LOUISIANA LAND BANK, ACA

2024
Quarterly Report
Second Quarter

For the Quarter Ended
June 30, 2024

REPORT OF MANAGEMENT

The consolidated financial statements of Louisiana Land Bank, ACA (Association) are prepared by management, who is responsible for the statements' integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America appropriate in the circumstances. Other financial information included in the quarterly report is consistent with that in the consolidated financial statements and there are no significant changes in the Association's internal controls or in other factors that could significantly affect such controls during the year.

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.

F. Stephen Austin, Chief Executive Officer

August 9, 2024

Cullen M. Kovac, Chairman, Board of Directors

August 9, 2024

Christopher E. Bentley, Chief Financial Officer

August 9, 2024

Second Quarter 2024 Financial Report

Table of Contents

LOUISIANA LAND BANK, ACA
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following commentary reviews the financial performance of Louisiana Land Bank, ACA, referred to as the Association, for the quarter ended June 30, 2024. These comments should be read in conjunction with the accompanying consolidated 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 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 March 2024, the Association's Board of Directors (Board) paid a patronage of $8,832,006 to the eligible stockholders from 2023's earnings. The patronage is in the form of a qualified patronage distribution.

Mr. Edward W. Patrick, Jr. retired from the Association's Board of Directors on June 25th of this year after 30 years of service for the Association. Mr. Patrick is a past Board Chairman and served the delta row crop region out of the Tallulah, Louisiana market. The Board of Directors held an election in July of this year and a replacement for Mr. Patrick has been finalized; effective July 29, 2024, Mr. Wade H. Condrey will replace Mr. Patrick on the Board of Directors for the Association.

Mr. Cullen M. Kovac and Mr. Robert "Bobby" Hanks, both incumbents, won their respective elections in July and will begin new terms at the July Board of Directors meeting.

Conditions in the Association's Chartered Territory

The Association holds a Federal charter to operate in each of Louisiana's 64 parishes with corporate headquarters located in Monroe, Louisiana.

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

According to the U.S. Bureau of Labor Statistics (BLS), the Consumer Price Index for All Urban Consumers (CPI) increased by 3.0 percent for the 12-month period ending June 2024, remaining above the Federal Reserve's long-term target of approximately 2.0 percent. However, the rate of increase in the CPI decreased month-over-month (MOM) from 3.3 percent, remaining unchanged from the same period a year ago.

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 June 2024 meeting, the FOMC 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 were resolute in their commitment to bring inflation down to the 2.0 percent long-run objective while achieving maximum employment.

On June 27, 2024, the U.S. Bureau of Economic Analysis (BEA) released its third estimate of real gross domestic product (GDP) for the first quarter of 2024. U.S. real GDP increased at an annual rate of 1.4 percent, down from 3.4 percent during the previous quarter and down from 2.2 percent during the same period a year ago. The increase in real GDP during the first quarter of 2024 primarily reflected increases in consumer spending, housing investment, business investment and state and local government spending that were partly offset by a decrease in inventory investment.

For the first quarter 2024, the annualized real GDP growth rate was -0.2 percent in Louisiana. 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.

Data from the BLS indicates that the U.S. unemployment rate increased MOM to 4.1 percent in June 2024, up from 4.0 percent in May and up from 3.6 percent during the same period a year ago. The May state unemployment rate was 4.1 percent in Louisiana. In the July 2024 edition of the Short-Term Energy Outlook (STEO), the U.S. Energy Information Administration (EIA) estimated that the monthly average WTI spot price would be nearly $82 per barrel in 2024 and $84 per barrel in 2025, lower than the estimates provided a quarter ago. The WTI spot price closed above $81 per barrel in June 2024.

On June 28, 2024, the U.S. Department of Agriculture (USDA) released its 2024 Acreage report. This annual report states that farmers are estimated to plant 91.5 million acres of corn in 2024, down approximately 3.3 percent from last year but up about 1.4 million acres (1.6 percent) from the estimate provided in the March 2024 Prospective Plantings report. Soybean planted area for 2024 is estimated at 86.1 million acres, up 3.0 percent from last year but down from the estimate provided in the March Prospective Plantings report. All wheat planted area for 2024 is estimated at 47.2 million acres, down about 4.7 percent from 2023. All cotton planted area was estimated at 11.7 million acres, about 14.1 percent above last year and up about 1.0 million acres (9.3 percent) from the March Prospective Plantings report. Overall, estimates from the June 2024 Acreage report indicate that farmers are planting more corn and cotton and fewer soybean and wheat acres than USDA projected in the March 2024 Prospective Plantings report. These estimates are derived via a survey conducted from May 30 to June 16 and are subject to change throughout the season.

According to USDA's July 2024 World Agricultural Supply and Demand Estimates (WASDE) report, average farm prices for corn, soybeans, wheat and cotton are estimated to have decreased during the 2023/24 season from a range of nearly 10.4 percent (cotton) to 28.9 percent (corn). Additionally, the prices of corn, soybeans, wheat and cotton are projected to continue to decrease but at a generally slower pace during the 2024/25 season. Projected declines range from about 7.5 percent for corn to 18.1 percent for wheat.

According to a report issued in June 2024 by the Climate Prediction Center from the National Weather Service (NWS), La Niña is favored to develop with a 65 percent chance during July through September and to continue into winter 2024-25 (85 percent chance). In terms of the precipitation outlook, Louisiana is expected to receive above normal precipitation.

