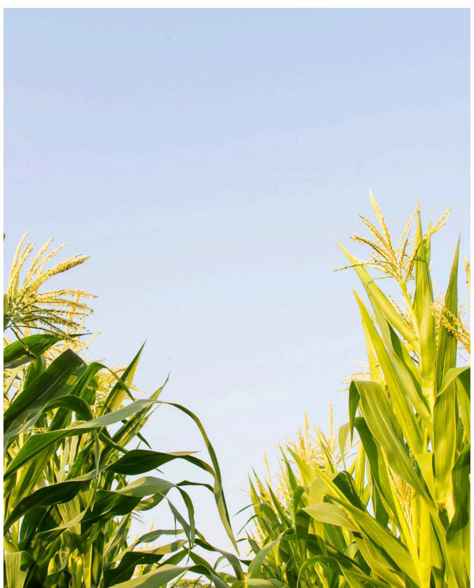
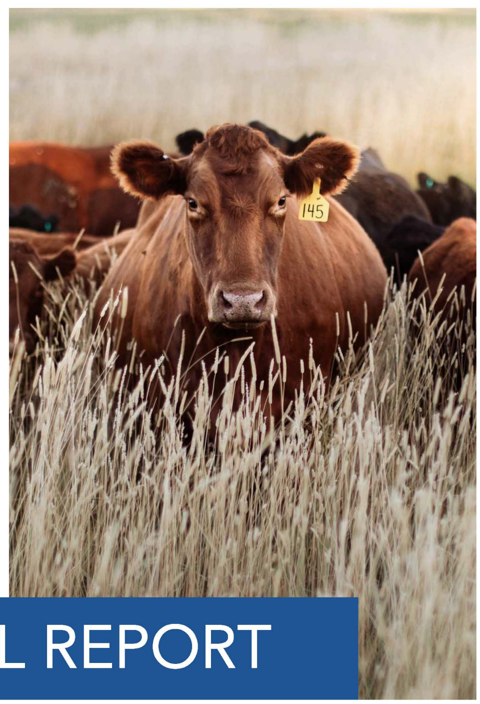
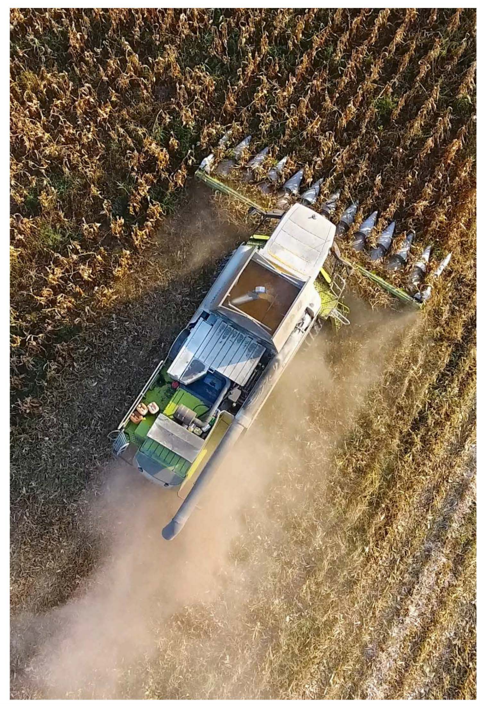






2024 ANNUAL REPORT

YOUR PARTNER **IN AGRICULTURE.**

FARM CREDIT
OF SOUTHERN COLORADO

FARM CREDIT
OF SOUTHERN COLORADO

Jeremy M Anderson
President & CEO

To our customers and shareholders,

During 2024, the Federal Reserve decreased the short-term interest rates three consecutive times for a total of 1.00 basis points as inflation appeared to be cooling. Despite the reduction in short-term interest rates, the yield curve's return to a "normal yield curve" meant that long-term rates remained higher than short-term rates. This has resulted in long-term rates staying relatively flat in 2024 despite those short-term reductions. While rates remained relatively stable during the year, I am pleased to note that due to increased activity in the countryside, we saw healthy and sustainable loan growth for the year.

We can report strong operating results again this year with net earnings of $22.9 million, which allows the Association to return $10.0 million in cash patronage in the spring of 2025, to you, our shareholders. Total loans outstanding at December 31, 2024 were $1.59 billion, an increase of $55.6 million, or 3.6 percent, from loans of $1.54 billion at December 31, 2023. Our average accrual loan volume increased $87.8 million or 6.0 percent from $1.46 billion at December 31, 2023.

Additional Association highlights for 2024 include:

Project Evolution

As I reflect on our financial results and think about our accomplishments in 2024, I can't help but express gratitude to our team members here at Farm Credit of Southern Colorado. We have worked tirelessly throughout 2024 on Project Evolution and on defining our go-to-market strategy, which we refer to as our Owner Experience. This year, we completed the first major milestone in this project by going live with our new loan origination platform. This platform is built on a customer relationship management software and will be at the center of how we build on our Owner Experience in the future. While I have been a part of several projects like this in my career, the commitment and hard work of our team here at Farm Credit of Southern Colorado is truly the best I have seen. We went live with our loan origination platform on time and on budget. We also continued the work on the remaining portions of Project Evolution which includes building out and preparing for a later 2025 conversion of our loan accounting system, our general ledger accounting system, and a new and improved on-line and mobile banking suite of products. We plan to share updates with you throughout 2025 and are currently targeting a full go-live of these products by the end of the third quarter of 2025. In addition to the tools already mentioned, we are working on implementing new and enhanced fraud prevention tools to help protect our member owners from the rising risks of check fraud and other instances of fraud.

We are proud of the financial results and successes shared in this annual report. When we began Project Evolution, with the board's support, we discussed that our goals were to bring our data resources, IT services, and full control of our owner experience back to Farm Credit of Southern Colorado. This meant an exit from our long-time vendor AgVantis. The decision to do this was significant and we knew it would require a significant financial and human capital investment for this to be accomplished. While we note that 2024 earnings trailed our record year in 2023, we did exceed our business plan target for 2024 and are confident that once we finish the project and fully exit the AgVantis relationship, we will return to earning levels more appropriate for a cooperative of our size and scope. Additionally, I am proud that we have recruited some very talented individuals to help us build a long-term sustainable future here at Farm Credit of Southern Colorado. It is gratifying to see our team growing right here in Southern Colorado and the local communities we all serve and live in.

At Farm Credit of Southern Colorado, we understand that our customers expect competitively priced products and services, exceptional customer service, convenient credit delivery, knowledgeable staff, and a dedicated management team. It is a pleasure to serve, you, our member owners. We are proud to present our 2024 Farm Credit of Southern Colorado Annual Report.

As a mission based cooperative, we look forward to enriching the lives of our customers, employees, and the communities we serve. Thank you for your business and continued support.

Jeremy M Anderson
President & CEO

5110 Edison Avenue, Colorado Springs, CO 80915
Office: 1-800-815-8559 | aglending.com

OUR BOARD OF DIRECTORS

Whitney Hansen

Burlington, CO
Board Chair

James Andersen

Genoa, CO
Vice Chairman

Cole James

Rush, CO

J. Kent Price

Monte Vista, CO

Steven Betts

Centennial, CO
Appointed Director

Colin Durham

Yoder, CO

Logan Feldhousen

Burlington, CO

Matthew Seger

Del Norte, CO

Michael Livingston

Stratton, CO

Julie Fortenbery

Sunderland, MD
Appointed Director

Michael Whitmore

Burlington, CO

Barten Mulch

Burlington, CO

CUSTOMER PROFILE

Worley Family Farm, LLC.

San Luis Valley, Colorado

A Legacy of Hard Work

The Mattive family has been farming in the San Luis Valley of southern Colorado for generations, and their story is one of resilience, growth, and a deep commitment to their land and local community.

What started with Bob and Gail Mattive's vision to build their farm has evolved into a multi-generational operation that includes their sons, Reid and Grant, and nephew, Matthew Smart. Today, the family farms 2,000 acres of potatoes, a crop they take immense pride in.

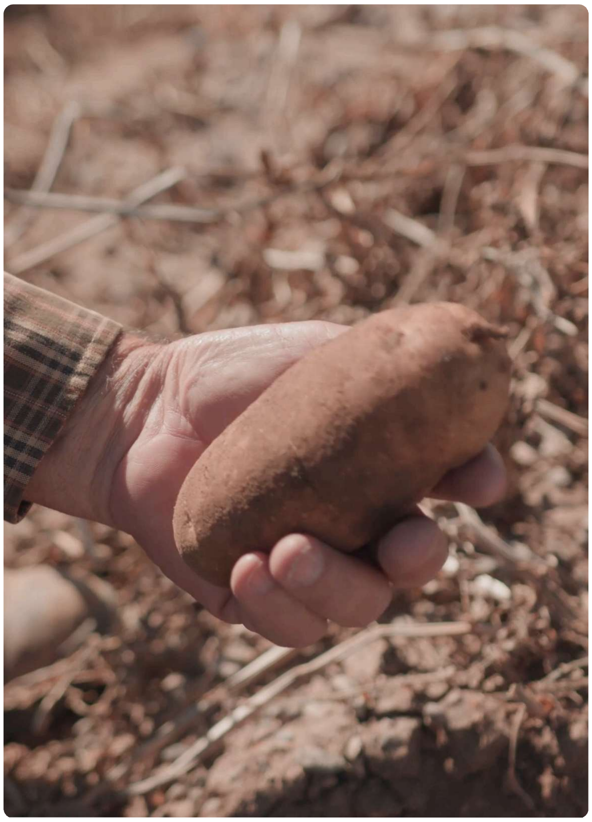
From Seed to Success

The Mattive family specializes in certified seed potatoes, beginning with a single plant cultivated in their tissue culture lab. This plant is then carefully propagated into tens of thousands of plants.

"We start from one plant and then just go from cloning that one plant and just cutting your 30,000 plants," said Gail Mattive. "You're just watching those little plants grow."

This process ensures their crops are healthy and yield high-quality potatoes, but their commitment to farming doesn't end there. They continually adapt their practices to meet changing conditions and promote long-term sustainability and soil health. To support this, the Mattive's have embraced crop rotation and innovative soil management techniques.

Most farmers, especially in this region, rotate crops. "The traditional rotation was potatoes, barley, potatoes, barley," Grant said. "We had to do something different." After a severe drought in 2002, the family began experimenting with sudan grass to help restore soil health. They incorporate this grass back into the soil to improve its biology. "Everything we do with our rotation crops is to make our potatoes better," he said.



"Farm Credit of Southern Colorado is steeped in agriculture."

\- Matthew Smart, Worley Family Farms, LLC

A Partner in Growth

Financial support from Farm Credit of Southern Colorado helped Bob and Gail first take the leap into ownership in 1982. "When Bob and I first came back, we borrowed from Farm Credit of Southern Colorado," Gail said. "We were able to jump into the farm as an owner, instead of just being an employee."

Today, the family continues to rely on Farm Credit of Southern Colorado's expertise and resources. "Farm Credit of Southern Colorado is steeped in agriculture," said Smart. "They understand the workings of how agriculture needs to move differently with prices going up and down and how the commodities change."

Farm Credit of Southern Colorado employees - from the CEO to the loan officers - have extensive agricultural knowledge and a commitment to helping their customers succeed. "We all understand agriculture, and we understand what our customers are going through," said Chad Cochran, the family's loan officer.

