

# LOUISIANA LAND BANK, ACA

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## 2025 Quarterly Report Second Quarter



**For the Quarter Ended  
June 30, 2025**

## 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.

/s/ F. Stephen Austin  
F. Stephen Austin, Chief Executive Officer  
*August 8, 2025*

/s/ Cullen M. Kovac  
Cullen M. Kovac, Chairman, Board of Directors  
*August 8, 2025*

/s/ Christopher E. Bentley  
Christopher E. Bentley, Chief Financial Officer  
*August 8, 2025*

# *Second Quarter 2025 Financial Report*

## **Table of Contents**

Management’s Discussion and Analysis of Financial Conditions and Results of Operations .....	4
Consolidated Balance Sheets .....	9
Consolidated Statements of Comprehensive Income .....	10
Consolidated Statements of Changes in Members’ Equity .....	11
Notes to the Consolidated Financial Statements .....	12

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

The following commentary reviews the financial performance of the Louisiana Land Bank, ACA, referred to as the Association, for the quarter ended June 30, 2025. These comments should be read in conjunction with the accompanying consolidated 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.

### **Board Governance Update**

Kristin Guillory, a Board appointed director, stepped down from the Board at the end of her most recent term. Mrs. Guillory served as the Board's Financial Expert as well as Chairman of the Audit Committee. She will be focusing her time on work demands in her corporate role as Chief Financial Officer of Cleco Corporate Holdings LLC. The Association appreciates Mrs. Guillory's service and leadership given to the Association over the last three years.

Bobby Hanks submitted his resignation from the Board to focus on his personal and career business interests. Louisiana Land Bank appreciates the time and service Mr. Hanks gave to the Association. The Board is actively seeking a qualified individual to fill the remaining time of Mr. Hanks' current term. A formal announcement regarding Mr. Hanks' replacement is expected during the third quarter of this year.

Mrs. Guillory and Mr. Hanks provided valuable leadership and oversight to the Association during their time on the Board. The Board of Directors thanks them for the time that they invested in Louisiana Land Bank as well as their keen strategic insights and leadership.

The Board has appointed Mary Saporito to replace Mrs. Guillory. Mrs. Saporito will serve as the Chairman of the Audit Committee. In addition, she will serve as the Board's Financial Expert. Mrs. Saporito brings years of corporate accounting, audit and finance experience to the Board.

Mr. Jon Van Mol, Mr. John Earls and Mr. William Guthrie, each incumbents, won their respective election in July and began new terms at the July Board of Directors meeting.

### **Significant Events**

In March 2025, the Association's Board of Directors (Board) paid a patronage of \$10,885,218 to the eligible stockholders from 2024's earnings. The patronage is in the form of a qualified patronage distribution.

The Association is required to maintain an investment in Farm Credit Bank of Texas (FCBT or the Bank) 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. The first semi-annual equalization resulted in an increase investment in the Bank of \$5,059,875 in March 2025.

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.

In March, the Farm Credit System Insurance Corporation voted to return excess funds to System banks. The Association received its portion of the excess funds from FCBT. The amount received was \$159,754.

On July 10th, the Farm Credit Service Insurance Corporation (FCSIC) Board of Directors voted to maintain the insurance premium assessment at the current rate of 10 basis points plus an additional 10 basis points for nonaccrual loan volume.

In 2024, the Association launched a crop insurance operation to supplement the Association's loan business. The Association has recently begun collecting de minimis amounts of crop insurance revenue. This income is related to the sales and servicing of crop insurance. Management believes that the crop insurance premiums and revenue collected will increase over time. The 2025 level of revenue is immaterial to operations.

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, agribusinesses and rural residents.

## 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 access to reliable and consistent credit in the midst of financial and macroeconomic volatility. Despite the challenging operating environment, credit quality at the Association has remained strong. Risk factors such as high production costs, elevated cost of debt and trade uncertainty are negatively impacting performance across many sectors.

The U.S. tariff landscape continues to be dynamic. The official deadline for the most recent round of negotiations of reciprocal tariff rates or new rates was extended from July 9, 2025 to August 1, 2025. The implementation of most of the new country-specific tariffs for nearly seventy countries (including the European Union, Japan and India) is expected to start on August 7, 2025. In the case of China, the tariff pause was extended until August 12, 2025. Canada and Mexico trade remains largely governed by the United States-Mexico-Canada (USMCA) agreement, mostly tariff-free, but different tariffs apply to products outside the USMCA agreement. A 35 percent tariff has been implemented on most Canadian goods that are not part of the USMCA agreement, while Mexico has been granted a 90-day reprieve on higher tariffs to allow for further negotiation.

The percentage change in the Consumer Price Index (inflation) for All Urban Consumers increased month-over-month (MOM) in the last two months through June 2025. However, inflation declined year-over-year (YOY) from 3.0 percent in June 2024 to 2.7 percent in June 2025. Inflation remains above the Federal Reserve's long-term target of approximately 2.0 percent but has made progress YOY as well as from the peak of 9.1 percent reached in 2022. The Federal Open Market Committee has maintained the target federal funds range at 4.25 – 4.50 percent since late 2024.

On June 26, 2025, the U.S. Bureau of Economic Analysis released its third estimate of real gross domestic product (GDP) for the first quarter of 2025. Real GDP contracted at an annual rate of 0.5 percent, down from increases of 2.4 percent during the previous quarter and from 1.6 percent in the year-ago period. The deceleration in real GDP in the first quarter of 2025 primarily reflected an increase in imports, which are a subtraction in the calculation of GDP, and a decrease in government spending. These movements were partly offset by increases in investment and consumer spending. Within the Association's chartered territory, the first quarter of 2025 annualized real GDP growth declined 1.73 percent.

The Bureau of Labor Statistics announced on July 3, 2025, that the U.S. unemployment rate was 4.1 percent in June 2025, slightly down from 4.2 percent reached since March 2025 but higher than the year-ago rate of 4.0 percent. The June 2025 state unemployment rate in the Association's chartered territory was 4.5 percent in Louisiana, a high in the Farm Credit Bank of Texas District.