Hurricane season for 2024 is June 2nd through November 30th. On July 3, 2024, Governor Jeff Landry announced that Jay Grymes is the new state climatologist. Mr. Grymes stated that Louisiana would be spared from the threat of Hurricane Beryl, "but this is going to be a very active season".

Hurricane Beryl hit the Texas Gulf Coast, a major hub for the U.S. energy industry, on July 8. EIA's STEO report released on July 9 stated that they will continue to monitor the effects of Hurricane Beryl on critical energy infrastructure and will communicate important information in subsequent reports. Hurricane Beryl traveled up through East Texas, impacting crops, homes and agricultural infrastructure in its path. However, it is too early to know the magnitude of the impact.

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.

Loan Portfolio:

Total loans outstanding at June 30, 2024, including nonaccrual loans and sales contracts, were $1,030,974,882 compared to $1,018,766,777 at December 31, 2023, reflecting an increase of 1.2 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.3 percent at June 30, 2024, compared to 0.6 percent at December 31, 2023.

The Association recorded no recoveries and $73,722 in charge-offs for the quarter ended June 30, 2024, and no recoveries and charge-offs for the same period in 2023. The Association's allowance for credit losses on loans was 0.3 percent of total loans outstanding as of June 30, 2024, and December 31, 2023.

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.

	June 30, 2024		December 31, 2023	
	Amount	%	Amount	%
Nonaccrual	$ 2,871,214	96.5%	$ 6,508,350	100.0%
90 days past due and still accruing interest	-	0.0%	-	0.0%
Other property owned, net	104,690	3.5%	-	0.0%
Total	$ 2,975,904	100.0%	$ 6,508,350	100.0%

Results of Operations

The Association had net income of $5,160,235 and $9,428,913 for the three and six months ended June 30, 2024, as compared to net income of $4,958,975 and $9,574,612 for the same periods in 2023, reflecting an increase of 4.1 and decrease of 1.5 percent. Net interest income was $7,152,038 and $14,534,398 for the three and six months ended June 30, 2024, compared to $7,014,408 and $14,151,566 for the same period in 2023.

	Six Months Ended:			
	June 30, 2024		June 30, 2023	
	Average Balance	Interest	Average Balance	Interest
Loans	$ 1,016,383,213	$ 28,766,867	$ 1,017,087,000	$ 26,561,875
Interest-bearing liabilities	841,274,056	14,232,469	847,890,298	12,410,309
Impact of capital	$ 175,109,157		$ 169,196,702	
Net interest income		$ 14,534,398		$ 14,151,566

	2024 Average Yield	2023 Average Yield
Yield on loans	5.69%	5.27%
Cost of interest-bearing liabilities	3.40%	2.95%
Interest rate spread	2.29%	2.32%
Net interest income as a percentage of average earning assets	2.88%	2.81%

	Six Months Ended: June 30, 2024 vs. June 30, 2023		
	Increase (decrease) due to		
	Volume	Rate	Total
Interest income - loans	$ (18,431)	$ 2,223,423	$ 2,204,992
Interest expense	(97,109)	1,919,269	1,822,160
Net interest income	$ 78,678	$ 304,154	$ 382,832

Interest income for the three and six months ended June 30, 2024, increased by $990,825 and $2,204,992, or 7.4 percent and 8.3 percent, from the same period of 2023, primarily due to increases in yields on earning assets offset by a decrease in average loan volume. Interest expense for the three and six months ended June 30, 2024, increased by $853,195 and $1,822,160, or 13.3 percent and 14.7 percent, from the same period of 2023 due to an increase in interest rates offset by a decrease in average debt volume. Average loan volume for the second quarter of 2024 was $1,016,383,213, compared to $1,017,087,000 in the second quarter of 2023. The average net interest rate spread on the loan portfolio for the second quarter of 2024 was 2.29 percent, compared to 2.32 percent in the second quarter of 2023.

The Association's return on average assets was 1.8 percent for both the six months ended June 30, 2024 and June 30, 2023. The Association's return on average equity for the six months ended June 30, 2024, was 9.7 percent, compared to 10.3 percent for the same period in 2023.

The Association's net income for the six months 2024 decreased 1.5 percent compared to the same period in 2023. This decrease is attributable largely to the decrease in direct note patronage expected from Farm Credit Bank of Texas (FCBT).

FCBT changed its operating philosophy as to their direct note patronage program during 2023. The change to the direct note patronage program is necessitated due to significant volatility in market conditions that impact FCBT's capital level and other certain metrics. Updates on the matter can be found in 2023's quarterly reports as well as the annual report. Despite the change to the program by FCBT, the Association still maintains satisfactory earnings and capital levels.

FCBT has taken additional measures, starting in 2024, that will impact the Association's income statement. Changes to the legacy pricing model and distributions paid on the Association's investment in FCBT have been modified. Despite these changes, the Association's recurring net interest income and capital levels continue to be satisfactory.

The Association accrues for patronage payable to eligible stockholders in the current year. That balance is paid in the following year, usually late in the first quarter. The balance shifts from patronage payable to other liabilities in the current year.

Insurance Fund Premiums have reduced significantly in 2024 compared to the same period in 2023. The Farm Credit System Insurance Corporation (FCSIC) Board approved a reduction in premium from 18 basis points to 10 basis points beginning in 2024. Historically, all insurance expense was consolidated for presentation. FCSIC premiums are now segregated from captive and operating insurance coverage.