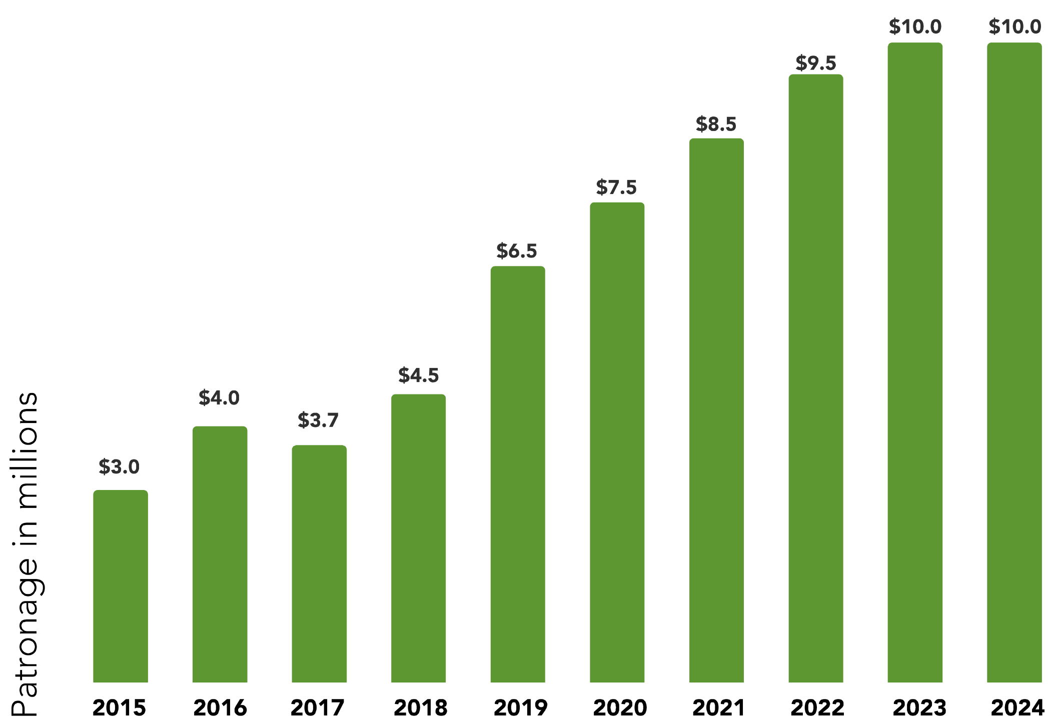
PATRONAGE

The Board of Directors for Farm Credit of Southern Colorado is pleased to announce its commitment to distribute $10 million in cash patronage dividend to the farmers, ranchers, and agricultural producers it serves across Southern Colorado.

The Board of Directors has approved a cash patronage dividend of $10 million for 2024. This represents approximately 43% of Farm Credit of Southern Colorado's net earnings, providing vital support to farmers and ranchers for their operations, families, and rural communities. Since 2015, Farm Credit of Southern Colorado has returned over $67.2 million to eligible customer-owners.

PATRONAGE DECLARED IN 2024

$10 MILLION



★49★

THOUSAND DOLLARS

across 30 total scholarships

FFA

State Level Sponsorship - $12,100
Local level Sponsorship - $ 9,590
Total $ 21,690

Top three organizations we provided charitable and/or sponsorship support to:

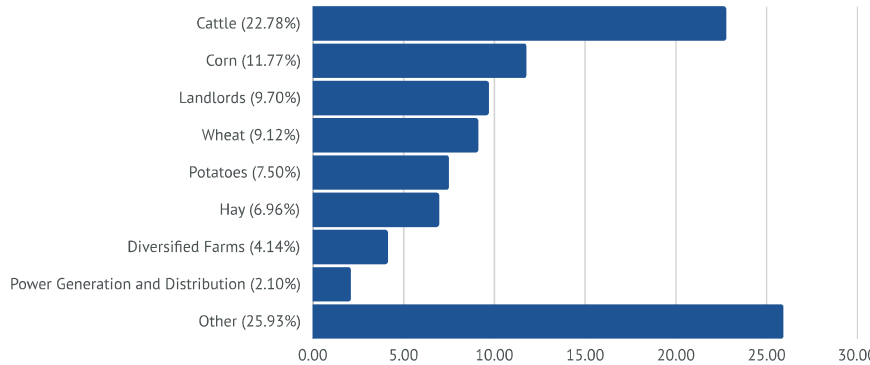
Colorado Cattlemen's Association

Gift of Life Foundation

AgSouth Hurricane Relief Fund

PORTFOLIO BREAKDOWN

Our association loan volume by borrower primary commodity as of December 31, 2024.



KEY NUMBERS

(IN THOUSANDS)

TOTAL ASSETS
$1,701,445

NET INCOME
$22,886

TOTAL SHAREHOLDERS' EQUITY
$325,107

TOTAL 2024 PATRONAGE DECLARED
$10,000

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Five-Year Summary of Selected Consolidated Financial Data (Unaudited)

(Dollars in Thousands)

	December 31				
	2024	2023	2022	2021	2020
Statement of Condition Data					
Loans	**$ 1,592,508**	$ 1,536,917	$ 1,451,447	$ 1,375,787	$ 1,177,690
Less allowance for loan losses	**2,202**	3,080	3,793	3,100	3,826
Net loans	**1,590,306**	1,533,837	1,447,654	1,372,687	1,173,864
Investment in CoBank, ACB	**39,303**	36,876	35,313	35,248	35,213
Other property owned	**844**	-	-	-	-
Other assets	**70,992**	64,883	59,514	47,560	44,231
Total assets	**$ 1,701,445**	$ 1,635,596	$ 1,542,481	$ 1,455,495	$ 1,253,308
Obligations with maturities of one year or less	**$ 39,916**	$ 36,136	$ 37,631	$ 26,496	$ 27,203
Obligations with maturities longer than one year	**1,335,959**	1,286,086	1,213,433	1,151,296	959,973
Reserve for unfunded commitments	**463**	356	576	568	476
Total liabilities	**1,376,338**	1,322,578	1,251,640	1,178,360	987,652
Preferred stock	**6,407**	6,900	778	776	953
Capital stock	**1,896**	1,846	1,816	1,777	1,635
Unallocated retained earnings	**316,804**	304,272	288,247	274,582	263,068
Total shareholders' equity	**325,107**	313,018	290,841	277,135	265,656
Total liabilities and shareholders' equity	**$ 1,701,445**	$ 1,635,596	$ 1,542,481	$ 1,455,495	$ 1,253,308

	For the Year Ended December 31				
	2024	2023	2022	2021	2020
Statement of Income/(Expense) Data					
Net interest income	**$ 43,604**	$ 41,995	$ 37,848	$ 32,078	$ 29,356
Patronage distribution from Farm Credit institutions	**6,834**	6,792	6,599	5,572	3,850
(Provision for credit losses)/Credit loss reversal	**(725)**	(2,394)	(701)	643	(391)
Noninterest expense, net	**(26,786)**	(22,328)	(20,554)	(18,268)	(19,482)
Provision for income taxes	**(41)**	(40)	(19)	(11)	(9)
Net income	**$ 22,886**	$ 24,025	$ 23,173	$ 20,014	$ 13,324
Comprehensive income	**$ 22,886**	$ 24,025	$ 23,173	$ 20,014	$ 13,614

	2024	2023	2022	2021	2020
Key Financial Ratios					
For the Year					
Return on average assets	**1.38%**	1.54%	1.56%	1.50%	1.15%
Return on average shareholders' equity	**7.05%**	7.76%	8.04%	7.28%	4.98%
Net interest income as a percentage of average earning assets	**2.80%**	2.85%	2.70%	2.55%	2.69%
Net charge-offs/(recoveries) as a percentage of average net loans	**0.10%**	0.07%	-	<(0.01%)	<(0.01%)
At Year End					
Shareholders' equity as a percentage of total assets	**19.11%**	19.14%	18.86%	19.04%	21.20%
Debt as a ratio to shareholders' equity	**4.23:1**	4.23:1	4.30:1	4.25:1	3.72:1
Allowance for loan losses as a percentage of loans	**0.14%**	0.20%	0.26%	0.23%	0.32%
Common equity tier 1 (CET1) capital ratio	**16.38%**	16.67%	16.39%	16.57%	18.83%
Tier 1 capital ratio	**16.38%**	16.67%	16.39%	16.57%	18.83%
Total regulatory capital ratio	**16.52%**	16.90%	16.66%	16.82%	19.20%
Tier 1 leverage ratio	**17.19%**	17.49%	17.17%	17.36%	19.65%
Unallocated retained earnings and URE equivalents (UREE) leverage ratio	**17.08%**	17.38%	17.04%	18.06%	20.31%
Permanent capital ratio	**16.77%**	17.13%	16.48%	16.66%	18.97%
Net Income Distribution					
Cash patronage distributions paid	**$ 10,000**	$ 9,500	$ 8,500	$ 7,500	$ 6,500
Cash patronage declared	**$ 10,000**	$ 10,000	$ 9,500	$ 8,500	$ 7,500
Stock dividends paid	**$ 369**	$ 161	$ 3	$ 1	$ 20
Stock dividends declared	**$ 354**	$ 243	$ 8	$ -	$ 10

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INTRODUCTION

The following discussion summarizes the financial position and results of operations of Farm Credit of Southern Colorado, ACA (Association) for the year ended December 31, 2024. Comparisons with prior years are included. We have emphasized material known trends, commitments, events, or uncertainties that have impacted, or are reasonably likely to impact our financial condition and results of operations. The discussion and analysis should be read in conjunction with the accompanying consolidated financial statements, footnotes, and other sections of this report. The accompanying consolidated financial statements were prepared under the oversight of our Audit Committee. The Management's Discussion and Analysis includes the following sections:

- Business Overview
- Economic Overview
- Loan Portfolio
- Credit Risk Management
- Results of Operations
- Liquidity
- Capital Resources
- Human Capital
- Regulatory Matters
- Governance
- Forward-Looking Information
- Critical Accounting Policies and Estimates
- Other Matters
- Customer Privacy
- Patron's Consent to Take Patronage Distribution into Income

Our quarterly reports to shareholders are available approximately 40 days after the calendar quarter end and annual reports are available approximately 75 days after the calendar year end. The reports may be obtained free of charge on our website, www.aglending.com, or upon request. We are located at 5110 Edison Avenue, Colorado Springs, Colorado 80915 or may be contacted by calling (800) 815-8559 or (719) 570-1087.

BUSINESS OVERVIEW

Farm Credit System Structure and Mission

As of December 31, 2024, we are one of 55 associations in the Farm Credit System (System), which was created by Congress in 1916 and has served agricultural producers for over 100 years. The System mission is to provide sound and dependable credit to American farmers, ranchers, and producers or harvesters of aquatic products and farm-related businesses through a member-owned cooperative system. This is done by making loans and providing financial services. Through its commitment and dedication to agriculture, the System continues to have the largest portfolio of agricultural loans of any lender in the United States. The Farm Credit Administration (FCA) is the System's independent safety and soundness federal regulator and was established to supervise, examine, and regulate System institutions.

Our Structure and Focus

As a cooperative, we are owned by the members we serve. Our territory served extends across a diverse agricultural region of southern and eastern Colorado. The counties in our territory are listed in Note 1 of the accompanying consolidated financial statements. We make long-term real estate mortgage loans to farmers, ranchers, rural residents, and agribusinesses, and production and intermediate-term loans for agricultural production or operating purposes. Additionally, we provide other related services to our borrowers, such as credit life insurance, term life insurance, credit disability insurance, multi-peril and crop hail insurance, leasing, fee appraisals, advance conditional payment accounts, and an investment stock program. Our success begins with our extensive agricultural experience and knowledge of the market and is dependent on the level of satisfaction we provide to our borrowers.

As part of the System, we obtain the funding for our lending and operations from a Farm Credit Bank. Our funding bank, CoBank, ACB (CoBank), is a cooperative of which we are a member. CoBank, its related associations, and AgVantis, Inc. (AgVantis) are referred to as the District.

We, along with the borrower's investment in our Association, are materially affected by CoBank's financial condition and results of operations. The CoBank quarterly and annual reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at 5110 Edison Avenue, Colorado Springs, Colorado 80915 or by calling (800) 815-8559 or (719) 570-1087. Annual reports are available within 75 days after year end and quarterly reports are available within 40 days after the calendar quarter end.