The July 2025 edition of S&P Global Agricultural Commodity Price Watch estimated that U.S. average farm prices of key crops (e.g., cotton, corn, soybeans and wheat) were mixed in the second quarter of 2025. Average corn, soybeans and cotton farm prices increased QOQ by less than 3.0 percent while the wheat farm price is estimated to have remained steady during the second quarter of 2025. YOY, the average farm price of corn is estimated to have increased in the second quarter of 2025. The average prices of soybeans and cotton experienced double digit YOY price decreases. Quarterly average cattle and broiler prices were estimated to have increased QOQ and YOY through June 2025, as demand remains strong and supply is tight.

In terms of lumber, the quarterly average front-month random length lumber futures price decreased QOQ through June 2025, but increased YOY by around 30 percent. Cane sugar prices have fallen recently. Louisiana is the largest producer of sugar cane in the United States and the June U.S. Department of Agriculture (USDA) WASDE reports that Louisiana sugar cane production is currently unchanged at 2,088,000 short tons, raw value (STRV). Florida is the only other state in the nation that produces sugar cane. Florida's production at 2,016,000 STRV.

On June 30, 2025, the USDA released its 2025 Acreage report. Louisiana is estimated to harvest 525,000 sugar cane acres with seventy-five percent of the crop rated as good or excellent as of the week ended June 15th.

Corn acreage is estimated to increase by 36 percent. Louisiana soybean planted acreage is estimated to be down by 7.3 percent in 2025. The cotton acreage planted in Louisiana is immaterial and is estimated to decline by at least 29 percent. The estimate for cotton acreage would be a record low per the USDA for Louisiana. Rice acreage planted is stable year over year with minimal change. These estimates are derived via a USDA survey conducted from May 30, 2025 to June 16, 2025, and are subject to change throughout the season.

The Drought Monitor for Louisiana indicates that drought conditions are currently not trending as we enter the peak of summer. The entire state is currently classified by the Drought Monitor as "No drought". The seasonal temperature outlook is stable as well with state in a "leaning above" over normal in the two lowest categories.

The Association's loan portfolio is well-supported by industry diversification and conservative advance rates. Additionally, a high percentage of the Association's borrowers primarily rely on non-farm sources of income to repay their loans.

## Loan Portfolio

Total loans outstanding at June 30, 2025, including nonaccrual loans and sales contracts, were \$1,144,544,930 compared to \$1,082,268,833 at December 31, 2024, reflecting an increase of 5.8 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.1 percent at June 30, 2025, compared to 0.3 percent at December 31, 2024.

The Association recorded \$2,233 in recoveries and \$22,432 in charge-offs for the three months ended June 30, 2025, and no recoveries and \$73,722 in charge-offs for the three months ended June 30, 2024. The Association recorded \$31,036 in recoveries and \$39,785 in charge-offs for the six months ended June 30, 2025, and \$22,292 in recoveries and \$76,324 in charge-offs for the six months ended June 30, 2024. The Association's allowance for credit losses on loans was 0.3 percent of total loans outstanding as of June 30, 2025, and December 31, 2024.

## 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, 2025		December 31, 2024	
	Amount	%	Amount	%
Nonaccrual	\$ 797,106	79.3%	\$ 3,112,660	91.7%
90 days past due and still accruing interest	128,955	12.8%	68,828	2.0%
Other property owned, net	79,008	7.9%	214,158	6.3%
Total	\$ 1,005,069	100.0%	\$ 3,395,646	100.0%

The Association received a payment in full on a non-accrual loan during the first quarter, which is the improvement seen in the preceding table. The transaction positively impacts interest income as well.

## Results of Operations

The Association had net income of \$4,278,898 and \$9,287,556 for the three and six months ended June 30, 2025, as compared to net income of \$5,160,235 and \$9,428,913 for the same periods in 2024, reflecting a decrease of 17.1 and 1.5 percent. Net interest income was \$7,744,468 and \$15,687,332 for the three and six months ended June 30, 2025, compared to \$7,152,038 and \$14,534,398 for the same periods in 2024.

	Six Months Ended:			
	June 30, 2025		June 30, 2024	
	Average Balance	Interest	Average Balance	Interest
Loans	\$ 1,098,789,653	\$ 32,845,467	\$ 1,016,383,213	\$ 28,766,867
Interest-bearing liabilities	919,282,530	17,158,135	841,274,056	14,232,469
Impact of capital	\$ 179,507,123		\$ 175,109,157	
Net interest income		\$ 15,687,332		\$ 14,534,398

  

	2025	2024
	Average Yield	Average Yield
Yield on loans	6.03%	5.69%
Cost of interest-bearing liabilities	3.76%	3.40%
Interest rate spread	2.27%	2.29%
Net interest income as a percentage of average earning assets	2.88%	2.88%

	Six Months Ended:		
	June 30, 2025 vs. June 30, 2024		
	Increase due to		
	Volume	Rate	Total
Interest income - loans	\$ 2,325,888	\$ 1,752,712	\$ 4,078,600
Interest expense	1,316,057	1,609,609	2,925,666
Net interest income	\$ 1,009,831	\$ 143,103	\$ 1,152,934

Interest income for the three and six months ended June 30, 2025, increased by \$2,374,659 and \$4,078,600, or 16.5 percent and 14.2 percent, respectively, from the same periods of 2024, primarily due to increases in yields on earning assets and an increase in average loan volume. Interest expense for the three and six months ended June 30, 2025, increased by \$1,782,229 and \$2,925,666 or 24.5 percent and 20.6 percent, from the same periods of 2024 due to an increase in interest rates and an increase in average debt volume. Average loan volume for the six months ended June 30, 2025, was \$1,098,789,653, compared to \$1,016,383,213 for the same period in 2024. The average net interest rate spread on the loan portfolio for the six months ended June 30, 2025, was 2.27 percent, compared to 2.29 percent for the same period in 2024.

Management believes that portfolio spread will decrease during the year as market pressure on yield impacts the portfolio. The results for the second quarter slightly beat expectations due to unscheduled collection of non-accrual loan volume that took place during the year. This collection activity is a non-recurring event.