The Association currently has one acquired property and that balance is reflected in these financials.

The Association also held a fleet sale during the second quarter and posted a net gain. That gain is reflected in these financials.

Revenue from loan fees has declined period over period due to significantly less loan demand at this time. The Association has continued to provide its members with quality financial services.

The Board and management remain committed to maintaining the financial integrity of the Association while offering competitive loan products that meet the financial needs of agricultural producers.

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.

	June 30, 2024	December 31, 2023
Note payable to the Bank	**$ 856,874,714**	$ 843,355,247
Accrued interest on note payable	**2,514,462**	2,340,529
Total	**$ 859,389,176**	$ 845,695,776

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2026. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $856,874,714 as of June 30, 2024, is recorded as a liability on the Association's balance sheet. The note carried a weighted average interest rate of 3.55 percent at June 30, 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 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 $173,460,304 at June 30, 2024. The maximum amount the Association may borrow from the Bank as of June 30, 2024, was $1,041,244,502 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, 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 liquidity policy of the Association is to manage cash balances to maximize debt reduction, and to increase accrual loan volume. This policy will continue to be pursued during 2024. As borrower payments are received, they are applied to the Association's note payable with the Bank.

Capital Resources

The Association's capital position increased by $9,447,691 at June 30, 2024, compared to December 31, 2023. The Association's debt as a percentage of members' equity was 4.30:1 as of June 30, 2024, compared to 4.49:1 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 June 30, 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 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 Consolidated 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 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 Louisiana Land Bank, ACA, 2413 Tower Drive, Monroe, LA, 71201 or calling 318-387-7535. The annual and quarterly stockholder reports for the Association are also available on its website at *www.louisianalandbank.com*. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing *alyssa.allen@louisianalandbank.com*.

LOUISIANA LAND BANK, ACA

CONSOLIDATED BALANCE SHEETS

		June 30, 2024 (unaudited)		December 31, 2023
ASSETS				
Cash	**$**	**40,306**	$	50,001
Loans		**1,030,974,882**		1,018,766,777
Less: allowance for credit losses on loans		**3,034,856**		3,248,864
Net loans		**1,027,940,026**		1,015,517,913
Accrued interest receivable		**13,120,826**		12,542,722
Investment in and receivable from the Farm Credit Bank of Texas:				
Capital stock		**17,756,466**		17,756,466
Other		**2,481,978**		2,147,253
Other property owned, net		**104,690**		-
Premises and equipment, net		**4,435,102**		4,367,535
Other assets		**1,070,555**		902,494
Total assets	**$**	**1,066,949,949**	$	1,053,284,384
LIABILITIES				
Note payable to the Farm Credit Bank of Texas	**$**	**856,874,714**	$	843,355,247
Advance conditional payments		**2,714**		4,754
Accrued interest payable		**2,514,462**		2,340,529
Drafts outstanding		**34,995**		52,507
Patronage distributions payable		**126**		8,834,074
Other liabilities		**6,100,507**		6,722,533
Total liabilities		**865,527,518**		861,309,644
MEMBERS' EQUITY				
Capital stock and participation certificates		**2,989,420**		2,961,020
Unallocated retained earnings		**198,403,250**		188,972,343
Accumulated other comprehensive income		**29,761**		41,377
Total members' equity		**201,422,431**		191,974,740
Total liabilities and members' equity	**$**	**1,066,949,949**	$	1,053,284,384

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
INTEREST INCOME				
Loans	**$ 14,435,625**	$ 13,444,800	**$ 28,766,867**	$ 26,561,875
INTEREST EXPENSE				
Note payable to the Farm Credit Bank of Texas	**7,283,587**	6,430,392	**14,232,469**	12,410,309
Net interest income	**7,152,038**	7,014,408	**14,534,398**	14,151,566
REVERSAL OF PROVISION FOR CREDIT LOSSES	**(243,446)**	(324,447)	**(69,833)**	(115,839)
Net interest income after reversal of credit losses	**7,395,484**	7,338,855	**14,604,231**	14,267,405
NONINTEREST INCOME				
Income from the Farm Credit Bank of Texas:				
Patronage income	**1,051,563**	1,583,312	**1,863,867**	3,160,937
Loan fees	**39,519**	41,927	**96,015**	156,230
Financially related services income	**426**	437	**737**	789
Gain on sale of premises and equipment, net	**127,409**	-	**126,718**	-
Other noninterest income	**352,942**	11,250	**429,909**	65,252
Total noninterest income	**1,571,859**	1,636,926	**2,517,246**	3,383,208
NONINTEREST EXPENSES				
Salaries and employee benefits	**2,340,047**	2,444,890	**4,755,569**	4,889,575
Directors' expense	**96,626**	106,526	**198,063**	202,062
Purchased services	**83,025**	115,606	**177,443**	239,715
Travel	**170,285**	155,372	**283,264**	315,386
Occupancy and equipment	**223,474**	209,352	**401,748**	378,249
Communications	**59,610**	52,058	**123,629**	104,892
Advertising	**174,212**	137,862	**290,504**	253,689
Public and member relations	**92,896**	98,311	**285,684**	263,681
Supervisory and exam expense	**202,442**	195,977	**426,724**	414,261
Insurance fund premiums	**191,833**	377,538	**387,557**	789,364
Other components of net periodic postretirement benefit cost	**40,129**	33,148	**80,260**	66,296
Loss on sale of premises and equipment, net	**-**	-	**-**	711
Other noninterest expense	**127,695**	82,592	**277,611**	157,827
Total noninterest expenses	**3,802,274**	4,009,232	**7,688,056**	8,075,708
Income before income taxes	**5,165,069**	4,966,549	**9,433,421**	9,574,905
Provision for income taxes	**4,834**	7,574	**4,508**	293
NET INCOME	**5,160,235**	4,958,975	**9,428,913**	9,574,612
Other comprehensive income:				
Change in postretirement benefit plans	**(5,808)**	(7,545)	**(11,616)**	(15,090)
COMPREHENSIVE INCOME	**$ 5,154,427**	$ 4,951,430	**$ 9,417,297**	$ 9,559,522