We purchase technology and other operational services from AgVantis, which is a technology service corporation. We are a shareholder in AgVantis, along with other AgVantis customers. Farm Credit Foundations, a human resource shared service provider for several Farm Credit institutions, provides administration for our payroll and benefits and may provide related human resource offerings.

ECONOMIC OVERVIEW

Economic conditions in our territory showed mixed results based on the prevailing commodities grown in different regions. Cash prices for corn rallied in the fourth quarter while wheat, millet, and potatoes remained steady or decreased slightly. Beef producers in our territory continued to enjoy strong markets for all classes of cattle with prices rallying for calves, feeders, and fat cattle in the fourth quarter.

The November 2024 data release for the U.S Bureau of Labor Statistics reported that the Consumer Price Index (CPI) in the Mountain Plains Region for all urban consumers declined 0.1% in November and advanced 1.7% from December 2023. The Mountain Plains Region showed a decline of gasoline and energy prices while the price of food, housing, and other items increased.

Moisture conditions throughout the territory improved over the fourth quarter. An early season snowstorm blanketed our territory with heavy, wet snow in early November. This storm left three to six inches of moisture across all counties and was a significant benefit to all producers. The U.S. Drought Monitor classification showed no drought conditions across the vast majority of our territory at year end. Only portions of Archuleta County exhibited an Abnormally Dry (D0) classification.

Grain producers were challenged in the fourth quarter to complete harvest following the exceptional snow event in November. This same event caused significant improvement in soil moisture profiles for both crop and livestock producers. The 2024 wheat yields were in line with historical averages, while yields for corn, milo, and millet were up slightly. Hay yields, including alfalfa and sorghum were strong, which drove down basis across the territory. The winter wheat crop should be set with excellent moisture conditions going into 2025.

Potatoes are primarily grown in the San Luis Valley, which is in the southwestern region of our territory. Growers planted over 50,000 acres of potatoes in the San Luis Valley this spring and yields were strong. Favorable growing conditions and strong yields across the country have depressed prices in all markets, including southern Colorado. Current prices will stress profitability for potato producers this year.

Real estate prices remain strong and demand for rural properties has been consistent. Realtors report that the pace of real estate transactions increased following the national elections with buyers responding positively to the economic outlook and lower interest rates. Cash continues to be a strong competitor.

Our Association continues to analyze the material effects of transition risks related to climate change that may affect our business, financial condition, and results of operations. These risks include policy and regulatory changes that could impose operational and compliance burdens, market trends that may alter business opportunities, credit risks, litigation risks, and technological changes. Agricultural producers continue to adjust to changing climate conditions and have implemented additional practices of no-till planting, minimal till practices, cover crops, and other water conservation techniques to manage reduced amounts of rainfall and to keep their farmland in a state of sustainable production. Currently, we are not aware of any specific material impacts on our business, results of operations, or financial conditions from the effects of climate change transition risks.

Despite the softening of growth in the U.S. economy and concerns surrounding high interest rates in the first half of 2024, the U.S. economy ended on strong footing at the end of the year. Inflation continues to decelerate, and the Federal Reserve has responded by lowering interest rates to a range of 4.25% - 4.50%. The U.S. economy grew at a faster pace than expected in the second half of 2024 due to stronger than projected consumer spending. Real GDP grew at an annual rate of 2.8%, reflecting the increase in consumer spending in 2024. Although unemployment has increased slightly from the prior year, labor market conditions have generally remained healthy. After two years of strong growth, net cash farm income is forecasted to decrease by 3.5% in 2024 according to the USDA. This decrease is largely due to rising farming expenses, lower direct government payments, and weakening commodity prices. Global conflicts continue to put additional pressures on commodity prices and have contributed to volatility and uncertainty in the markets.

The Agricultural Improvement Act of 2018 (Farm Bill) was signed into law on December 20, 2018. This Farm Bill governs an array of federal farm and food programs, including commodity price support payments, farm credit, conservation programs, research, rural development, and foreign and domestic food programs for five years through 2023. On November 16, 2023, an extension of the Farm Bill was signed that allowed certain authorized programs to continue through September 30, 2024. Subsequently, on December 21, 2024, another extension of the Farm Bill was signed to extend the programs for one year through September 30, 2025. The extension includes $10 billion to help farmers struggling with high interest rates, declining crop prices, and rising production costs that are outpacing farm revenues. The Farm Bill continues to provide support for crop insurance and commodity support programs, strengthen livestock disaster programs, and provides dairy producers with an updated voluntary margin protection program that will provide additional risk management options to dairy operations. The Farm Bill also clarifies the Farm Credit System Insurance Corporation's (FCSIC) authority, role, and procedures for acting as a conservator or receiver of a troubled System institution. The Farm Bill provides a range of statutory options to the Insurance Corporation including, but not limited to, marshalling and liquidating assets, satisfying claims of creditors, and using interim devices such as bridge banks.

LOAN PORTFOLIO

Total loans outstanding were $1.59 billion at December 31, 2024, an increase of $55.6 million, or 3.6%, from loans at December 31, 2023. The increase in loans was due to an increase in our core portfolio, partially offset by a decrease in our purchased participations. Real estate, production and intermediate-term, and agribusiness loans increased, partially offset by a decrease in rural infrastructure loans. The types of loans outstanding at December 31 are reflected in the following table.

	2024		2023		2022	
(dollars in thousands)	**Amount**	**Percent**	Amount	Percent	Amount	Percent
Real estate mortgage	**$ 976,262**	**61.3%**	$ 946,707	61.6%	$ 942,374	64.9%
Production and intermediate-term	**297,432**	**18.7%**	276,035	18.0%	229,723	15.8%
Agribusiness	**214,943**	**13.5%**	201,600	13.1%	195,262	13.5%
Rural infrastructure	**92,089**	**5.8%**	100,725	6.6%	71,550	4.9%
Agricultural export finance	**11,120**	**0.7%**	11,108	0.7%	11,781	0.8%
Rural residential real estate	**9**	**–**	14	–	18	–
Mission-related	**653**	**–**	728	–	739	0.1%
Total	**$ 1,592,508**	**100.0%**	$ 1,536,917	100.0%	$ 1,451,447	100.0%

Real estate mortgage loans outstanding increased from year-end 2023 to year-end 2024 primarily due to an increase in real estate sales in the fourth quarter of 2024, along with aging land owners taking advantage of increased real estate prices and selling their real estate. Long-term mortgage loans are primarily used to purchase, refinance, or improve real estate. These loans have maturities ranging from 5 to 40 years. Real estate mortgage loans are also made to rural homeowners. By federal regulation, a real estate mortgage loan must be secured by a first lien and may only be made in an amount up to 85% of the original appraised value of the property, or up to 97% of the appraised value, if the loan is guaranteed by certain state, federal, or other governmental agencies. Under our current underwriting standards, we lend less than the regulatory limit of 85% of the appraised value of the property.

The production and intermediate-term loans increased from year-end 2023 to year-end 2024 primarily due to an increase in seasonal equipment trades, increased usage of existing lines of credit and continued focused marketing efforts to increase production loans in our core portfolio. Production loans are used to finance the ongoing operating needs of agricultural producers and generally match the borrower's normal production and marketing cycle, which is typically 12 months. Intermediate-term loans are generally used to finance depreciable capital assets of a farm or ranch. Intermediate-term loans are written for a specific term, 1 to 15 years, with most loans being less than 10 years. Our production and intermediate-term loan portfolio shows some seasonality. Borrowings increase throughout the planting and growing seasons to meet farmers' operating and capital needs. These loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs.

Agribusiness loan volume increased due to increased participations purchased. Agribusiness loans are used to finance farm related businesses, cooperatives, and processing and marketing businesses. At December 31, 2024, 100% of agricultural export finance volume was a result of loan participations purchased.

A decrease was noted in rural infrastructure loan volume, where 100% of the loan volume was due to participations in communication, energy, and waste/water portfolios.

Portfolio Diversification

While we make loans and provide financially related services to qualified borrowers in agricultural and rural sectors and to certain related entities, our loan portfolio is diversified by loan participations purchased and sold, geographic locations served, commodities financed, and loan size as illustrated in the following four tables.

We purchase loan participations from other System and non-System entities to generate additional earnings and diversify risk related to existing commodities financed and our geographic area served. In addition, we sell a portion of certain large loans to other System and non-System entities to reduce risk and comply with lending limits we have established.

Our volume of participations purchased and sold as of December 31 follows.

(dollars in thousands)	**2024**	2023	2022
Participations purchased with other Farm Credit institutions	**$ 374,001**	$ 409,498	$ 369,624
Participations purchased with non-Farm Credit institutions	**7,182**	–	636
Total participations purchased	**$ 381,183**	$ 409,498	$ 370,260
Participations sold to other Farm Credit institutions	**59,772**	66,626	63,412
Participations sold to non-Farm Credit institutions	**6,256**	6,513	6,761
Total participations sold	**$ 66,028**	$ 73,139	$ 70,173

We have no loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interests that are held in lieu of retaining a subordinated participation interest in the loans sold.

The geographic distribution of loans by county at December 31 follows. As previously mentioned, we purchase loan participations outside our territory, which are included in Other in the following table.

	2024	2023	2022
Alamosa	**4.14%**	4.51%	4.50%
Arapahoe	**1.59%**	1.84%	1.84%
Archuleta	**0.68%**	0.26%	0.28%
Baca	**1.64%**	1.50%	1.64%
Bent	**1.16%**	1.06%	1.32%
Cheyenne	**3.81%**	3.61%	4.08%
Conejos	**1.00%**	0.95%	1.06%
Costilla	**1.02%**	1.07%	0.85%
Custer	**1.21%**	0.91%	0.75%
Douglas	**1.26%**	1.35%	1.43%
El Paso	**1.56%**	1.97%	2.04%
Elbert	**4.13%**	3.44%	3.09%
Kiowa	**2.33%**	1.92%	1.75%
Kit Carson	**17.47%**	16.41%	15.57%
Las Animas	**0.52%**	0.71%	0.80%
Lincoln	**2.81%**	2.55%	2.52%
Otero	**1.43%**	1.64%	1.43%
Prowers	**2.30%**	1.97%	2.19%
Rio Grande	**5.29%**	5.35%	5.52%
Saguache	**0.90%**	0.89%	1.42%
Other – Colorado	**14.08%**	12.92%	13.97%
Other	**29.67%**	33.17%	31.95%
Total	**100.00%**	100.00%	100.00%

We are party to a Territorial Approval Agreement (Agreement) with two other associations in the states of Colorado and Kansas. The Agreement eliminates territorial restrictions and allows associations that are a party to the Agreement to make loans in any other association's territory regardless of a borrower's place of residence, location of operations, location of loan security, or location of headquarters. This Agreement can be terminated upon the earlier to occur of:

1) the time when all but one association has withdrawn as a party to the Agreement; or
2) when requested by FCA.

We are a party to Agreements Providing Territorial Concurrence with both Farm Credit Services of America and Farm Credit Mid-America, FLCA. The Agreement with Farm Credit Services of America eliminates territorial restrictions and allows either party to make loans through its dealer network in the other's territory. The Agreement with Farm Credit Mid-America, FLCA eliminates territorial restrictions and allows them to originate and service consumer loans to consumer loan borrowers for a fee.

The following table shows the primary agricultural commodities produced by our borrowers based on the Standard Industrial Classification System (SIC) published by the federal government. This system is used to assign commodity or industry categories based on the primary business of the customer. A primary business category is assigned when the commodity or industry accounts for 50% or more of the total value of sales for a business; however, a large percentage of agricultural operations typically includes more than one commodity.