The Association's return on average assets for the six months ended June 30, 2025, was 1.6 percent compared to 1.8 percent for the same period in 2024. The Association's return on average equity for the six months ended June 30, 2025, was 9.2 percent, compared to 9.7 percent for the same period in 2024.

The Association's net income for the second quarter of 2025 decreased 17.1 percent compared to the same period in 2024. This decrease is largely attributable to the increase in interest expense and increase in noninterest expense.

FCBT has taken measures that impact the Association's Consolidated Statements of Comprehensive Income. Significant changes to the legacy pricing model, the direct note patronage pay-outs, and the patronage paid on the Association's investment in FCBT have been made. 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 increased slightly in 2025 compared to the same period in 2024. 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.

Revenue from loan fees has improved compared to the same period in 2024. This is driven by an increase in loan demand. Other noninterest income decreased for the second quarter of 2025 compared to the same period in 2024, primarily driven by insurance fund activity.

Salary expense has increased compared to prior year due to accrual activity related to incentive compensation. Many branches are outpacing incentive related measures compared to prior year.

Provision expense has increased compared to prior year. The expense is directly attributable to the growth of the loan portfolio.

### Liquidity and Funding Sources

The Association secures the majority of its lendable funds from 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.

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Note payable to the Bank	\$ 969,374,845	\$ 902,906,866
Accrued interest on note payable	3,172,620	2,664,159
Total	<u>\$ 972,547,465</u>	<u>\$ 905,571,025</u>

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 \$969,374,845 as of June 30, 2025, is recorded as a liability on the Association's Consolidated Balance Sheets. The note carried a weighted average interest rate of 3.93 percent at June 30, 2025. 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, 2024, 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 \$173,720,081 at June 30, 2025. The maximum amount the Association may borrow from the Bank as of June 30, 2025, was \$1,155,646,900 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 Association is required to maintain an investment in the Bank 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. The first semi-annual equalization resulted in an increase investment in the Bank of \$5,059,875 and was recorded in the first quarter of 2025.

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 2025. 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 \$9,385,292 at June 30, 2025, compared to December 31, 2024. The Association's debt as a percentage of members' equity was 4.68:1 as of June 30, 2025, compared to 4.63:1 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 June 30, 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, results of operations and 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 of Financial Conditions and Results of Operations and Notes to the Consolidated 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 are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9204. The annual and quarterly stockholder reports for the Bank are also available on its website at [www.farmcreditbank.com](http://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](http://www.louisianalandbank.com). Copies of the Association's quarterly stockholder reports can also be requested by e-mailing [alyssa.allen@louisianalandbank.com](mailto:alyssa.allen@louisianalandbank.com).

**LOUISIANA LAND BANK, ACA**

**CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2025</b> <b>(unaudited)</b>	December 31, 2024
<b><u>ASSETS</u></b>		
Cash	\$ 122,999	\$ 35,518
Loans	1,144,544,930	1,082,268,833
Less: allowance for credit losses on loans	3,392,733	3,097,093
Net loans	1,141,152,197	1,079,171,740
Accrued interest receivable	14,500,905	13,619,327
Investment in and receivable from the Farm		
Credit Bank of Texas:		
Capital stock	22,789,491	17,729,616
Other	3,258,217	7,886,390
Other property owned, net	79,008	214,158
Premises and equipment, net	5,560,418	4,485,904
Other assets	1,077,687	868,888
Total assets	\$ 1,188,540,922	\$ 1,124,011,541
<b><u>LIABILITIES</u></b>		
Note payable to the Farm Credit Bank of Texas	\$ 969,374,845	\$ 902,906,866
Accrued interest payable	3,172,620	2,664,159
Drafts outstanding	56,781	206,244
Patronage distributions payable	844	10,967,044
Other liabilities	6,807,127	7,523,815
Total liabilities	979,412,217	924,268,128
<b><u>MEMBERS' EQUITY</u></b>		
Capital stock and participation certificates	3,032,960	3,009,800
Unallocated retained earnings	206,379,421	197,017,289
Accumulated other comprehensive loss	(283,676)	(283,676)
Total members' equity	209,128,705	199,743,413
Total liabilities and members' equity	\$ 1,188,540,922	\$ 1,124,011,541

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		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
<b><u>INTEREST INCOME</u></b>				
Loans	\$ 16,810,284	\$ 14,435,625	\$ 32,845,467	\$ 28,766,867
<b><u>INTEREST EXPENSE</u></b>				
Note payable to the Farm Credit Bank of Texas	9,065,816	7,283,587	17,158,135	14,232,469
Net interest income	7,744,468	7,152,038	15,687,332	14,534,398
<b><u>PROVISION FOR (REVERSAL OF) CREDIT LOSSES</u></b>				
Net interest income after provision for (reversal of) credit losses	7,443,972	(243,446)	298,366	(69,833)
<b><u>NONINTEREST INCOME</u></b>				
Income from the Farm Credit Bank of Texas:				
Patronage income	977,964	1,051,563	1,980,120	1,863,867
Loan fees	71,110	39,519	159,007	96,015
Financially related services income	1,445	426	1,642	737
Gain on sale of premises and equipment, net	68,389	127,409	68,389	126,718
Other noninterest income	83,788	352,942	331,904	429,909
Total noninterest income	1,202,696	1,571,859	2,541,062	2,517,246
<b><u>NONINTEREST EXPENSES</u></b>				
Salaries and employee benefits	2,706,980	2,340,047	5,441,268	4,755,569
Directors' expense	89,369	96,626	193,594	198,063
Purchased services	135,691	83,025	231,520	177,443
Travel	160,333	170,285	279,239	283,264
Occupancy and equipment	209,744	223,474	411,484	401,748
Communications	61,854	59,610	130,407	123,629
Advertising	183,302	174,212	372,435	290,504
Public and member relations	134,982	92,896	289,653	285,684
Supervisory and exam expense	211,322	202,442	442,124	426,724
Insurance Fund premiums	213,998	191,833	417,126	387,557
Other components of net periodic postretirement benefit cost	50,020	40,129	100,041	80,260
Loss on sale of other property owned, net	3,731	-	3,826	-
Other noninterest expense	204,014	127,695	324,655	277,611
Total noninterest expenses	4,365,340	3,802,274	8,637,372	7,688,056
Income before income taxes	4,281,328	5,165,069	9,292,656	9,433,421
Provision for income taxes	2,430	4,834	5,100	4,508
<b>NET INCOME</b>	<b>4,278,898</b>	<b>5,160,235</b>	<b>9,287,556</b>	<b>9,428,913</b>
Other comprehensive income:				
Change in postretirement benefit plans	-	(5,808)	-	(11,616)
<b>COMPREHENSIVE INCOME</b>	<b>\$ 4,278,898</b>	<b>\$ 5,154,427</b>	<b>\$ 9,287,556</b>	<b>\$ 9,417,297</b>