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENT 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	$ 2,948,335	$ 176,934,599	$ 216,475	$ 180,099,409
Cumulative effect of change in accounting principle (Note 1)	-	3,168,989	-	3,168,989
Balance at January 1, 2023	$ 2,948,335	$ 180,103,588	$ 216,475	$ 183,268,398
Comprehensive income	-	9,574,612	(15,090)	9,559,522
Capital stock/participation certificates and allocated retained earnings issued	149,585	-	-	149,585
Capital stock/participation certificates and allocated retained earnings retired	(152,755)	-	-	(152,755)
Patronage refunds:				
Change in patronage declared and paid	-	38,461	-	38,461
Balance at June 30, 2023	$ 2,945,165	$ 189,716,661	$ 201,385	$ 192,863,211
Balance at December 31, 2023	$ 2,961,020	$ 188,972,343	$ 41,377	$ 191,974,740
Comprehensive income	-	9,428,913	(11,616)	9,417,297
Capital stock/participation certificates and allocated retained earnings issued	168,940	-	-	168,940
Capital stock/participation certificates and allocated retained earnings retired	(140,540)	-	-	(140,540)
Patronage refunds:				
Change in patronage declared and paid	-	1,994	-	1,994
Balance at June 30, 2024	**$ 2,989,420**	**$ 198,403,250**	**$ 29,761**	**$ 201,422,431**

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Louisiana Land Bank, 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 parishes of Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, Lafayette, Lafourche, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, and Winn in the state of Louisiana. 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 consolidated 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 consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with generally accepted accounting principles (GAAP), except for the inclusion of a statement of cash flows. GAAP require 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 consolidated 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, results of operations or cash flows.

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

- significant segment expenses that are readily provided to the chief operating decision maker 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 chief operating decision maker, and
- an explanation of how the chief operating decision maker 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.

On January 1, 2023, the Association adopted the Financial Accounting Standards Board (FASB) guidance entitled "Measurement of Credit Losses on Financial Instruments" and other subsequently issued accounting standards updates related to credit losses. This guidance replaced the current incurred loss impairment methodology with a single allowance framework that estimates the current expected credit losses (CECL) over the remaining contractual life for all financial assets measured at amortized cost and certain off-balance- sheet credit exposures. This guidance is applied on a modified retrospective basis. This framework 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 consider macroeconomic conditions. 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 on a prospective basis.

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	$ 6,444,281	$ (3,021,805)	$ 3,422,476
Liabilities:			
Allowance for credit losses on unfunded commitments	175,716	(147,184)	28,532
Retained earnings:			
Unallocated retained earnings, net of tax	$ 176,934,599	$ 3,168,989	$ 180,103,588

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 not 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 having 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 and investment securities in accrued interest receivable and not as part of loans or investments on the Consolidated Balance Sheets. 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

Effective 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)
- the allowance for unfunded commitments, which is presented on the Consolidated Balance Sheets 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 component 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 component 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;
- Nature of the loan portfolio, including the terms of the loans;
- Experience, ability and depth of the lending management and other relevant staff;
- Volume and severity of past due and adversely classified or graded loans and the volume of nonaccrual loans;
- Quality of the loan review and process;
- Value of underlying collateral for collateral-dependent loans;
- Existence and effect of any concentrations of credit and changes in the level of such concentrations; and
- 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 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 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 unemployment rates, real gross domestic product levels and corporate bond spreads, as well as net farm income and agricultural commodity prices. 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 are 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 include, but are 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 Consolidated Balance Sheets. 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 are recorded for commitments that are unconditionally cancellable.

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

A summary of loans follows:

Loan Type	June 30, 2024	December 31, 2023
Production agriculture:		
Real estate mortgage	**$ 861,800,425**	$ 853,987,185
Production and intermediate-term	**84,026,933**	73,200,019
Agribusiness:		
Processing and marketing	**50,111,679**	53,553,829
Farm-related business	**14,293,449**	15,352,863
Loans to cooperatives	**571,087**	590,535
Communication	**8,594,818**	12,451,812
Rural residential real estate	**6,873,584**	7,334,447
Energy	**2,884,846**	478,260
International	**1,818,061**	1,817,827
Total	**$ 1,030,974,882**	$ 1,018,766,777

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 June 30, 2024:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 43,815,882	$ 20,039,024	$ -	$ -	$ 43,815,882	$ 20,039,024
Agribusiness	14,969,376	157,373,869	-	-	14,969,376	157,373,869
Communication	8,594,818	-	-	-	8,594,818	-
Energy	2,884,846	-	-	-	2,884,846	-
International	1,818,061	-	-	-	1,818,061	-
Production and intermediate-term	904,874	1,419,437	-	-	904,874	1,419,437
Total	$ 72,987,857	$ 178,832,330	$ -	$ -	$ 72,987,857	$ 178,832,330

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 $2,714 and $4,754 at June 30, 2024, and December 31, 2023, respectively.