	December 31		
SIC Category	**2024**	2023	2022
Cattle	**22.78%**	22.32%	22.91%
Corn	**11.77%**	11.75%	11.21%
Landlords	**9.70%**	8.98%	10.40%
Wheat	**9.12%**	8.47%	8.22%
Potatoes	**7.50%**	7.82%	8.68%
Hay	**6.96%**	6.82%	6.92%
Diversified Farms	**4.14%**	4.04%	3.55%
Power Generation and Distribution	**2.10%**	1.62%	1.68%
Other	**25.93%**	28.18%	26.43%
Total	**100.00%**	100.00%	100.00%

Our loan portfolio contains a concentration of cattle, corn, landlords, wheat, and potatoes. The majority of our cattle producers fall into one of three categories: cow/calf producers, grazing stockers, and fed cattle. Each has a distinct risk profile which provides diversity. As of December 31, 2024, borrowers with cow/calf as their primary product represented 13.77% of the portfolio, fed cattle and stockers represented 4.77% and 2.22%, respectively. Cattle producers that did not fall into one of these subcategories represented 2.02% of the portfolio. The increase in our cattle concentration was due to the overall loan portfolio growing at a slower pace than loans to customers with cattle as their primary business. Our concentration of corn producers increased to 11.77%, slightly up from 11.75% as of December 31, 2023. The other category represents 25.93% of the loan volume and is comprised of more than 79 categories, the largest of these is 1.33%.

Repayment ability of our borrowers is closely related to the production and profitability of the commodities they raise. If a loan fails to perform, restructuring and/or other servicing alternatives are influenced by the underlying value of the collateral, which is impacted by industry economics. Our future performance would be negatively impacted by adverse agricultural conditions. The degree of the adverse impact would be correlated to the commodities negatively affected and the magnitude and duration of the adverse agricultural conditions to our borrowers.

In addition to commodity diversification noted in the previous table, further diversification is also achieved from loans to rural residents and part-time farmers, which typically derive most of their earnings from non-agricultural sources. These borrowers are less subject to agricultural cycles and would likely be more affected by weaknesses in the general economy.

The loans outstanding at December 31, 2024 for loans $250 thousand or less accounted for 12.9% of loan volume and 67.2% of the number of loans. Credit risk on small loans, in many instances, may be reduced by non-farm income sources. The following table details loans outstanding by dollar size at December 31 for the last three years.

	2024		2023		2022	
(dollars in thousands)	**Amount outstanding**	**Number of loans**	Amount outstanding	Number of loans	Amount outstanding	Number of loans
$1 - $250	**$ 205,365**	**2,664**	$ 206,527	2,660	$ 203,359	2,690
$251 - $500	**200,538**	**563**	192,466	540	177,883	498
$501 - $1,000	**259,174**	**372**	236,231	342	239,253	346
$1,001 - $5,000	**688,410**	**336**	684,074	335	654,843	315
$5,001 - $25,000	**239,021**	**30**	217,619	28	150,565	20
$25,001 - $100,000	**–**	**–**	–	–	25,544	1
Total	**$ 1,592,508**	**3,965**	$ 1,536,917	3,905	$ 1,451,447	3,870

As of December 31, 2024, approximately 11.0% of our loans outstanding is attributable to ten borrowers. Due to their size, the loss of any of these loans or the failure of any of these loans to perform would adversely affect the portfolio and our future operating results.

Credit guarantees with government agencies of $17.9 million at year-end 2024, $18.0 million at year-end 2023, and $19.5 million at year-end 2022 were outstanding.

Credit Commitments

We may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of our borrowers. These financial instruments include commitments to extend credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in our consolidated financial statements. Commitments to extend credit are agreements to lend to a borrower if there is not a violation of any condition established in the contract. Commitments and commercial letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. We may also participate in standby letters of credit to satisfy the financing needs of our borrowers. These standby letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. The following table summarizes the maturity distribution of unfunded credit commitments on loans at December 31, 2024.

(dollars in thousands)	**Due 1 year or less**	**Due after 1 year through 3 years**	**Due after 3 years through 5 years**	**Due after 5 years**	**Total**
Commitments to extend credit	$ 90,631	$ 180,427	$ 71,193	$ 34,381	$ 376,632
Standby letters of credit	3,307	66	5	–	3,378
Commercial letters of credit	54	9	–	–	63
Total commitments	$ 93,992	$ 180,502	$ 71,198	$ 34,381	$ 380,073

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the Consolidated Statement of Condition until funded or drawn upon. The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers and we apply the same credit policies to these commitments. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the borrower. We consider potential losses related to unfunded commitments, and a reserve for unfunded commitments is included in the liabilities section of the Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income.

Nonperforming Assets

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. Accrued interest on all accruing loans at December 31, 2024 has been excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. Comparative information regarding nonperforming assets in the portfolio follows:

(dollars in thousands)	**2024**	2023	2022
Nonaccrual loans	**$ 3,712**	$ 5,224	$ 6,190
Accruing loans 90 days past due	**–**	103	–
Accruing restructured loans			399
Total nonperforming loans	**$ 3,712**	$ 5,327	$ 6,589
Other property owned	**$ 844**	$ –	$ –
Total nonperforming assets[1]	**$ 4,556**	$ 5,327	$ 6,589

[1] Prior to the adoption of CECL on January 1, 2023, nonperforming assets included accruing restructured loans.

Total nonperforming assets decreased 14.5% at December 31, 2024 compared with year-end 2023. The reduction in nonperforming assets was due to a decrease in nonaccrual loans partially offset by an increase in other property owned.

Nonaccrual loans represent all loans where there is a reasonable doubt as to collection of all principal and/or interest. Nonaccrual volume decreased from December 31, 2023 primarily due to one capital markets loan complex that was fully charged off and a related loan complex that was partially charged off with the remainder moved to other property owned. These decreases were partially offset by four loan complexes moving to nonaccrual.

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure, or other means. We had other property owned of $844 thousand at December 31, 2024, compared with none at December 31, 2023 and 2022. During 2024, we acquired approximately 1.37% of a facility which was related to a participation interest in a loan.

Nonperforming asset volume is anticipated to increase slightly in the future due to decreasing commodity prices and the continued stress in our purchased participations portfolio.

Credit Quality

We review the credit quality of the loan portfolio on an on-going basis as part of our risk management practices. Each loan is classified according to the Uniform Classification System (UCS), which is used by all System institutions. Following are the classification definitions.

- 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, and/or collateral pledged on the loan.
- Doubtful – Assets exhibit similar weaknesses as substandard assets. However, doubtful assets have additional weaknesses in existing facts that make collection in full highly questionable.
- Loss – Assets are not considered collectible.

	2024	2023	2022[1]
Acceptable	**96.11%**	95.62%	95.66%
OAEM	**1.65%**	0.80%	2.30%
Substandard	**2.24%**	3.58%	2.01%
Doubtful	**–**	–	0.03%
Total	**100.00%**	100.00%	100.00%

[1] Prior to the adoption of CECL on January 1, 2023, loans were presented with accrued interest receivable.

During 2024, overall credit quality improved. The financial position of most agricultural producers strengthened during the past decade, and most of our borrowers have maintained generally strong financial positions. As such, our credit quality is anticipated to remain sound in the near term. However, agriculture remains a cyclical business that is heavily influenced by production, operating costs, and commodity prices. Each of these can be significantly impacted by uncontrollable events. If less favorable economic conditions continue, it will likely lead to weakening in the loan portfolio.

Allowance for Loan Losses

Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (CECL). This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures, and replaced the incurred loss guidance. This framework requires that management's estimate reflects credit losses over the asset's remaining expected life and considers expected future changes in macroeconomic conditions. The allowance for credit losses comprises the allowance for loan losses and the allowance for unfunded commitments.

After adoption of this guidance, the allowance for credit losses takes into consideration relevant information about past events, current conditions, and macroeconomic forecasts of future conditions. An economic scenario is considered over a reasonable and supportable forecast period, after which, the framework incorporates historical loss experience. Final loss estimates also consider factors affecting credit losses not reflected in the scenario, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, lending policies, portfolio concentrations, regulatory guidance, and/or lags in economic forecast information.

For periods prior to January 1, 2023, we maintained an allowance for loan losses at a level consistent with the probable and estimable losses inherent in the loan portfolio identified by management. The allowance for loan losses at each period end was considered to be adequate to absorb probable losses existing in the loan portfolio. The following table provides relevant information regarding the allowance for loan losses as of December 31 for the last three fiscal years.

(dollars in thousands)	**2024**	2023	2022
Balance at beginning of year	**$ 3,080**	$ 3,793	$ 3,100
Cumulative effect of CECL adoption		(2,071)	
Balance at January 1		$ 1,722	
Charge-offs:			
Production and intermediate-term	**1,507**	1,017	–
Agribusiness	**–**	138	–
Total charge-offs	**1,507**	1,155	–
Recoveries:			
Production and intermediate-term	**9**	–	–
Agribusiness	**2**	71	–
Total recoveries	**11**	71	–
Net charge-offs	**1,496**	1,084	–
Provision for loan losses	**618**	2,442	693
Balance at December 31	**$ 2,202**	$ 3,080	$ 3,793
Net charge-offs to average net loans	**0.10%**	0.07%	–

The following table presents the allowance for loan losses by loan type as of December 31 for the last three fiscal years.

(dollars in thousands)	**2024**	2023	2022
Real estate mortgage	**$ 841**	$ 283	$ 1,416
Production and intermediate-term	**906**	1,920	645
Agribusiness	**143**	50	1,112
Rural infrastructure	**312**	827	506
Agricultural export finance	**–**	–	7
Mission-related	**–**	–	107
Total	**$ 2,202**	$ 3,080	$ 3,793

The allowance for loan losses decreased from December 31, 2023 to December 31, 2024 due to net charge-offs partially offset by provision for loan losses. The provision for loan losses totaling $618 thousand was recorded as a result of a core loan complex and one participation purchased loan being downgraded and requiring specific reserves. Net charge-offs of $1.5 million recorded during 2024 were comprised of three production and intermediate-term loans, which were participations purchased. Overall, charge-off activity remains low relative to the size of our loan portfolio. During 2023, our allowance for loan losses decreased from 2022 primarily due to the adoption of the CECL accounting standard. This decrease was partially offset by the provision for loan losses totaling $2.4 million that was recorded primarily as a result of a capital markets complex moving to nonaccrual. We recorded gross charge-offs of $1.2 million in 2023 for two purchased participation loans. Comparative allowance for loan losses coverage as a percentage of loans and certain other credit quality indicators as of December 31 are presented in the following table.

	2024	2023	2022[1]
Allowance for loan losses as a percentage of:			
Loans	**0.14%**	0.20%	0.26%
Nonperforming loans[1]	**59.32%**	57.82%	57.57%
Nonaccrual loans	**59.32%**	58.96%	61.28%

[1] Prior to the adoption of CECL on January 1, 2023, nonperforming loans included accruing restructured loans.

We maintain a separate reserve for unfunded commitments, which is included in Liabilities on our Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitment follows.

(dollars in thousands)	**2024**	2023	2022
Balance at beginning of year	**$ 356**	$ 576	$ 568
Cumulative effect of CECL adoption		(172)	
Balance at January 1		404	
Provision for/(Reversal of) reserve for unfunded commitments	**107**	(48)	8
Total	**$ 463**	$ 356	$ 576

The provision for reserve for unfunded commitments recorded in 2024 is due to volume growth and higher loss rates in the real estate, production and intermediate, and processing and marketing pools in addition to credit quality decline in the cooperative pool.

Young, Beginning, and Small Farmers and Ranchers Program

As part of the Farm Credit System, we are committed to providing sound and dependable credit and related services to young, beginning, and small (YBS) farmers and ranchers. Our mission is to provide a program for YBS farmers and ranchers that provides access to credit and educational resources to help producers start their business, sustain growth, and achieve long-term viability. The FCA regulatory definitions for YBS farmers and ranchers are shown below.