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

**LOUISIANA LAND BANK, ACA**

**CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
(unaudited)

	<b>Capital Stock/ Participation Certificates</b>	<b>Unallocated Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Members' Equity</b>
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 issued	168,940	-	-	168,940
Capital stock/participation certificates retired	(140,540)	-	-	(140,540)
Patronage dividends:				
Patronage declared and accrued	-	1,994	-	1,994
Balance at June 30, 2024	<u>\$ 2,989,420</u>	<u>\$ 198,403,250</u>	<u>\$ 29,761</u>	<u>\$ 201,422,431</u>
Balance at December 31, 2024	\$ 3,009,800	\$ 197,017,289	\$ (283,676)	\$ 199,743,413
Comprehensive income	-	9,287,556	-	9,287,556
Capital stock/participation certificates issued	204,420	-	-	204,420
Capital stock/participation certificates retired	(181,260)	-	-	(181,260)
Patronage dividends:				
Patronage declared and accrued	-	74,576	-	74,576
<b>Balance at June 30, 2025</b>	<b><u>\$ 3,032,960</u></b>	<b><u>\$ 206,379,421</u></b>	<b><u>\$ (283,676)</u></b>	<b><u>\$ 209,128,705</u></b>

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

**LOUISIANA LAND BANK, ACA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(unaudited)*

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:**

The 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 consolidated financial statements as of and for the year ended December 31, 2024, as contained in the 2024 Annual Report to Stockholders.

Certain amounts in the prior period's financial statements may have been reclassified to the current period's financial statement presentation.

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 GAAP, except for the inclusion of a statement of cash flows. GAAP requires a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these consolidated financial statements. These interim financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2024, as contained in the 2024 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, 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. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. 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 but will impact the income tax disclosures.

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

A summary of loans follows:

Loan Type	June 30, 2025	December 31, 2024
Production agriculture:		
Real estate mortgage	\$ 939,520,337	\$ 907,797,000
Production and intermediate-term	111,191,930	82,447,188
Agribusiness:		
Processing and marketing	62,881,066	59,809,090
Farm-related business	10,297,174	12,063,464
Loans to cooperatives	1,448,911	561,173
Communication	8,584,040	8,541,804
Rural residential real estate	6,091,692	6,478,939
Energy	2,711,247	2,751,876
International	1,818,533	1,818,299
Total	<b>\$ 1,144,544,930</b>	<b>\$ 1,082,268,833</b>

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, 2025:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
	Real estate mortgage	\$ 30,580,094	\$ 40,210,413	\$ -	\$ -	\$ 30,580,094
Production and intermediate-term	14,307,727	979,244	-	-	14,307,727	979,244
Agribusiness	21,298,948	192,183,672	-	-	21,298,948	192,183,672
Communication	8,584,040	-	-	-	8,584,040	-
Energy	2,711,247	-	-	-	2,711,247	-
International	1,818,533	-	-	-	1,818,533	-
Total	<b>\$ 79,300,589</b>	<b>\$233,373,329</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79,300,589</b>	<b>\$233,373,329</b>

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 ACPs are included in other liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. There were no ACPs at June 30, 2025, and December 31, 2024.

### 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, associations 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 amortized cost loan balance as of June 30, 2025:

June 30, 2025	Term Loans Amortized Cost by Origination Year				Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
	2025	2024	2023	Prior			
<b>Real estate mortgage</b>							
Acceptable	\$ 114,143,029	\$ 124,196,171	\$ 53,334,121	\$ 640,758,852	\$ 1,420,404	\$ 498,189	\$ 934,350,766
OAEM	19,851	37,657	607,174	2,400,739	-	-	3,065,421
Substandard/Doubtful	-	-	-	2,104,150	-	-	2,104,150
	<u>\$ 114,162,880</u>	<u>\$ 124,233,828</u>	<u>\$ 53,941,295</u>	<u>\$ 645,263,741</u>	<u>\$ 1,420,404</u>	<u>\$ 498,189</u>	<u>\$ 939,520,337</u>
<b>Production and intermediate-term</b>							
Acceptable	\$ 18,641,348	\$ 19,610,744	\$ 5,841,202	\$ 15,061,262	\$ 50,834,697	\$ -	\$ 109,989,253
OAEM	39,283	130,216	40,578	331,506	500,204	-	1,041,787
Substandard/Doubtful	-	82,182	63,062	15,646	-	-	160,890
	<u>\$ 18,680,631</u>	<u>\$ 19,823,142</u>	<u>\$ 5,944,842</u>	<u>\$ 15,408,414</u>	<u>\$ 51,334,901</u>	<u>\$ -</u>	<u>\$ 111,191,930</u>
<b>Agribusiness</b>							
Acceptable	\$ 7,823,649	\$ 7,211,620	\$ 13,530,566	\$ 37,059,322	\$ 9,001,994	\$ -	\$ 74,627,151
OAEM	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-
	<u>\$ 7,823,649</u>	<u>\$ 7,211,620</u>	<u>\$ 13,530,566</u>	<u>\$ 37,059,322</u>	<u>\$ 9,001,994</u>	<u>\$ -</u>	<u>\$ 74,627,151</u>
<b>Communication</b>							
Acceptable	\$ -	\$ -	\$ 3,742,009	\$ 4,437,761	\$ 404,270	\$ -	\$ 8,584,040
OAEM	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,742,009</u>	<u>\$ 4,437,761</u>	<u>\$ 404,270</u>	<u>\$ -</u>	<u>\$ 8,584,040</u>
<b>Rural residential real estate</b>							
Acceptable	\$ 348,125	\$ 644,396	\$ 518,621	\$ 4,494,399	\$ -	\$ -	\$ 6,005,541
OAEM	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	86,151	-	-	86,151
	<u>\$ 348,125</u>	<u>\$ 644,396</u>	<u>\$ 518,621</u>	<u>\$ 4,580,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,091,692</u>
<b>Energy</b>							
Acceptable	\$ -	\$ 2,460,000	\$ -	\$ 251,247	\$ -	\$ -	\$ 2,711,247
OAEM	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 2,460,000</u>	<u>\$ -</u>	<u>\$ 251,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,711,247</u>
<b>International</b>							
Acceptable	\$ -	\$ -	\$ 1,818,533	\$ -	\$ -	\$ -	\$ 1,818,533
OAEM	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,818,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,818,533</u>
<b>Total Loans</b>							
Acceptable	\$ 140,956,151	\$ 154,122,931	\$ 78,785,052	\$ 702,062,843	\$ 61,661,365	\$ 498,189	\$ 1,138,086,531
OAEM	59,134	167,873	647,752	2,732,245	500,204	-	4,107,208
Substandard/Doubtful	-	82,182	63,062	2,205,947	-	-	2,351,191
	<u>\$ 141,015,285</u>	<u>\$ 154,372,986</u>	<u>\$ 79,495,866</u>	<u>\$ 707,001,035</u>	<u>\$ 62,161,569</u>	<u>\$ 498,189</u>	<u>\$ 1,144,544,930</u>

