006,567
Total Liabilities	$ 1,057,328	$ -	$ -	$ 1,006,567	$ 1,006,567

Uncertainty of Fair Value Measurements

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the significant unobservable inputs used in the fair value measurement of the mortgage-backed securities are prepayment rates, probability of default and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would have resulted in a significantly lower (higher) fair value measurement.

Generally, a change in the assumption used for the probability of default would have been accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Quoted market prices are generally not available for the instruments presented below. Accordingly, fair values are based on internal models that consider judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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 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 15 to the 2024 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 2024 Annual Report to Stockholders.

Standby Letters of Credit

The fair value of letters of credit approximates the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

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 the other property owned involves the use of independent appraisals and other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. As a result, these fair value measurements fall within Level 3 of the hierarchy.

Cash

For cash, the carrying amount is a reasonable estimate of fair value.

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.

Commitments to Extend Credit

The fair value of commitments is estimated using the fees currently charged for similar agreements, taking into account the remaining terms of the agreements and the creditworthiness of the counterparties. For fixed-rate loan commitments, estimated fair value also considers the difference between current levels of interest rates and the committed rates.

NOTE 7 — EMPLOYEE BENEFIT PLANS:

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

	Other Benefits	
Three months ended March 31:	2025	2024
Service cost	$ 7	$ 7
Interest cost	24	23
Expected return on plan assets	-	-
Amortization of prior service (credits) costs	(2)	(2)
Amortization of net actuarial (gain) loss	-	(1)
Net periodic benefit cost	$ 29	$ 27

The Association's liability for the unfunded accumulated obligation for these benefits at March 31, 2025, was $1,848 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 components of net periodic postretirement benefit cost" in the income statement.

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, 2024, that it expected to contribute $115 thousand to the district's defined benefit pension plan in 2025. As of March 31, 2025, $29 thousand of contributions have been made. The Association presently anticipates contributing an additional $87 thousand to fund the defined benefit pension plan in 2025 for a total of $115 thousand.

NOTE 8 — 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 9 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through May 7, 2025, which is the date the financial statements were issued. There are no other significant events requiring disclosure.