- Young Farmer: A farmer, rancher, or producer or harvester of aquatic products who was age 35 or younger as of the date the loan was originally made.
- Beginning Farmer: A farmer, rancher, or producer or harvester of aquatic products who had 10 years or less farming or ranching experience as of the date the loan was originally made.
- Small Farmer: A farmer, rancher, or producer or harvester of aquatic products who normally generated less than $350 thousand in annual gross cash farm income.

The YBS loan counts presented include total outstanding loans at year-end and loans paid off during the current year. Only loans originated by the Association or sourced from outside the System are counted. YBS Loan volume presented is defined as current commitment, which is the dollar amount of disbursed funds plus the undisbursed commitment that is eligible to be drawn. For participated or pooled loans, the balances presented includes only the volume held by the Association.

The following table provides the number of new loans and volume of new loans to YBS and non-YBS farmers made by the Association during the year.

	New loan activity during 2024			
(dollars in thousands)	Loan Counts	Volume	Percent of Total Loan Counts	Percent of Total Volume
Category				
Young only	13	$ 7,012	2.10%	1.64%
Young & beginning	59	44,199	9.53%	10.36%
Young & small	10	802	1.62%	0.19%
Beginning only	31	20,150	5.01%	4.72%
Beginning & small	53	20,413	8.56%	4.78%
Small only	135	28,785	21.81%	6.75%
Young, beginning & small (YBS)*	38	5,013	6.14%	1.18%
YBS Total	339	$ 126,374	54.77%	29.62%
Non-YBS	280	300,258	45.23%	70.38%
Total	619	$ 426,632	100.00%	100.00%

* The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

The following table provides the number of loans and volume of loans to YBS and non-YBS farmers held by the Association as of year-end.

	Loans outstanding as of December 31, 2024			
(dollars in thousands)	Loan Counts	Volume	Percent of Total Loan Counts	Percent of Total Volume
Category				
Young only	114	$ 49,884	3.18%	2.84%
Young & beginning	281	127,481	7.83%	7.27%
Young & small	51	5,169	1.42%	0.29%
Beginning only	141	83,536	3.93%	4.76%
Beginning & small	478	122,832	13.32%	7.00%
Small only	656	161,842	18.29%	9.24%
Young, beginning & small (YBS)*	277	36,301	7.72%	2.07%
YBS Total	1,998	$ 587,045	55.69%	33.47%
Non-YBS	1,590	1,167,011	44.31%	66.53%
Total	3,588	$ 1,754,056	100.00%	100.00%

* The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

We establish annual marketing goals to increase market share of loans to YBS farmers and ranchers. Our goals are as follows:

- Offer related services either directly or in coordination with others that are responsive to the needs of YBS farmers and ranchers in our territory;
- Take full advantage of opportunities for coordinating credit and services offered with other System institutions in the territory and other governmental and private sources of credit who offer credit and services to those who qualify as YBS farmers and ranchers in our territory; and,
- Implement effective outreach programs to attract YBS farmers and ranchers.

As part of our marketing strategy, we utilize FSA and other loan guarantee programs whenever it is advantageous to a YBS customer. Additionally, we host outreach functions targeted at YBS customers in our territory. During 2024, our goal to host quarterly educational seminars resulted in four seminars: Commodities, Marketing, and Weather Outlook Meeting, Agriculture Risk Coverage/Price Loss Coverage – FSA Programing Meeting, Livestock Risk Protection Meeting, and Cattle Fax Outlook and Strategies Seminar. These sessions were held in various locations throughout our territory. We coordinated with the Colorado FFA foundation to support various initiatives around our territory and we supported 4-H programs through our participation in local market premium sales throughout our territory. Loan officers supported local 4-H and FFA programs by participating as judges for career development events and as guest lecturers for agriculture business classes and Association staff participated in career and job fairs in our territory. Throughout 2024, we made efforts to recruit additional YBS borrower members and prospective customers to the YBS committee and successfully added a YBS borrower to our Board and YBS committee.

Our scholarship program for 2024 included scholarships to two YBS students pursuing post-secondary education in an agricultural field. We are offering six YBS scholarships for 2025. We partnered with several small and mid-sized associations in the CoBank district to host a YBS conference called the Grow Your Future Forum. This conference included a presentation about the state of the ag economy and planning for their growing businesses, along with a presentation on legislation affecting the Farm Credit System and the overall agricultural economy. The conference also included tours of local agricultural operations and peer networking opportunities. We had three staff members and five YBS customers join us for the three day YBS educational event.

Our qualitative goals for 2025 include:

- Coordinate with other Farm Credit Associations to deliver a YBS Educational Program known as the Grow Your Future Forum to YBS customers of the cooperating associations in the spring of 2025.
- Explore opportunities to better serve Hispanic, Native American, and Veteran populations within our service territory.
- Deliver quarterly education seminars in person or via electronic media.
- Coordinate with Colorado FFA Foundation and Colorado 4-H Council to support youth agricultural education and leadership programs in our territory.
- Recruit additional YBS borrower members and prospective customers to join the YBS committee to enhance and improve the Association's YBS program offerings.
- Coordinate with local high school and college agricultural education programs to provide information about Farm Credit of Southern Colorado and career opportunities in the Farm Credit System.
- Build upon our existing scholarship and internship programs to engage past recipients as prospective customers and/or employees.
- Coordinate with industry experts to provide legislative updates to our YBS member borrowers.

Quarterly reports are provided to our Board of Directors detailing the number and volume of our YBS customers. We have developed quantitative targets to monitor our progress.

During 2024, our focus was on outreach efforts to ensure that we are reaching the YBS farmers and ranchers in our territory. As such, the goals were based on new loans made to YBS customers as a whole, rather than on the number of young, beginning, or small farmer and rancher loans in the portfolio. For 2024, the goal was to originate 375 or more new loans to YBS customers for $21.0 million or greater. Actual results were 339 new loans, for a total of $126.4 million to customers meeting at least one of the three YBS criteria.

Additionally, we set portfolio goals with the following results:

New Loans*	**Number Goal**	**Number Results**	**Volume Goal**	**Volume Results**
Young	N/A	120	N/A	$ 57,026
Beginning	N/A	181	N/A	$ 89,775
Small	N/A	236	N/A	$ 55,013
Existing Loans*				
Young	732	723	$ 206,753	$ 218,835
Beginning	1,208	1,177	$ 354,869	$ 370,150
Small	1,535	1,462	$ 337,237	$ 326,143

* Due to FCA regulatory definitions, a farmer/rancher may be included in multiple categories as they would be included in each category in which the definition was met.

Our YBS program has a committee structure, per its charter, the committee is to be comprised of an odd number of persons, at least one of whom must be a member of the Board, at least two of whom must be employees of the Association, and at least two of whom must be borrowers of the Association who qualify as young, beginning, and small bona fide farmers and ranchers and producers and harvesters of aquatic products. For 2025, the Committee has set the following quantitative objectives for loans that meet the definition of lending to a young, beginning, and/or small farmer or rancher (YBS customers) as follows:

	2025	2026	2027
# of New Loans	400	425	450
Volume of New Loans	$22.0 million	$23.0 million	$24.0 million

Over the planning period, the goal is to have total loans in each category of YBS customers as follows:

	2025		2026		2027	
	# of Loans	Volume	# of Loans	Volume	# of Loans	Volume
Young	750	$ 211,922	769	$ 217,220	788	$ 222,650
Beginning	1,239	$ 363,740	1,574	$ 372,834	1,613	$ 382,154
Small	1,574	$ 345,668	1,613	$ 354,309	1,653	$ 363,166

To ensure that credit and services offered to our YBS farmers and ranchers are provided in a safe and sound manner and within our risk-bearing capacity, we utilize customized loan underwriting standards, loan guarantee programs, fee waiver programs, or other credit enhancement programs. Additionally, we are actively involved in developing and sponsoring educational opportunities, leadership training, business financial training, and insurance services for YBS farmers and ranchers.

CREDIT RISK MANAGEMENT

Credit risk arises from the potential failure of a borrower to meet repayment obligations that result in a financial loss to the lender. Credit risk exists in our loan portfolio and in our unfunded loan commitments and standby letters of credit. Credit risk is actively managed on an individual and portfolio basis through application of sound lending and underwriting standards, policies, and procedures.

Underwriting standards are utilized to determine an applicant's operational, financial, and managerial resources available for repaying debt within the terms of the note and loan agreement. Underwriting standards include among other things, an evaluation of:

- character – borrower integrity and credit history;
- capacity – repayment capacity of the borrower based on cash flows from operations or other sources of income;
- collateral – to protect the lender in the event of default and also serve as a secondary source of loan repayment;
- capital – ability of the operation to survive unanticipated risks; and,
- conditions – intended use of the loan funds, terms, restrictions, etc.

Processes for information gathering, balance sheet and income statement verification, loan analysis, credit approvals, disbursements of proceeds, and subsequent loan servicing actions are established and followed. Underwriting standards vary by industry and are updated periodically to reflect market and industry conditions.

By regulation, we cannot have loan commitments to one borrower for more than 15% of our lending and lease limit base. Our Association's lending and lease limit base is established by our total regulatory capital. Additionally, we set our own lending limits to manage loan concentration risk. Lending limits have been established on a loan-by-loan basis for all customer complexes that exceed 5% of our lending limit base. We utilize a tool that considers factors such as probability of default, enterprise concentrations, and collateral.

We have established internal lending delegations to properly control the loan approval process. Delegations to staff are based on our risk-bearing ability, loan size, complexity, type, and risk, as well as the expertise and position of the credit staff member. Larger and more complex loans or loans perceived to have higher risk are typically approved by our loan committee with the most experienced and knowledgeable credit staff serving as members.

Most of our lending is first mortgage real estate loans, which must be secured by a first lien on real estate. Production and intermediate-term lending accounts for most of the remaining volume and is typically secured by livestock, crops, and equipment. Collateral evaluations are completed in compliance with FCA and Uniform Standards of Professional Appraisal Practices requirements. All property is appraised at market value. All collateral evaluations must be performed by a qualified appraiser. Certain appraisals must be performed by individuals with a state certification or license.

We use a two-dimensional risk rating model (Model) based on the Farm Credit System's Combined System Risk Rating Guidance. The Model estimates each loan's probability of default (PD) and loss given default (LGD). PD estimates the probability that a borrower will experience a default within twelve months from the date of determination. LGD provides an estimation of the anticipated loss with respect to a specific financial obligation of a borrower assuming a default has occurred or will occur within the next twelve months. The Model uses objective and subjective criteria to identify inherent strengths, weaknesses, and risks in each loan. PDs and LGDs are utilized in loan and portfolio management processes and are utilized for the allowance for loan losses estimate.

The Model's 14-point probability of default scale provides for nine acceptable categories, one OAEM category, two substandard categories, one doubtful category, and one loss category, each carrying a distinct percentage of default probability. The Model's LGD scale provides 6 categories, A through F, that have the following anticipated principal loss and range of economic loss expectations:

- A 0% anticipated principal loss; 0% to 5% range of economic loss
- B 0% to 3% anticipated principal loss; >5% to 15% range of economic loss
- C > 3% to 7% anticipated principal loss; >15% to 20% range of economic loss
- D > 7% to 15% anticipated principal loss; >20% to 25% range of economic loss
- E > 15% to 40% anticipated principal loss; >25% to 50% range of economic loss
- F above 40% anticipated principal loss; above 50% range of economic loss

There are a few differences in the credit risk management practices of our purchased participation loans portfolio. Like core credit, underwriting standards are utilized to determine an applicant's operational, financial, and managerial resources available for repayment of debt; however, due to the unique industries financed in the capital markets arena, this segment of our portfolio has a different set of underwriting standards that apply to the specific industries in which we lend. Also, like core credit, we cannot have commitments to one borrower for more than 15% of our lending limit base. Within the purchased participations portfolio, specific hold limits have been established based on Probability of Default and industry. Additionally, the participations purchased portfolio contains loans to borrowers that are considered similar entities, and by regulation must be in compliance with specific limits outlined in our Association policy.