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

December 31, 2024	Term Loans Amortized Cost by Origination Year				Revolving Loans	Revolving Loans	Converted to Term	Total
	2024	2023	2022	Prior	Amortized Cost	Loans Amortized Cost	Basis	
<b>Real estate mortgage</b>								
Acceptable	\$ 145,395,390	\$ 60,819,501	\$ 124,455,688	\$ 568,109,635	\$ 1,377,964	\$	498,224	\$ 900,656,402
OAEM	38,553	-	511,393	3,166,062	-	-	-	3,716,008
Substandard/Doubtful	248,688	482,297	-	2,693,605	-	-	-	3,424,590
	<u>\$ 145,682,631</u>	<u>\$ 61,301,798</u>	<u>\$ 124,967,081</u>	<u>\$ 573,969,302</u>	<u>\$ 1,377,964</u>	<u>\$</u>	<u>498,224</u>	<u>\$ 907,797,000</u>
<b>Production and intermediate-term</b>								
Acceptable	\$ 19,378,639	\$ 7,529,907	\$ 3,954,723	\$ 7,588,441	\$ 43,978,063	\$	-	\$ 82,429,773
OAEM	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	17,415	-	-	-	17,415
	<u>\$ 19,378,639</u>	<u>\$ 7,529,907</u>	<u>\$ 3,954,723</u>	<u>\$ 7,605,856</u>	<u>\$ 43,978,063</u>	<u>\$</u>	<u>-</u>	<u>\$ 82,447,188</u>
<b>Agribusiness</b>								
Acceptable	\$ 7,135,747	\$ 13,798,410	\$ 6,159,915	\$ 33,722,500	\$ 11,617,155	\$	-	\$ 72,433,727
OAEM	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-
	<u>\$ 7,135,747</u>	<u>\$ 13,798,410</u>	<u>\$ 6,159,915</u>	<u>\$ 33,722,500</u>	<u>\$ 11,617,155</u>	<u>\$</u>	<u>-</u>	<u>\$ 72,433,727</u>
<b>Communication</b>								
Acceptable	\$ -	\$ 3,772,747	\$ -	\$ 4,460,304	\$ 308,753	\$	-	\$ 8,541,804
OAEM	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 3,772,747</u>	<u>\$ -</u>	<u>\$ 4,460,304</u>	<u>\$ 308,753</u>	<u>\$</u>	<u>-</u>	<u>\$ 8,541,804</u>
<b>Rural residential real estate</b>								
Acceptable	\$ 666,209	\$ 533,335	\$ 1,305,515	\$ 3,814,594	\$ -	\$	-	\$ 6,319,653
OAEM	-	68,828	-	-	-	-	-	68,828
Substandard/Doubtful	-	-	-	90,458	-	-	-	90,458
	<u>\$ 666,209</u>	<u>\$ 602,163</u>	<u>\$ 1,305,515</u>	<u>\$ 3,905,052</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$ 6,478,939</u>
<b>Energy</b>								
Acceptable	\$ 2,460,000	\$ -	\$ -	\$ 291,876	\$ -	\$	-	\$ 2,751,876
OAEM	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-
	<u>\$ 2,460,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,876</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$ 2,751,876</u>
<b>International</b>								
Acceptable	\$ -	\$ 1,818,299	\$ -	\$ -	\$ -	\$	-	\$ 1,818,299
OAEM	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 1,818,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$ 1,818,299</u>
<b>Total Loans</b>								
Acceptable	\$ 175,035,985	\$ 88,272,199	\$ 135,875,841	\$ 617,987,350	\$ 57,281,935	\$	498,224	\$ 1,074,951,534
OAEM	38,553	68,828	511,393	3,166,062	-	-	-	3,784,836
Substandard/Doubtful	248,688	482,297	-	2,801,478	-	-	-	3,532,463
	<u>\$ 175,323,226</u>	<u>\$ 88,823,324</u>	<u>\$ 136,387,234</u>	<u>\$ 623,954,890</u>	<u>\$ 57,281,935</u>	<u>\$</u>	<u>498,224</u>	<u>\$ 1,082,268,833</u>