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, 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 presents credit quality indicators by loan type and the related principal balance as of June 30, 2024:

	Term Loans Amortized Cost by Origination Year								
June 30, 2024	**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	$ 51,371,293	$ 63,901,000	$ 129,255,455	$ 174,823,814	$ 142,879,074	$ 292,491,175	$ 300,258	$ 498,224	$ 855,520,293
OAEM	-	264,441	285,169	136,666	307,379	2,129,047	-	-	3,122,702
Substandard/Doubtful	-	-	143,228	-	169,612	2,844,590	-	-	3,157,430
	$ 51,371,293	$ 64,165,441	$ 129,683,852	$ 174,960,480	$ 143,356,065	$ 297,464,812	$ 300,258	$ 498,224	$ 861,800,425
Gross charge-offs for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-
Production and intermediate-term									
Acceptable	$ 12,781,612	$ 8,706,302	$ 4,817,547	$ 5,010,951	$ 1,740,953	$ 2,482,369	$ 48,477,869	$ -	$ 84,017,603
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	9,330	-	-	9,330
	$ 12,781,612	$ 8,706,302	$ 4,817,547	$ 5,010,951	$ 1,740,953	$ 2,491,699	$ 48,477,869	$ -	$ 84,026,933
Gross charge-offs for the six months ended June 30, 2024	-	-	-	-	-	76,324	-	-	76,324
Agribusiness									
Acceptable	$ 919,467	$ 13,915,850	$ 6,969,286	$ 7,789,465	$ 4,670,252	$ 23,215,050	$ 7,196,299	$ 300,546	$ 64,976,215
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 919,467	$ 13,915,850	$ 6,969,286	$ 7,789,465	$ 4,670,252	$ 23,215,050	$ 7,196,299	$ 300,546	$ 64,976,215
Gross charge-offs for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-
Communications									
Acceptable	$ -	$ 3,803,466	$ -	$ -	$ 4,482,826	$ -	$ 308,526	$ -	$ 8,594,818
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ 3,803,466	$ -	$ -	$ 4,482,826	$ -	$ 308,526	$ -	$ 8,594,818
Gross charge-offs for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	$ 579,712	$ 629,347	$ 1,425,466	$ 1,360,702	$ 1,065,446	$ 1,716,413	$ -	$ -	$ 6,777,086
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	96,498	-	-	96,498
	$ 579,712	$ 629,347	$ 1,425,466	$ 1,360,702	$ 1,065,446	$ 1,812,911	$ -	$ -	$ 6,873,584
Gross charge-offs for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	$ 2,460,000	$ -	$ -	$ -	$ -	$ 361,136	$ -	$ -	$ 2,821,136
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	63,710	-	-	63,710
	$ 2,460,000	$ -	$ -	$ -	$ -	$ 424,846	$ -	$ -	$ 2,884,846
Gross charge-offs for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-
International									
Acceptable	$ -	$ 1,818,061	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,818,061
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ -	$ 1,818,061	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,818,061
Gross charge-offs for the six months ended June 30, 2024	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	$ 68,112,084	$ 92,774,026	$ 142,467,754	$ 188,984,932	$ 154,838,551	$ 320,266,143	$ 56,282,952	$ 798,770	$ 1,024,525,212
OAEM	-	264,441	285,169	136,666	307,379	2,129,047	-	-	3,122,702
Substandard/Doubtful	-	-	143,228	-	169,612	3,014,128	-	-	3,326,968
	$ 68,112,084	$ 93,038,467	$ 142,896,151	$ 189,121,598	$ 155,315,542	$ 325,409,318	$ 56,282,952	$ 798,770	$ 1,030,974,882
Total gross charge-offs for the six months ended June 30, 2024	$ -	$ -	$ -	$ -	$ -	$ 76,324	$ -	$ -	$ 76,324