RESULTS OF OPERATIONS

Earnings Summary

In 2024, we recorded net income of $22.9 million, compared with $24.0 million in 2023 and $23.2 million in 2022. The decrease in 2024 was primarily due to an increase in noninterest expense, partially offset by an increase in net interest income and noninterest income and a decrease in the provision for credit losses. The increase in 2023 was primarily due to the increase in net interest income and noninterest income, offset by an increase in noninterest expense and provision for credit losses. The following table presents the changes in the significant components of net income from the previous year.

(dollars in thousands)	**2024 vs. 2023**	2023 vs. 2022
Net income, prior year	**$ 24,025**	$ 23,173
Increase/(Decrease) from changes in:		
Interest income	**8,687**	24,993
Interest expense	**(7,078)**	(20,846)
Net interest income	**1,609**	4,147
Provision for credit losses	**1,669**	(1,693)
Noninterest income	**230**	349
Noninterest expense	**(4,646)**	(1,930)
Provision for income taxes	**(1)**	(21)
Total (decrease)/increase in net income	**(1,139)**	852
Net income, current year	**$ 22,886**	$ 24,025

Return on average assets decreased to 1.38% from 1.54% in 2023 and return on average shareholders' equity decreased to 7.05% from 7.76% in 2023, as a result of lower net income.

Net Interest Income

Net interest income is our principal source of earnings and is impacted by interest earning asset volume, yields on assets, and cost of debt. The increase in net interest income from year-end 2023 was largely due to an increase in average accrual loan volume along with an increase in the return on our loanable funds.

The following table provides an analysis of the individual components of the change in net interest income during 2024 and 2023.

(dollars in thousands)	**2024 vs. 2023**	2023 vs. 2022
Net interest income, prior year	**$ 41,995**	$ 37,848
Increase/(Decrease) in net interest income from changes in:		
Interest rates earned	**4,973**	19,314
Interest rates paid	**(3,958)**	(18,889)
Volume of interest-bearing assets and liabilities	**2,149**	2,173
Interest income on nonaccrual loans	**(1,555)**	1,549
Increase in net interest income	**1,609**	4,147
Net interest income, current year	**$ 43,604**	$ 41,995

The following table illustrates net interest margin and the average interest rates on loans and debt cost and interest rate spread.

	For the Year Ended December 31		
	2024	2023	2022
Net interest margin	**2.80%**	2.85%	2.70%
Interest rate on:			
Average loan volume	**6.21%**	5.98%	4.50%
Average debt	**4.04%**	3.72%	2.13%
Interest rate spread	**2.17%**	2.26%	2.37%

The decrease in interest rate spread resulted from a 23 basis point increase in interest rates on average loan volume and a 32 basis point increase in interest rates on average debt. The decrease in net interest margin in addition to the change in spread was due to the decrease in interest income recognized on nonaccrual loans.

Provision for Credit Losses

We monitor our loan portfolio and unfunded commitments on a regular basis to determine if any increase through provision for credit losses or decrease through a credit loss reversal in our allowance for loan losses or reserve for unfunded commitments is warranted based on our assessment of the relevant historical events, current conditions, and macroeconomic conditions. Prior to the adoption of CECL, we estimated allowance for credit losses based on our assessment of probable and estimable losses inherent in our loan portfolio and unfunded commitments. We recorded net provision for credit losses of $725 thousand in 2024, compared with $2.4 million in 2023 and $701 thousand in 2022. The provision for loan losses of $618 thousand recorded during 2024 was primarily due to one core loan complex and one loan participation in leases originated by CoBank being downgraded and requiring specific reserves. The provision for reserve for unfunded commitments of $107 thousand was recorded during 2024 due to volume growth and higher loss rates in real estate, production and intermediate, and processing and marketing pools, in addition to credit quality decline in the cooperative pool.

The provision for loan losses of $2.4 million recorded during 2023 was primarily due to credit deterioration in the purchased participations portfolio. The reversal of provision for unfunded commitments recorded during 2023 was due to decreased loss rates applicable to the segments with available commitments.

The provision for loan losses of $693 thousand recorded during 2022 was primarily due to credit quality deterioration in the purchased participations portfolio. The management reserve increased due to economic and inflationary pressures. The provision for reserve for unfunded commitments recorded during 2022 was due to overall growth in commitments.

Noninterest Income

During 2024, we recorded noninterest income of $9.6 million, compared with $9.3 million in 2023 and $9.0 million in 2022. Patronage distributions from CoBank are our primary source of noninterest income. Patronage is accrued in the year earned and then received from CoBank in the following year. CoBank patronage is distributed in cash and stock. The total patronage from CoBank is comprised of two sources: patronage based on our borrowing balance (direct note patronage) and patronage based on loans we originate and then sell a portion to them as a participant (sold volume patronage). We received 100 basis points on participation loans and 45 basis points on our direct note with CoBank for all other loans. Patronage earned from CoBank was $6.8 million in 2024, $6.4 million in 2023, and $6.5 million in 2022. Patronage income from CoBank includes special cash patronage distributions of $963 thousand for 2024, $910 thousand for 2023, and $1.1 million for 2022 due to CoBank's strong capital levels and financial results.

We received a patronage distribution from AgVantis in 2023 and 2022, based on our services purchased from AgVantis during the year. There was no distribution in 2024. Our total notice of allocation was $368 thousand in 2023 and $84 thousand in 2022. The allocation for 2023 included cash patronage of $184 thousand with the remainder recorded as an investment in AgVantis and included in other assets on the Consolidated Statement of Condition. The entire patronage allocation for 2022 was recorded as an investment in AgVantis.

We recorded a cash patronage of $20 thousand from Farm Credit Foundations, the organization that provides our payroll and human resource services, which will be paid in the following year. This compares with $16 thousand recorded in 2023 and $14 thousand in 2022. Patronage from Farm Credit Foundations, AgVantis, and CoBank is included in patronage distribution from Farm Credit institutions on the Consolidated Statement of Comprehensive Income.

We recorded a FCSIC distribution of $454 thousand in 2024, which is our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts. There was no FCSIC distribution received in 2023 or 2022.

We received mineral income of $728 thousand during 2024, which is distributed to us quarterly by CoBank. Mineral income decreased from $945 thousand in 2023 and $1.2 million in 2022. The decrease in 2024 is due to decreased production volumes and lower prices paid for production.

Noninterest income also includes loan fees, financially related services income, and other noninterest income. Loan fees in 2024 were $836 thousand, a decrease of $52 thousand, from 2023, primarily due to a decrease in non-deferrable fees earned on our capital market loans, partially offset by an increase in fees earned through our relationship with Farm Credit Mid-America, FLCA and their Rural 1st home loan program.

Noninterest Expense

Noninterest expense for 2024 increased $4.6 million, or 18.7%, to $29.5 million compared with 2023 and $6.6 million, or 28.7% compared with 2022. Noninterest expense for each of the three years ended December 31 is summarized as follows:

				Percent of Change	
(dollars in thousands)	**2024**	2023	2022	**2024/2023**	2023/2022
Salaries & employee benefits	**$ 15,392**	$ 13,343	$ 12,260	**15.36%**	8.83%
Occupancy & equipment	**1,021**	1,112	1,173	**(8.18%)**	(5.20%)
Purchased services from AgVantis	**3,927**	3,174	2,918	**23.72%**	8.77%
Supervisory & examination costs	**548**	504	454	**8.73%**	11.01%
Other	**7,387**	4,656	3,918	**58.66%**	18.84%
Total operating expense	**28,275**	22,789	20,723	**24.07%**	9.97%
Farm Credit Insurance Fund premium	**1,237**	2,077	2,213	**(40.44%)**	(6.15%)
Total noninterest expense	**$ 29,512**	$ 24,866	$ 22,936	**18.68%**	8.41%

For the year ended December 31, 2024, total operating expense increased $5.5 million, or 24.1%, compared with the year ended December 31, 2023, primarily due to increases in salaries and employee benefits, purchased services from AgVantis, and other noninterest expense. The increase in salaries and benefits expense is primarily due to increased staff, partially offset by a decrease in qualified pension expense. The increase in purchased services from AgVantis is due to increases in cost drivers, loan volume, and loan count, as well as a change in the pricing methodology by AgVantis and off boarding costs related to Project Evolution. Other noninterest expense increased primarily due to an increase in purchased services related to Project Evolution.

Provision for income taxes

We recorded $41 thousand in provision for income taxes during 2024, compared with $40 thousand in 2023 and $19 thousand in 2022. The increase in 2024 was primarily due to an increase in non-patronage sourced income. Tax expense was also impacted by our patronage refund program. We operate as a Subchapter T cooperative for tax purposes and thus may deduct from taxable income certain amounts that are distributed from net earnings to borrowers. See Note 2 for additional details.

LIQUIDITY

Liquidity is necessary to meet our financial obligations. Liquidity is needed to pay our note with CoBank, fund loans and other commitments, and fund business operations in a cost-effective manner. Our liquidity policy is intended to manage short-term cash flow, maximize debt reduction, and liquidate nonearning assets. Our direct loan with CoBank, cash on hand, and borrower loan repayments provide adequate liquidity to fund our on-going operations and other commitments.

Funding Sources

Our primary source of liquidity is the ability to obtain funds for our operations through a borrowing relationship with CoBank. Our note payable to CoBank is collateralized by a pledge to CoBank of substantially all of our assets. Substantially all cash received is applied to the note payable and all cash disbursements are drawn on the note payable. The indebtedness is governed by a General Financing Agreement (GFA) with CoBank, which renews annually and matures on May 31, 2025. The annual average principal balance of the note payable to CoBank was $1.29 billion in 2024, $1.21 billion in 2023, and $1.17 billion in 2022.

We plan to continue to fund lending operations through the utilization of our funding arrangement with CoBank, retained earnings from current and prior years, and from borrower stock investments. CoBank's primary source of funds is the ability to issue Systemwide Debt Securities to investors through the Federal Farm Credit Banks Funding Corporation. This access has traditionally provided a dependable source of competitively priced debt that is critical for supporting our mission of providing credit to agriculture and rural America. Although financial markets experienced significant volatility in the last few years, we were able to obtain sufficient funding to meet the needs of our customers.

Interest Rate Risk

The interest rate risk inherent in our loan portfolio is substantially mitigated through our funding relationship with CoBank which allows for loans to be match-funded. Borrowings from CoBank match the pricing, maturity, and option characteristics of our loans to borrowers. CoBank manages interest rate risk through the direct loan pricing and its asset/liability management processes. Although CoBank incurs and manages the primary sources of interest rate risk, we may still be exposed to interest rate risk through the impact of interest rate changes on earnings generated from our loanable funds. To stabilize earnings from loanable funds, we have committed excess loanable funds with CoBank at a fixed rate for a specified term as a part of CoBank's Association Equity Positioning Program (AEPP). We also commit excess loanable funds with CoBank on a pro-rata basis. This program utilizes a percentage of our equity to fund each new loan's cash flow throughout the life of the loan. This enables us to reduce our overall cost of funds with CoBank without significantly increasing our overall interest rate risk position.

Funds Management

We offer variable, fixed, adjustable prime-based, and Secured Overnight Financing Rate (SOFR) rate loans to borrowers. Our Asset/Liability Committee, with oversight from our Board of Directors, determines the interest rate charged based on the following factors: 1) the interest rate charged by CoBank; 2) our existing rates and spreads; 3) the competitive rate environment; and 4) our profitability objectives.

CAPITAL RESOURCES

Capital supports asset growth and provides protection for unexpected credit and operating losses. Capital is also needed for investments in new products and services. We believe a sound capital position is critical to our long-term financial success due to the volatility and cycles in agriculture. Over the past several years, we have been able to build capital primarily through net income retained after patronage. Shareholders' equity at December 31, 2024 totaled $325.1 million, compared with $313.0 million at December 31, 2023 and $290.8 million at December 31, 2022. The increase of $12.1 million in shareholders' equity reflects net income, partially offset by patronage distributions, dividends paid, and net stock retirements. Our capital position is reflected in the following ratio comparisons.