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 June 30, 2025, and December 31, 2024:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Real estate mortgage		
Acceptable	99.5 %	99.2 %
OAEM	0.3	0.4
Substandard/doubtful	0.2	0.4
	<u>100.0</u>	<u>100.0</u>
Production and intermediate-term		
Acceptable	98.9	100.0
OAEM	0.9	-
Substandard/doubtful	0.2	-
	<u>100.0</u>	<u>100.0</u>
Agribusiness		
Acceptable	100.0	100.0
OAEM	-	-
Substandard/doubtful	-	-
	<u>100.0</u>	<u>100.0</u>
Communication		
Acceptable	100.0	100.0
OAEM	-	-
Substandard/doubtful	-	-
	<u>100.0</u>	<u>100.0</u>
Rural residential real estate		
Acceptable	98.6	97.5
OAEM	-	1.1
Substandard/doubtful	1.4	1.4
	<u>100.0</u>	<u>100.0</u>
Energy		
Acceptable	100.0	100.0
OAEM	-	-
Substandard/doubtful	-	-
	<u>100.0</u>	<u>100.0</u>
International		
Acceptable	100.0	100.0
OAEM	-	-
Substandard/doubtful	-	-
	<u>100.0</u>	<u>100.0</u>
Total loans		
Acceptable	99.4	99.4
OAEM	0.4	0.3
Substandard/doubtful	0.2	0.3
	<u>100.0 %</u>	<u>100.0 %</u>

Accrued interest receivable on loans of \$26,190 and \$2,602 at June 30, 2025, and December 31, 2024, respectively, has 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, accruing loans 90 days or more past due and other property owned and related credit quality statistics:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
<b>Nonaccrual loans:</b>		
Real estate mortgage	\$ 641,539	\$ 3,102,225
Production and intermediate-term	154,641	9,397
Rural residential real estate	926	1,038
Total nonaccrual loans	<u>\$ 797,106</u>	<u>\$ 3,112,660</u>
<b>Accruing loans 90 days or more past due:</b>		
Real estate mortgage	\$ 128,955	-
Rural residential real estate	-	68,828
Total accruing loans 90 days or more past due	<u>\$ 128,955</u>	<u>\$ 68,828</u>
<b>Other property owned</b>	<b>79,008</b>	214,158
<b>Total nonperforming assets</b>	<u><b>\$ 1,005,069</b></u>	<u><b>\$ 3,395,646</b></u>
Nonaccrual loans as a percentage of total loans	0.07%	0.29%
Nonperforming assets as a percentage of total loans and other property owned	0.09%	0.31%
Nonperforming assets as a percentage of capital	0.48%	1.70%

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 loans during the period:

	<u>June 30, 2025</u>			<u>Interest Income Recognized</u>	
	<u>Amortized Cost with Allowance</u>	<u>Amortized Cost without Allowance</u>	<u>Total</u>	<u>For the Three Months Ended June 30, 2025</u>	<u>For the Six Months Ended June 30, 2025</u>
Nonaccrual loans:					
Real estate mortgage	\$ 268,872	\$ 372,667	\$ 641,539	\$ 95,495	\$ 576,203
Production and intermediate-term	145,244	9,397	154,641	-	-
Rural residential real estate	-	926	926	-	-
Total nonaccrual loans	<u>\$ 414,116</u>	<u>\$ 382,990</u>	<u>\$ 797,106</u>	<u>\$ 95,495</u>	<u>\$ 576,203</u>
	<u>December 31, 2024</u>			<u>Interest Income Recognized</u>	
	<u>Amortized Cost with Allowance</u>	<u>Amortized Cost without Allowance</u>	<u>Total</u>	<u>For the Three Months Ended June 30, 2024</u>	<u>For the Six Months Ended June 30, 2024</u>
Nonaccrual loans:					
Real estate mortgage	\$ 513,796	\$ 2,588,429	\$ 3,102,225	\$ 18,016	\$ 277,724
Production and intermediate-term	-	9,397	9,397	-	-
Rural residential real estate	-	1,038	1,038	-	-
Total nonaccrual loans	<u>\$ 513,796</u>	<u>\$ 2,598,864</u>	<u>\$ 3,112,660</u>	<u>\$ 18,016</u>	<u>\$ 277,724</u>

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

	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 Past Due and Accruing
<b>June 30, 2025</b>						
Real estate mortgage	\$ 2,269,109	\$ 160,078	\$ 2,429,187	\$ 937,091,150	\$ 939,520,337	\$ 128,955
Production and intermediate-term	1,079,993	67,343	1,147,336	110,044,594	111,191,930	-
Processing and marketing	-	-	-	62,881,066	62,881,066	-
Farm-related business	-	-	-	10,297,174	10,297,174	-
Loans to cooperatives	-	-	-	1,448,911	1,448,911	-
Communication	-	-	-	8,584,040	8,584,040	-
Rural residential real estate	30,967	-	30,967	6,060,725	6,091,692	-
Energy	-	-	-	2,711,247	2,711,247	-
International	-	-	-	1,818,533	1,818,533	-
<b>Total</b>	<b>\$ 3,380,069</b>	<b>\$ 227,421</b>	<b>\$ 3,607,490</b>	<b>\$ 1,140,937,440</b>	<b>\$ 1,144,544,930</b>	<b>\$ 128,955</b>
<b>December 31, 2024</b>						
Real estate mortgage	\$ 1,928,855	\$ 479,728	\$ 2,408,583	\$ 905,388,417	\$ 907,797,000	\$ -
Production and intermediate-term	735,464	9,397	744,861	81,702,327	82,447,188	-
Processing and marketing	-	-	-	59,809,090	59,809,090	-
Farm-related business	-	-	-	12,063,464	12,063,464	-
Loans to cooperatives	-	-	-	561,173	561,173	-
Communication	-	-	-	8,541,804	8,541,804	-
Rural residential real estate	-	68,828	68,828	6,410,111	6,478,939	68,828
Energy	-	-	-	2,751,876	2,751,876	-
International	-	-	-	1,818,299	1,818,299	-
<b>Total</b>	<b>\$ 2,664,319</b>	<b>\$ 557,953</b>	<b>\$ 3,222,272</b>	<b>\$ 1,079,046,561</b>	<b>\$ 1,082,268,833</b>	<b>\$ 68,828</b>

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, 2025, 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 board of directors have generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2025, are as follows:

	Real Estate Mortgage	Production and Intermediate- Term	Agribusiness	Communication	Rural Residential Real Estate	Energy	International	Total
<b>Allowance for credit losses on loans:</b>								
Balance at March 31, 2025	\$ 2,765,571	\$ 117,806	\$ 178,600	\$ 27,106	\$ 19,574	\$ 4,663	\$ 1,931	\$ 3,115,251
Charge-offs	(13,596)	(8,836)	-	-	-	-	-	(22,432)
Recoveries	2,233	-	-	-	-	-	-	2,233
Provision for credit losses (credit loss reversal)	170,820	142,420	(14,473)	(508)	(287)	(256)	(35)	297,681
Other	-	-	-	-	-	-	-	-
Balance at June 30, 2025	<b>\$ 2,925,028</b>	<b>\$ 251,390</b>	<b>\$ 164,127</b>	<b>\$ 26,598</b>	<b>\$ 19,287</b>	<b>\$ 4,407</b>	<b>\$ 1,896</b>	<b>\$ 3,392,733</b>
<b>Allowance for credit losses on unfunded commitments:</b>								
Balance at March 31, 2025	\$ 2,522	\$ 8,079	\$ 11,367	\$ 708	\$ -	\$ -	\$ 238	\$ 22,914
Provision for credit losses on unfunded commitments (credit loss reversal)	(1,049)	3,704	217	(51)	-	-	(6)	2,815
Balance at June 30, 2025	<b>\$ 1,473</b>	<b>\$ 11,783</b>	<b>\$ 11,584</b>	<b>\$ 657</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 232</b>	<b>\$ 25,729</b>
<b>Total allowance for credit losses</b>	<b>\$ 2,926,501</b>	<b>\$ 263,173</b>	<b>\$ 175,711</b>	<b>\$ 27,255</b>	<b>\$ 19,287</b>	<b>\$ 4,407</b>	<b>\$ 2,128</b>	<b>\$ 3,418,462</b>

	Production and Intermediate-				Rural Residential			Total
	Real Estate Mortgage	Term	Agribusiness	Communication	Real Estate	Energy	International	
<b>Allowance for credit losses on loans:</b>								
Balance at December 31, 2024	\$ 2,827,087	\$ 19,137	\$ 198,032	\$ 26,246	\$ 19,460	\$ 5,099	\$ 2,032	\$ 3,097,093
Charge-offs	(28,666)	(8,836)	-	-	(2,283)	-	-	(39,785)
Recoveries	28,753	-	-	-	2,283	-	-	31,036
Provision for credit losses (credit loss reversal)	97,854	241,089	(33,905)	352	(173)	(692)	(136)	304,389
Other	-	-	-	-	-	-	-	-
Balance at June 30, 2025	\$ 2,925,028	\$ 251,390	\$ 164,127	\$ 26,598	\$ 19,287	\$ 4,407	\$ 1,896	\$ 3,392,733
<b>Allowance for credit losses on unfunded commitments:</b>								
Balance at December 31, 2024	\$ 3,066	\$ 7,664	\$ 20,129	\$ 640	\$ -	\$ -	\$ 253	\$ 31,752
Provision for credit losses on unfunded commitments (credit loss reversal)	(1,593)	4,119	(8,545)	17	-	-	(21)	(6,023)
Balance at June 30, 2025	\$ 1,473	\$ 11,783	\$ 11,584	\$ 657	\$ -	\$ -	\$ 232	\$ 25,729
<b>Total allowance for credit losses</b>	<b>\$ 2,926,501</b>	<b>\$ 263,173</b>	<b>\$ 175,711</b>	<b>\$ 27,255</b>	<b>\$ 19,287</b>	<b>\$ 4,407</b>	<b>\$ 2,128</b>	<b>\$ 3,418,462</b>

A summary of changes in the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2024 are as follows:

	Production and Intermediate-				Rural Residential			Total
	Real Estate Mortgage	Term	Agribusiness	Communication	Real Estate	Energy	International	
<b>Allowance for credit losses on loans:</b>								
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
<b>Allowance for credit losses on unfunded commitments:</b>								
Balance at March 31, 2024	\$ 671	\$ 8,260	\$ 20,193	\$ 866	\$ -	\$ -	\$ 287	\$ 30,277
Provision for credit losses on unfunded commitments (credit loss reversal)	38	1,191	919	(162)	-	-	(10)	1,976
Balance at June 30, 2024	\$ 709	\$ 9,451	\$ 21,112	\$ 704	\$ -	\$ -	\$ 277	\$ 32,253
<b>Total allowance for credit losses</b>	<b>\$ 2,786,908</b>	<b>\$ 14,187</b>	<b>\$ 176,443</b>	<b>\$ 20,704</b>	<b>\$ 21,514</b>	<b>\$ 44,889</b>	<b>\$ 2,464</b>	<b>\$ 3,067,109</b>

	Production and Intermediate-				Rural Residential			Total
	Real Estate Mortgage	Term	Agribusiness	Communication	Real Estate	Energy	International	
<b>Allowance for credit losses on loans:</b>								
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
<b>Allowance for credit losses on unfunded commitments:</b>								
Balance at December 31, 2023	\$ 904	\$ 5,822	\$ 22,252	\$ 1,009	\$ -	\$ -	\$ 294	\$ 30,281
Provision for credit losses on unfunded commitments (credit loss reversal)	(195)	3,629	(1,140)	(305)	-	-	(17)	1,972
Balance at June 30, 2024	\$ 709	\$ 9,451	\$ 21,112	\$ 704	\$ -	\$ -	\$ 277	\$ 32,253
<b>Total allowance for credit losses</b>	<b>\$ 2,786,908</b>	<b>\$ 14,187</b>	<b>\$ 176,443</b>	<b>\$ 20,704</b>	<b>\$ 21,514</b>	<b>\$ 44,889</b>	<b>\$ 2,464</b>	<b>\$ 3,067,109</b>

## Discussion of Changes in Allowance for Credit Losses

The ACL increased \$289,617 to \$3,418,462 at June 30, 2025, as compared to \$3,128,845 at December 31, 2024. The increase in allowance was driven by standard review of adverse assets and the need for an allowance for expected credit losses on asset-specific loans, as well as fluctuations in loan portfolio risk ratings. Additionally, the Association utilizes certain input factors as model input. The input factors include a baseline economic scenario, an upside economic scenario, and a downside economic scenario.