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

	Term Loans Amortized Cost by Origination Year								
December 31, 2023	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	$ 68,446,547	$ 136,038,743	$ 180,168,544	$ 148,713,579	$ 75,287,293	$ 234,720,160	$ 798,475	$ -	$ 844,173,341
OAEM	-	-	-	409,386	-	3,064,747	-	-	3,474,133
Substandard/Doubtful	-	138,478	-	2,686,298	2,066,708	1,448,227	-	-	6,339,711
	$ 68,446,547	$ 136,177,221	$ 180,168,544	$ 151,809,263	$ 77,354,001	$ 239,233,134	$ 798,475	$ -	$ 853,987,185
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Production and intermediate-term									
Acceptable	$ 9,665,267	$ 6,570,319	$ 6,604,273	$ 2,074,997	$ 3,398,912	$ 1,038,353	$ 43,286,452	$ -	$ 72,638,573
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	561,446	-	-	-	561,446
	$ 9,665,267	$ 6,570,319	$ 6,604,273	$ 2,074,997	$ 3,960,358	$ 1,038,353	$ 43,286,452	$ -	$ 73,200,019
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Agribusiness									
Acceptable	$ 11,223,577	$ 7,186,386	$ 8,697,124	$ 7,356,844	$ 10,629,089	$ 13,327,682	$ 11,076,525	$ -	$ 69,497,227
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 11,223,577	$ 7,186,386	$ 8,697,124	$ 7,356,844	$ 10,629,089	$ 13,327,682	$ 11,076,525	$ -	$ 69,497,227
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Communications									
Acceptable	$ 3,834,179	$ -	$ -	$ 8,441,684	$ -	$ -	$ 175,949	$ -	$ 12,451,812
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 3,834,179	$ -	$ -	$ 8,441,684	$ -	$ -	$ 175,949	$ -	$ 12,451,812
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	$ 767,674	$ 1,643,645	$ 1,561,752	$ 1,231,317	$ 298,533	$ 1,729,349	$ -	$ -	$ 7,232,270
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	102,177	-	-	102,177
	$ 767,674	$ 1,643,645	$ 1,561,752	$ 1,231,317	$ 298,533	$ 1,831,526	$ -	$ -	$ 7,334,447
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	$ -	$ -	$ -	$ -	$ -	$ 404,322	$ -	$ -	$ 404,322
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	73,938	-	-	73,938
	$ -	$ -	$ -	$ -	$ -	$ 478,260	$ -	$ -	$ 478,260
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
International									
Acceptable	$ 1,817,827	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,817,827
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
	$ 1,817,827	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,817,827
Gross charge-offs for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	$ 95,755,071	$ 151,439,093	$ 197,031,693	$ 167,818,421	$ 89,613,827	$ 251,219,866	$ 55,337,401	$ -	$ 1,008,215,372
OAEM	-	-	-	409,386	-	3,064,747	-	-	3,474,133
Substandard/Doubtful	-	138,478	-	2,686,298	2,628,154	1,624,342	-	-	7,077,272
	$ 95,755,071	$ 151,577,571	$ 197,031,693	$ 170,914,105	$ 92,241,981	$ 255,908,955	$ 55,337,401	$ -	$ 1,018,766,777
Total Gross charge-offs for the year ended December 31, 2023	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

	June 30, 2024	December 31, 2023
Real estate mortgage		
Acceptable	**99.3 %**	98.9 %
OAEM	**0.3**	0.4
Substandard/doubtful	**0.4**	0.7
	100.0	100.0
Production and intermediate-term		
Acceptable	**100.0**	99.2
OAEM	**-**	-
Substandard/doubtful	**-**	0.8
	100.0	100.0
Agribusiness		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Communication		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Rural residential real estate		
Acceptable	**98.6**	98.6
OAEM	**-**	-
Substandard/doubtful	**1.4**	1.4
	100.0	100.0
Energy		
Acceptable	**97.8**	84.5
OAEM	**-**	-
Substandard/doubtful	**2.2**	15.5
	100.0	100.0
International		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Total loans		
Acceptable	**99.4**	99.0
OAEM	**0.3**	0.3
Substandard/doubtful	**0.3**	0.7
	100.0 %	100.0 %

Accrued interest receivable on loans of $13,120,826 and $12,542,722 at June 30, 2024 and December 31, 2023, respectively, have been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

The following table reflects nonperforming assets, which consist of nonaccrual loans and related credit quality statistics:

	June 30, 2024	December 31, 2023
Nonaccrual loans:		
Real estate mortgage	$ **2,795,152**	$ 5,868,195
Energy	**63,710**	73,938
Production and intermediate-term	**9,330**	561,446
Rural residential real estate	**3,022**	4,771
Total nonaccrual loans	$ **2,871,214**	$ 6,508,350
Other property owned	**104,690**	-
Total nonperforming assets	$ **2,975,904**	$ 6,508,350
Nonaccrual loans as a percentage of total loans	**0.28%**	0.64%
Nonperforming assets as a percentage of total loans and other property owned	**0.29%**	0.64%
Nonperforming assets as a percentage of capital	**1.48%**	3.39%

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:

	June 30, 2024			December 31, 2023		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans:						
Real estate mortgage	$ -	$ 2,795,153	$ 2,795,153	$ -	$ 5,868,195	$ 5,868,195
Production and intermediate-term	-	9,330	9,330	552,249	9,197	561,446
Rural residential real estate	-	3,021	3,021	-	4,771	4,771
Energy	63,710	-	63,710	73,938	-	73,938
Total nonaccrual loans	$ 63,710	$ 2,807,504	$ 2,871,214	$ 626,187	$ 5,882,163	$ 6,508,350

	Interest Income Recognized		Interest Income Recognized	
	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2023
Nonaccrual loans:				
Real estate mortgage	$ 18,016	$ 277,724	$ 20,174	$ 59,866
Production and intermediate-term	-	-	-	-
Rural residential real estate	-	-	-	3,678
Energy	-	-	-	-
Total nonaccrual loans	$ 18,016	$ 277,724	$ -	$ 63,544

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

June 30, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 2,220,639	$ 169,921	$ 2,390,560	$ 859,409,865	$ 861,800,425	$ -
Production and intermediate term	131,543	-	131,543	83,895,390	84,026,933	-
Processing and marketing	-	-	-	50,111,679	50,111,679	-
Farm-related business	-	-	-	14,293,449	14,293,449	-
Loans to cooperatives	-	-	-	571,087	571,087	-
Communication	-	-	-	8,594,818	8,594,818	-
Rural residential real estate	38,921	-	38,921	6,834,663	6,873,584	-
Energy	-	-	-	2,884,846	2,884,846	-
International	-	-	-	1,818,061	1,818,061	-
Total	$ 2,391,103	$ 169,921	$ 2,561,024	$ 1,028,413,858	$ 1,030,974,882	$ -