	2024	2023	2022
Debt to shareholders' equity	**4.23:1**	4.23:1	4.30:1
Shareholders' equity as a percent of net loans	**20.44%**	20.41%	20.09%
Shareholders' equity as a percent of total assets	**19.11%**	19.14%	18.86%

Shareholders' equity as a percent of net loans increased from 2023 primarily due to the increase in unallocated retained earnings. Shareholder's equity as a percent of total assets decreased from 2023 primarily due to the increase in total assets.

Retained Earnings

Our retained earnings increased $12.5 million to $316.8 million at December 31, 2024 from $304.3 million at December 31, 2023 and increased $28.6 million from $288.2 million at December 31, 2022. The increase in 2024 was a result of net income of $22.9 million, partially offset by $10.0 million of patronage distributions declared and $354 thousand of preferred stock dividends declared.

Patronage Program

We have a Patronage Program that allows us to distribute our available net earnings to our shareholders. This program provides for the application of net earnings in the manner described in our Bylaws. In addition to determining the amount and method of patronage to be distributed, the Bylaws address increasing surplus to meet capital adequacy standards established by Regulations; increasing surplus to a level necessary to support competitive pricing at targeted earnings levels; and increasing surplus for reasonable reserves. Patronage distributions are based on business done with us during the year. We paid cash patronage of $10.0 million in 2024, $9.5 million in 2023, and $8.5 million in 2022. During 2024, we declared patronage distributions of $10.0 million to be paid in April 2025.

Stock

Our total stock decreased $443 thousand to $8.3 million at December 31, 2024, from $8.7 million at December 31, 2023 and increased from $2.6 million at December 31, 2022. The decrease during 2024 was primarily due to $5.8 million of stock retirements, partially offset by $5.0 million of stock issuances. We require a stock investment for each borrower. We have a Borrower Level Stock Program which allows stock to be assigned to each borrower instead of each loan. This reduces the stock requirements for borrowers with multiple loans. The current stock requirement for each borrower is the lesser of one thousand dollars or 2.00% of the collective total balance of each borrower's loan(s).

Preferred stock is a one cent, at risk, investment stock that can only be purchased by owners of any class of common stock. Dividends are declared and paid at the discretion of the Board of Directors. Dividends accrue daily at a set investment rate and are declared and paid quarterly by purchase of additional preferred stock in the owner's name.

Capital Plan and Regulatory Requirements

Our Board of Directors establishes a formal capital adequacy plan that addresses capital goals in relation to risks. The capital adequacy plan assesses the capital level necessary for financial viability and to provide for growth. Our plan is updated annually and approved by our Board of Directors. FCA regulations require the plan consider the following factors in determining optimal capital levels, including:

- Regulatory capital requirements;
- Asset quality;
- Needs of our customer base; and,
- Other risk-oriented activities, such as funding and interest rate risks, contingent and off-balance sheet liabilities, and other conditions warranting additional capital.

As shown in the following table, at December 31, 2024, our capital and leverage ratios exceeded regulatory minimums. If these capital standards are not met, the FCA can impose restrictions, including limiting our ability to pay patronage distributions, retire equities, and pay preferred stock dividends.

	2024	2023	2022	Minimum Requirement with Buffer
Common Equity Tier 1 Capital ratio	**16.38%**	16.67%	16.39%	7.00%
Tier 1 Capital ratio	**16.38%**	16.67%	16.39%	8.50%
Total Capital ratio	**16.52%**	16.90%	16.66%	10.50%
Tier 1 Leverage ratio	**17.19%**	17.49%	17.17%	5.00%
Unallocated Retained Earnings and URE Equivalents (UREE) Leverage	**17.08%**	17.38%	17.04%	1.50%
Permanent capital ratio	**16.77%**	17.13%	16.48%	7.00%

The minimum ratios established were not meant to be adopted as the optimum capital level, so we have established goals in excess of the regulatory minimum. As of December 31, 2024, we have exceeded our goals. Due to our strong capital position, we will continue to be able to retire at-risk stock.

Refer to Note 7, Shareholders' Equity, in this report for additional information on our capital and related requirements and restrictions.

On April 14, 2022, the FCA issued a final rule to address changes to its capital regulations and certain other regulations in response to the CECL accounting standard. The regulation reflects the CECL methodology, which revises the accounting for credit losses in accordance with accounting principles generally accepted in the United States of America (GAAP), as well as conforming amendments to the other regulations to accurately reference credit losses. Specifically, the regulation identifies which credit loss allowances under CECL are eligible for inclusion in a System institution's regulatory capital. Credit loss allowances related to loans, lessor's net investments in leases, and held-to-maturity debt securities would be included in a System institution's tier 2 capital up to 1.25 percent of the System institution's total risk-weighted assets. Credit loss allowances for available-for-sale debt securities and purchased credit impaired assets would not be eligible for inclusion in a System institution's tier 2 capital. In addition, the regulation does not include a transition phase-in period for the CECL day 1 cumulative effect adjustment to retained earnings on a System institution's regulatory capital ratios. The final rule was effective on January 1, 2023. The regulation did not have a material impact on our regulatory capital.

HUMAN CAPITAL

As of December 31, 2024, we had 97 employees at our headquarters in Colorado Springs, Colorado and at our other branch locations. Our employees have an established foundation and working knowledge of agriculture and the Farm Credit System. Our workforce is approximately 40.0 percent male and 60.0 percent female, with minorities representing approximately 7.2 percent of our associates.

REGULATORY MATTERS

As of December 31, 2024, we had no enforcement actions in effect and FCA took no enforcement actions on us during the year.

GOVERNANCE

Board of Directors

We are governed by a twelve-member board that provides direction and oversees our management. Of these directors, ten are elected by the shareholders and two are appointed by the elected directors. Our Board of Directors represents the interests of our shareholders. The Board of Directors meets regularly to perform the following functions, among others:

- selects, evaluates, and compensates the chief executive officer;
- approves the strategic plan, capital plan, financial plan, and the annual operating budget;
- oversees the lending operations;
- directs management on significant issues; and,
- oversees the financial reporting process, communications with shareholders, and our legal and regulatory compliance.

Director Independence

All directors must exercise sound judgment in deciding matters in our interest. All of our directors are independent from the perspective that none of our management or staff serves as Board members. However, we are a financial services cooperative, and the Farm Credit Act and FCA Regulations require our elected directors to have a loan relationship with us.

The elected directors, as borrowers, have a vested interest in ensuring our Association remains strong and successful. However, our borrowing relationship could be viewed as having the potential to compromise the independence of an elected director. For this reason, the Board has established independence criteria to ensure that a loan relationship does not compromise the independence of our Board. Annually, in conjunction with our independence analysis and reporting on our loans to directors, each director provides financial information and any other documentation and/or assertions needed for the Board to determine the independence of each Board member.

Audit Committee

The Audit Committee reports to the Board of Directors. The Audit Committee is composed of five members of the Board of Directors. During 2024, five meetings were held. The Audit Committee responsibilities generally include, but are not limited to:

- oversight of the financial reporting process and the accuracy of the quarterly and annual shareholder reports;
- oversight of the system of internal controls related to the preparation of quarterly and annual shareholder reports;
- the review and assessment of the impact of accounting and auditing developments on the consolidated financial statements;
- the establishment and maintenance of procedures for the receipt, retention, and treatment of confidential and anonymous submission of concerns regarding accounting, internal accounting controls, or auditing matters; and,
- oversight of the Association's internal audit program, the independence of the outside auditors, the effectiveness of the Association's system of internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities.

Risk Committee

The primary function of the Risk Committee is to assist the Board in the oversight of the enterprise risk management (ERM) program of the Association, including strategies, policies, procedures, and systems established by management to identify, assess, measure, monitor, and manage the key risks confronting the Association. The Committee shall also assist the Board and the committees of the Board that oversee specific risk-related issues and serve as a resource to the Board, other committees of the Board, and management by overseeing risk across the entire Association and across all risk types and by enhancing the Board's understanding of the Association's overall risk appetite and ERM activities and effectiveness. The Risk Committee is composed of five members of the Board of Directors and held four meetings during 2024.

Compensation Committee

The Compensation Committee is responsible for the oversight of the Chief Executive Officer and Association employee compensation program. The Compensation Committee is composed of five members of the Board of Directors and held four meetings during 2024. The Committee annually reviews, evaluates, and approves the compensation policies, programs, and plans for senior officers and employees including benefits programs.

Scholarship Committee

The Scholarship Committee oversees and promotes the Association's scholarship program. The Committee held two meetings in 2024. The Committee consists of three directors and three Association employees.

Students submit applications online. Scholarship candidates are evaluated on their academic aptitude, vocational promise, personal attributes, and proven leadership. Association employees determine the finalists and the Scholarship Committee directors determine who will receive the grand prize. For 2024, we awarded a total of $49,000 in scholarships for the Fall 2024 semester. The Association awarded twenty-six $1,500 scholarships and one individual received the Bio Star Award of $2,500. Two $2,500 YBS scholarships were awarded to college students passionate about pursuing careers in farming, ranching, or agriculture. In addition, we established a $2,500 scholarship in honor of our esteemed board member, Gary Pautler, who served on the Board for 27 years.

For 2025, we will award thirty scholarships in thirty days, for a total of $50,000 in scholarships for the Fall 2025 semester. The 2025 Scholarship Plan includes awarding twenty-two $1,500 scholarships to high school students in our territory. In addition, one recipient will receive the Gary Pautler Award of $2,500, one recipient will receive the Bio Star Award of $2,500, and six collegiate recipients will receive the YBS Award of $2,000.

YBS Committee

The purpose of the YBS program is to provide educational opportunities, information, and outreach to young, beginning, and small farmers in our territory. By providing incentives such as rate reduction, special pricing, and underwriting consideration, the program strives to reach potential customers that fall into these unique categories. Our YBS program has a committee structure, per its charter, the committee is to be comprised of an odd number of persons, at least one of whom must be a member of the Board, at least two of whom must be employees of the Association, and at least two of whom must be borrowers of the Association who qualify as young, beginning, and small bona fide farmers and ranchers and producers and harvesters of aquatic products. This Committee had a total of three meetings during 2024.

Governance and Strategy Committee

The purpose of the Governance and Strategy Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by making recommendations and providing guidance as it relates to the Association's corporate governance and long-term strategic plan. The Governance and Strategy Committee is composed of five members of the Board of Directors and held six meetings during 2024.

Other Governance

The Board has monitored the requirements of public companies under the Sarbanes-Oxley Act. While we are not subject to the requirements of this law, we are striving to implement steps to strengthen governance and financial reporting. We strive to maintain strong governance and financial reporting through the following actions:

- a system for the receipt and treatment of whistleblower complaints;
- a code of ethics for our employees and directors;
- open lines of communication between the independent auditors, management, and the Audit Committee;
- "plain English" disclosures;
- officer certification of accuracy and completeness of the consolidated financial statements; and,
- information disclosure through our website.

Code of Ethics

Our directors and employees are responsible for maintaining the highest of standards in conducting our business. In that regard, we established a Code of Ethics for the Board of Directors and all employees who are involved, directly or indirectly, with the preparation of our financial statements and the maintenance of financial records supporting the financial statements. These Codes of Ethics supplement our Standards of Conduct Policies for Directors and Employees. Annually, each employee and director files a written and signed disclosure statement as required under the Standards of Conduct Policies and certifies compliance with our Code of Ethics.