The economic scenarios utilized in the June 30, 2025, estimate for the allowance for credit losses were based on the following scenarios: a baseline scenario which represents a relatively stable economic environment; a downside scenario reflecting an economic recession; and an upside scenario that considers the potential for economic improvement relative to the baseline.

### 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 credit 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, 2025	December 31, 2024
Capital stock and participation certificates	\$ 3,032,960	\$ 3,009,800
Accumulated other comprehensive loss	(283,676)	(283,676)
Unallocated retained earnings	206,379,421	197,017,289
Total Capital	<u>\$ 209,128,705</u>	<u>\$ 199,743,413</u>

### Regulatory Capitalization Requirements

Risk-adjusted:	Regulatory Minimums with Buffer	As of June 30, 2025
Common equity tier 1 ratio	7.00%	15.76%
Tier 1 capital ratio	8.50%	15.76%
Total capital ratio	10.50%	16.03%
Permanent capital ratio	7.00%	15.80%
<hr/>		
Non-risk-adjusted:		
Tier 1 leverage ratio	5.00%	16.08%
UREE leverage ratio	1.50%	15.81%

The details for the amounts used in the calculation of the regulatory capital ratios as of June 30, 2025:

	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
<b>Numerator:</b>				
Unallocated retained earnings	\$ 203,562,675	\$ 203,562,675	\$ 203,562,675	\$ 203,562,675
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	3,034,633	3,034,633	3,034,633	3,034,633
Allowance for credit losses and reserve for credit losses subject to certain limitations	-	-	3,141,447	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(22,789,491)	(22,789,491)	(22,789,491)	(22,789,491)
	<u>\$ 183,807,817</u>	<u>\$ 183,807,817</u>	<u>\$ 186,949,264</u>	<u>\$ 183,807,817</u>
<b>Denominator:</b>				
Risk-adjusted assets excluding allowance	\$ 1,188,890,794	\$ 1,188,890,794	\$ 1,188,890,794	\$ 1,188,890,794
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(22,789,491)	(22,789,491)	(22,789,491)	(22,789,491)
Allowance for credit losses	-	-	-	(3,118,408)
	<u>\$ 1,166,101,303</u>	<u>\$ 1,166,101,303</u>	<u>\$ 1,166,101,303</u>	<u>\$ 1,162,982,895</u>

	Tier 1 leverage ratio	UREE leverage ratio
<b>Numerator:</b>		
Unallocated retained earnings	\$ 203,562,675	\$ 203,562,675
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	3,034,633	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(22,789,491)	(22,789,491)
	<u>\$ 183,807,817</u>	<u>\$ 180,773,184</u>
<b>Denominator:</b>		
Total Assets	\$ 1,167,023,970	\$ 1,167,023,970
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(23,691,496)	(23,691,496)
	<u>\$ 1,143,332,474</u>	<u>\$ 1,143,332,474</u>

The Association's accumulated other comprehensive (loss) income relates entirely to its non-pension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. The following table summarizes the change in accumulated other comprehensive (loss) income for the six months ended June 30:

	<u>2025</u>	<u>2024</u>
Accumulated other comprehensive (loss) income at January 1	\$ (283,676)	\$ 41,377
Other comprehensive income before reclassifications	-	(11,616)
Net current period other comprehensive loss	-	(11,616)
Accumulated other comprehensive (loss) income at June 30	<u>\$ (283,676)</u>	<u>\$ 29,761</u>

#### 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, "Fair Value Measurements," in the 2024 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

<b>June 30, 2025</b>	<u>Fair Value Measurement Using</u>			<b>Total Fair Value</b>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>Assets:</b>				
Assets held in non-qualified benefits trusts	\$ 46,916	\$ -	\$ -	\$ 46,916
December 31, 2024	<u>Fair Value Measurement Using</u>			<u>Total Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>Assets:</b>				
Assets held in non-qualified benefits trusts	\$ 35,981	\$ -	\$ -	\$ 35,981

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

<b>June 30, 2025</b>	<u>Fair Value Measurement Using</u>			<b>Total Fair Value</b>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>Assets:</b>				
Loans	\$ -	\$ -	\$ 341,665	\$ 341,665
Other property owned	-	-	87,786	87,786
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,451</u>	<u>\$ 429,451</u>
December 31, 2024	<u>Fair Value Measurement Using</u>			<u>Total Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>Assets:</b>				
Loans	\$ -	\$ -	\$ 435,748	\$ 435,748
Other property owned	-	-	237,954	237,954
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,702</u>	<u>\$ 673,702</u>

For the three and six months ended June 30, 2025, and the year ended December 31, 2024, the Association did not have any nonfinancial liabilities that were assessed at fair value on a recurring or non-recurring basis.

### **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 2, “Summary of Significant Accounting Policies,” 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.

#### *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.

#### *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.

#### *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.

**NOTE 6 — EMPLOYEE BENEFIT PLANS:**

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

	<b>Pension Benefits</b>	
	<b>2025</b>	<b>2024</b>
<b>Three months ended June 30:</b>		
Service cost	\$ 8,175	\$ 8,645
Interest cost	50,020	45,939
Amortization of prior service costs	-	(5,808)
Net periodic benefit cost	<u>\$ 58,195</u>	<u>\$ 48,776</u>
<b>Six months ended June 30:</b>		
Service cost	\$ 16,350	\$ 17,290
Interest cost	100,041	91,878
Amortization of prior service costs	-	(11,616)
Net periodic benefit cost	<u>\$ 116,391</u>	<u>\$ 97,552</u>

The Association's liability for the unfunded accumulated obligation for these benefits at June 30, 2025, was \$3,861,023 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, 2024, that it expected to contribute \$139,254 to the District's defined benefit pension plan in 2025. As of June 30, 2025, \$69,627 of contributions have been made. The Association presently anticipates contributing an additional \$69,627 to fund the defined benefit pension plan in 2025.

**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 \$77,614,186 in commitments and \$742,785 in letters of credit outstanding.

**NOTE 8 — SUBSEQUENT EVENTS:**

The Association has evaluated subsequent events through August 8, 2025, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of August 8, 2025.