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	$ 974,729	$ 138,478	$ 1,113,207	$ 852,873,978	$ 853,987,185	$ -
Production and intermediate term	952,653	-	952,653	72,247,366	73,200,019	-
Processing and marketing	-	-	-	53,553,829	53,553,829	-
Farm-related business	-	-	-	15,352,863	15,352,863	-
Loans to cooperatives	-	-	-	590,535	590,535	-
Communication	-	-	-	12,451,812	12,451,812	-
Rural residential real estate	-	-	-	7,334,447	7,334,447	-
Energy	-	-	-	478,260	478,260	-
International	-	-	-	1,817,827	1,817,827	-
Total	$ 1,927,382	$ 138,478	$ 2,065,860	$ 1,016,700,917	$ 1,018,766,777	$ -

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

Upon adoption of the CECL accounting guidance, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty. As of June 30, 2024, the Association had no modified loans with borrowers experiencing financial difficulties.

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	Agribusiness	Communications	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at March 31, 2024	$ 2,710,376	$ 432,899	$ 166,804	$ 61,356	$ 23,522	$ 44,969	$ 2,245	$ 3,442,171
Charge-offs	2,602	(76,324)	-	-	-	-	-	(73,722)
Recoveries	-	-	-	-	-	-	-	-
Provision for credit losses/(Credit loss reversal)	73,221	(261,692)	(11,473)	(41,356)	(2,008)	(80)	(58)	(243,446)
Other	-	(90,147)	-	-	-	-	-	(90,147)
Balance at June 30, 2024	$ 2,786,199	$ 4,736	$ 155,331	$ 20,000	$ 21,514	$ 44,889	$ 2,187	$ 3,034,856
Allowance for credit losses on unfunded commitments:								
Balance at March 31, 2024	$ 671	$ 8,260	$ 20,193	$ 866	$ -	$ -	$ 287	$ 30,277
Provision for unfunded commitments	38	1,191	919	(162)	-	-	(10)	1,976
Balance at June 30, 2024	$ 709	$ 9,451	$ 21,112	$ 704	$ -	$ -	$ 277	$ 32,253

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communications	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at December 31, 2023	$ 2,708,531	$ 245,976	$ 157,646	$ 60,951	$ 24,664	$ 48,841	$ 2,255	$ 3,248,864
Charge-offs	-	(76,324)	-	-	-	-	-	(76,324)
Recoveries	22,292	-	-	-	-	-	-	22,292
Provision for credit losses/(Credit loss reversal)	55,376	(74,773)	(2,315)	(40,951)	(3,150)	(3,952)	(68)	(69,833)
Other	-	(90,143)	-	-	-	-	-	(90,143)
Balance at June 30, 2024	$ 2,786,199	$ 4,736	$ 155,331	$ 20,000	$ 21,514	$ 44,889	$ 2,187	$ 3,034,856
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2023	$ 904	$ 5,822	$ 22,252	$ 1,009	$ -	$ -	$ 294	$ 30,281
Provision for unfunded commitments	(195)	3,629	(1,140)	(305)	-	-	(17)	1,972
Balance at June 30, 2024	$ 709	$ 9,451	$ 21,112	$ 704	$ -	$ -	$ 277	$ 32,253

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communications	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at December 31, 2022	$ 5,219,364	$ 493,924	$ 599,104	$ 36,724	$ 53,995	$ 40,768	$ 402	$ 6,444,281
Cumulative effect of a change in accounting principle	(2,180,585)	(435,834)	(339,314)	(21,118)	(19,249)	(26,091)	386	(3,021,805)
Balance at January 1, 2023	3,038,779	58,090	259,790	15,606	34,746	14,677	788	3,422,476
Charge-offs	-	-	-	-	-	-	-	-
Recoveries	21,751	-	-	-	-	-	-	21,751
Provision for loan losses (Credit loss reversal)	(403,894)	43,158	208,955	6,195	(10,464)	41,808	710	(113,532)
Other	-	327,434	(327,434)	-	-	-	-	-
Balance at June 30, 2023	$ 2,656,636	$ 428,682	$ 141,311	$ 21,801	$ 24,282	$ 56,485	$ 1,498	$ 3,330,695
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2022	137,111	6,269	31,269	1,067				175,716
Cumulative effect of a change in accounting principle	(136,329)	834	(10,761)	(928)	-	-	-	(147,184)
Balance at January 1, 2023	782	7,103	20,508	139	-	-	-	28,532
Provision for unfunded commitments	(380)	788	(2,626)	(89)	-	-	-	(2,307)
Balance at June 30, 2023	$ 402	$ 7,891	$ 17,882	$ 50	$ -	$ -	$ -	$ 26,225

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communications	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at March 31, 2023	$ 3,044,163	$ 56,450	$ 505,966	$ 16,269	$ 26,731	$ 7,276	$ 660	$ 3,657,515
Charge-offs	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-
Provision for loan losses (Credit loss reversal)	(387,299)	44,109	(32,128)	5,580	(2,449)	49,209	838	(322,140)
Other	(228)	328,123	(332,527)	(48)	-	-	-	(4,680)
Balance at June 30, 2023	$ 2,656,636	$ 428,682	$ 141,311	$ 21,801	$ 24,282	$ 56,485	$ 1,498	$ 3,330,695
Allowance for credit losses on unfunded commitments:								
Balance at March 31, 2023	554	7,792	15,415	91	-	-	-	23,852
Provision for unfunded commitments	(152)	99	2,467	(41)	-	-	-	2,373
Balance at June 30, 2023	$ 402	$ 7,891	$ 17,882	$ 50	$ -	$ -	$ -	$ 26,225

Discussion of Changes in Allowance for Credit Losses

There was an immaterial shift in the ACL, which decreased $212,036 to $3,067,109 at June 30, 2024, as compared to $3,279,145 at December 31, 2023.

NOTE 3 — 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.

	June 30, 2024	December 31, 2023
Capital stock and participation certificates	**$ 2,989,420**	$ 2,961,020
Accumulated other comprehensive loss	**29,761**	41,377
Unallocated Retained earnings[1]	**198,403,250**	188,972,343
Total Capital	**$ 201,422,431**	$ 191,974,740

[1]Retained earnings for the year ended December 31, 2023, reflects an increase 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 June 30, 2024**
Common equity tier 1 ratio	**7.00%**	**16.96%**
Tier 1 capital ratio	**8.50%**	**16.96%**
Total capital ratio	**10.50%**	**17.27%**
Permanent capital ratio	**7.00%**	**17.01%**
Non-risk-adjusted:		
Tier 1 leverage ratio	**5.00%**	**17.39%**
UREE leverage ratio	**1.50%**	**17.10%**

The details for the amounts used in the calculation of the regulatory capital ratios as of June 30, 2024:

	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 194,873,627	$ 194,873,627	$ 194,873,627	$ 194,873,627
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	2,977,837	2,977,837	2,977,837	2,977,837
Allowance for credit losses and reserve for credit losses subject to certain limitations	-	-	3,241,811	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(17,756,466)	(17,756,466)	(17,756,466)	(17,756,466)
	$ 180,094,998	$ 180,094,998	$ 183,336,809	$ 180,094,998
Denominator:				
Risk-adjusted assets excluding allowance	$ 1,079,589,466	$ 1,079,589,466	$ 1,079,589,466	$ 1,079,589,466
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(17,756,466)	(17,756,466)	(17,756,466)	(17,756,466)
Allowance for credit losses	-	-	-	(3,211,447)
	$ 1,061,833,000	$ 1,061,833,000	$ 1,061,833,000	$ 1,058,621,553

	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	$ 194,873,627	$ 194,873,627
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	2,977,837	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(17,756,466)	(17,756,466)
	$ 180,094,998	$ 177,117,161
Denominator:		
Total Assets	$ 1,054,461,170	$ 1,054,461,170
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(18,605,812)	(18,605,812)
	$ 1,035,855,358	$ 1,035,855,358

The following table summarizes the change in accumulated other comprehensive income for the six months ended June 30:

	2024	2023
Accumulated other comprehensive income at January 1	**$ 41,377**	$ 216,475
Other comprehensive loss before reclassifications	**(11,616)**	(15,090)
Amounts reclassified from accumulated other comprehensive loss	**-**	-
Net current period other comprehensive loss	**(11,616)**	(15,090)
Accumulated other comprehensive income at June 30	**$ 29,761**	$ 201,385

NOTE 4 — INCOME TAXES:

Louisiana Land Bank, ACA conducts its business activities through two wholly-owned subsidiaries. Long-term mortgage lending activities are conducted through a wholly-owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are conducted through a wholly-owned PCA subsidiary. The PCA subsidiary and the ACA holding company are subject to income tax. Louisiana Land Bank, ACA operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, Louisiana Land Bank, ACA can exclude from taxable income amounts distributed as qualified patronage dividends in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage dividends. Deferred taxes are recorded at the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the Association and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized.

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 recurring basis are summarized below:

June 30, 2024	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in nonqualified benefits trusts	**$ 33,140**	**$ -**	**$ -**	**$ 33,140**

December 31, 2023	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Assets held in nonqualified benefits trusts	$ 30,012	$ -	$ -	$ 30,012

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

June 30, 2024	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$ 19,467**	**$ 19,467**
Other property owned	**-**	**-**	**116,322**	**116,322**

December 31, 2023	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ 386,594	$ 386,594
Other property owned	-	-	-	-

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.

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.

Assets Held in Nonqualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Loans Evaluated for Impairment

For 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.

NOTE 6 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs for the three months ended June 30:

	Other Benefits	
Three months ended June 30:	**2024**	2023
Service cost	**$ 8,645**	$ 9,416
Interest cost	**45,939**	40,692
Amortization of prior credits costs	**(5,808)**	(7,545)
Net periodic benefit cost	**$ 48,776**	$ 42,563

	Other Benefits	
Six months ended June 30:	**2024**	2023
Service cost	**$ 17,290**	$ 18,832
Interest cost	**91,878**	81,384
Amortization of prior credits costs	**(11,616)**	(15,090)
Net periodic benefit cost	**$ 97,552**	$ 85,126

The Association's liability for the unfunded accumulated obligation for these benefits at June 30, 2024, was $3,449,931 and is included in other liabilities on the Consolidated Balance Sheets.

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 Consolidated Statements 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 $124,656 to the District's defined benefit pension plan in 2024. As of June 30, 2024, $52,012 of contributions have been made. The Association presently anticipates contributing an additional $72,644 to fund the defined benefit pension plan in 2024.

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. In addition, the Association makes commitments and extends letters of credit in the normal course of business. At this time there are $85,323,322 in commitments and $2,547,626 in letters of credit outstanding.

NOTE 8 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through August 9th, 2024, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of August 9th, 2024.