Whistleblower Program

We maintain a program for employee complaints related to accounting, financial reporting, internal accounting controls, or auditing matters and all other incidents of misconduct such as theft, harassment, discrimination, or collusion. This program allows the submission of confidential, anonymous concerns regarding accounting, financial reporting, internal accounting controls, fraud or auditing matters, and all other incidents of misconduct such as theft, harassment, discrimination, or collusion without the fear of reprisal, retaliation, or adverse action being taken against any employee who, in good faith, reports or assists in the investigation of a violation or suspected violation, or who makes an inquiry about the appropriateness of an anticipated or actual course of action.

FORWARD-LOOKING INFORMATION

Our discussion contains forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipates," "believes," "could," "estimates," "may," "should," and "will," or other variations of these terms are intended to identify forward-looking statements. These statements are based on assumptions and analyses considering experience and other historical trends, current conditions, and expected future developments. However, actual results and developments may differ materially from our expectations and predictions due to several risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory, and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural utility, international, and farm-related business sectors;
- weather, disease, including the coronavirus pandemic, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- changes in United States government support of the agricultural industry and/or the Farm Credit System; and,
- actions taken by the Federal Reserve System in implementing monetary policy.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are based on accounting principles generally accepted in the United States of America. Our significant accounting policies are critical to the understanding of our results of operations and financial position because some accounting policies require us to make complex or subjective judgments and estimates that may affect the value of certain assets or liabilities. We consider these policies critical because we have to make judgments about matters that are inherently uncertain. For a complete discussion of significant accounting policies, see Note 2 of the accompanying consolidated financial statements. The development and selection of critical accounting policies, and the related disclosures, have been reviewed by our Audit Committee. A summary of critical policies relating to the determination of the allowance for loan losses follows.

Allowance for Loan Losses/Reserve for Unfunded Commitments

The allowance for loan losses is our best estimate of credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures as of the balance sheet date. The allowance for loan losses is increased through provisions for loan losses and loan recoveries and is decreased through loan loss reversals and loan charge-offs. Additionally, we provide line of credit financing to our customers. We have established a reserve for unfunded commitment to cover expected losses. This reserve is reported as a liability in our consolidated balance sheet. The reserve for unfunded commitment is increased through provision for the reserve for unfunded commitments and is decreased through reversals of the reserve for unfunded commitments. Provision for loan losses and provision for reserve for unfunded commitments are referred to as a provision for credit losses on the Consolidated Statement of Comprehensive Income. We determine the allowance for loan losses and the reserve for unfunded commitment based on relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. Loans are evaluated based on the borrower's overall financial condition, resources, and payment record; the prospects for support from any financially responsible guarantor; and, if appropriate, the estimated net realizable value of any collateral.

Changes in the factors we consider in the evaluation of losses in the loan portfolio could occur for various credit related reasons and could result in a change in the allowance for loan losses, which would have a direct impact on the provision for loan losses and results of operations. See Notes 2 and 3 to the accompanying consolidated financial statements for detailed information regarding the allowance for loan losses.

OTHER MATTERS

The Board and management team have decided to pursue a complete technology transition that will take place throughout 2024 and much of 2025. This decision was made after nearly two years of consideration and due diligence and will involve investment of financial and human capital. As a result of the transformation, we will contract directly with software vendors to provide world class, up to date solutions. It will also mark our formal exit from the AgVantis, Inc. partnership that we have been a part of for over 20 years.

As our Association has embraced the trend of remote and hybrid work over the past few years, our utilization of space in our administrative office building in Colorado Springs has decreased. In our continued efforts to be good stewards of our resources and capital, management presented, and the Board of Directors approved a plan to sell the building. The building was actively listed for sale during the third quarter of 2023.

CUSTOMER PRIVACY

FCA regulations require that borrower information be held in confidence by Farm Credit institutions, their directors, officers, and employees. FCA regulations and our Standards of Conduct Policies specifically restrict Farm Credit institution directors and employees from disclosing information not normally contained in published reports or press releases about the institution or its borrowers or members. These regulations also provide Farm Credit institutions clear guidelines for protecting their borrowers' nonpublic information.

PATRON'S CONSENT TO TAKE PATRONAGE DISTRIBUTION INTO INCOME

Our Bylaws under Section 735.6 states that each holder of our stock consent to take into account, as income, at its stated dollar amount as provided in 26 U.S.C. Section 1385, the amount of his or her respective distribution paid as qualified written notice of allocation, which may include stock, allocated surplus, and/or the amount of any distribution that has been applied to the patron's indebtedness as provided in Section 735.4 and 735.5 of our Bylaws.

Consent under this section shall be continuing in effect, provided that consent pursuant to the first paragraph of this section shall cease to be effective with respect to patronage of a distributee occurring after the distributee has ceased to hold stock in us. Consent obtained under this section may be revoked in writing, provided that such revocation shall become effective only with respect to patronage occurring on or after the first day of our first fiscal year beginning after the revocation is filed with us.

FARM CREDIT
OF SOUTHERN COLORADO

REPORT OF MANAGEMENT

The consolidated financial statements of Farm Credit of Southern Colorado, ACA (Association) are prepared by management, who is responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances, and in the opinion of management, fairly present the financial condition of the Association. Other financial information included in the 2024 annual report is consistent with that in the financial statements.

To meet its responsibility for reliable financial information, management depends on the Association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are properly authorized and recorded. To monitor compliance, management engaged Deloitte Risk and Financial Advisory Committee to perform audits of the accounting records, review accounting systems and internal controls, and recommend improvements as appropriate. The Association is also examined by the Farm Credit Administration.

The Audit Committee of the Board of Directors has overall responsibility for the Association's system of internal control and financial reporting. The Audit Committee consults regularly with management and reviews the results of the examinations by the various entities named above. The independent auditors have direct access to the Audit Committee.

The undersigned certify the Farm Credit of Southern Colorado Annual Report has been reviewed and 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.

//signature on file//

Whitney Hansen
Board Chair

//signature on file//

Jeremy M. Anderson
President and Chief Executive Officer

//signature on file//

Shawna R. Neppl
Chief Financial Officer

March 6, 2025

Report on Internal Control Over Financial Reporting

Farm Credit of Southern Colorado, ACA (Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's consolidated financial statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its consolidated financial statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2024. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2024, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2024.

//signature on file//
Jeremy M. Anderson
President and Chief Executive Officer

//signature on file//
Shawna R. Neppl
Chief Financial Officer

March 6, 2025

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Audit Committee Report

The Audit Committee (Committee) includes five members from the Board of Directors of Farm Credit of Southern Colorado (Association). In 2024, five Committee meetings were held. The Committee oversees the scope of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter. The Committee approved the appointment of PricewaterhouseCoopers, LLP (PwC) as the Association's independent auditors for 2024.

The fees for professional services rendered for the Association by its independent auditor, PwC, during 2024 were $111,600 for audit services and $11,600 for tax services.

The Committee reviewed the non-audit services provided by PwC and concluded these services were not incompatible with maintaining the independent auditor's independence.

Management is responsible for the Association's internal controls and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Association's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue a report thereon. The Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Committee reviewed and discussed the Association's Quarterly Reports and the Association's audited financial statements for the year ended December 31, 2024 (the "Financial Statements") with management**.** The Committee also reviews with PwC the matters required to be discussed by Statements on Auditing Standards. Both PwC and the Association's internal auditors directly provide reports on significant matters to the Committee.

Based on the foregoing review and discussions and relying thereon, the Committee recommended that the Board of Directors include the Financial Statements in the Association's Annual Report to Shareholders for the year ended December 31, 2024 and for filing with the Farm Credit Administration.

//signature on file//

Steven J. Betts, Chairman of the Audit Committee

Audit Committee Members

Steven Betts, James Andersen, Colin Durham, Michael Livingston, Barten Mulch

March 6, 2025

Report of Independent Auditors

To the Board of Directors of Farm Credit of Southern Colorado, ACA

Opinion

We have audited the accompanying consolidated financial statements of Farm Credit of Southern Colorado, ACA and its subsidiaries (the "Association"), which comprise the consolidated statement of condition as of December 31, 2024, 2023, and 2022 and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024, 2023, and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 of the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

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assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2024 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Denver, Colorado
March 6, 2025

Consolidated Statement of Condition

(Dollars in Thousands)

	December 31		
	2024	2023	2022
ASSETS			
Loans	**$ 1,592,508**	$ 1,536,917	$ 1,451,447
Less allowance for loan losses	**2,202**	3,080	3,793
Net loans	**1,590,306**	1,533,837	1,447,654
Cash	**5,875**	6,731	7,924
Accrued interest receivable	**32,140**	27,623	21,531
Investment in CoBank, ACB	**39,303**	36,876	35,313
Investment in AgDirect	**2,163**	1,811	1,708
Premises and equipment, net	**12,010**	11,775	11,901
Other property owned	**844**	-	-
Prepaid benefit expense	**6,694**	7,026	7,675
Other assets	**12,110**	9,917	8,775
Total assets	**$ 1,701,445**	$ 1,635,596	$ 1,542,481
LIABILITIES			
Note payable to CoBank, ACB	**$ 1,331,970**	$ 1,282,022	$ 1,210,396
Advance conditional payments	**20,729**	18,141	19,409
Accrued interest payable	**3,989**	4,064	3,037
Patronage distributions payable	**10,000**	10,000	9,500
Accrued benefits liability	**137**	139	141
Reserve for unfunded commitments	**463**	356	576
Other liabilities	**9,050**	7,856	8,581
Total liabilities	**$ 1,376,338**	$ 1,322,578	$ 1,251,640
Commitments and Contingencies (See Note 13)			
SHAREHOLDERS' EQUITY			
Preferred stock	**6,407**	6,900	778
Capital stock	**1,896**	1,846	1,816
Unallocated retained earnings	**316,804**	304,272	288,247
Total shareholders' equity	**325,107**	313,018	290,841
Total liabilities and shareholders' equity	**$ 1,701,445**	$ 1,635,596	$ 1,542,481

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

	For the Year Ended December 31		
	2024	2023	2022
INTEREST INCOME			
Loans	**$ 96,818**	$ 88,131	$ 63,138
Total interest income	**96,818**	88,131	63,138
INTEREST EXPENSE			
Note payable to CoBank, ACB	**52,114**	45,295	25,119
Other	**1,100**	841	171
Total interest expense	**53,214**	46,136	25,290
Net interest income	**43,604**	41,995	37,848
Provision for credit losses	**725**	2,394	701
Net interest income after provision for credit losses	**42,879**	39,601	37,147
NONINTEREST INCOME			
Financially related services income	**179**	191	134
Loan fees	**836**	888	492
Patronage distribution from Farm Credit institutions	**6,834**	6,792	6,599
Farm Credit Insurance Fund distribution	**454**	-	-
Mineral income	**728**	945	1,208
Other noninterest income	**529**	514	548
Total noninterest income	**9,560**	9,330	8,981
NONINTEREST EXPENSE			
Salaries and employee benefits	**15,392**	13,343	12,260
Occupancy and equipment	**1,021**	1,112	1,173
Purchased services from AgVantis, Inc.	**3,927**	3,174	2,918
Farm Credit Insurance Fund premium	**1,237**	2,077	2,213
Supervisory and examination costs	**548**	504	454
Other noninterest expense	**7,387**	4,656	3,918
Total noninterest expense	**29,512**	24,866	22,936
Income before income taxes	**22,927**	24,065	23,192
Provision for income taxes	**41**	40	19
Net income/Comprehensive Income	**$ 22,886**	$ 24,025	$ 23,173

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

	Preferred Stock	Capital Stock	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2021	$ 776	$ 1,777	$ 274,582	$ 277,135
Comprehensive income			23,173	23,173
Stock issued	-	215		215
Stock retired	(1)	(176)		(177)
Preferred stock dividends	3		(8)	(5)
Patronage distributions: Cash			(9,500)	(9,500)
Balance at December 31, 2022	778	1,816	288,247	290,841
Comprehensive income			24,025	24,025
Stock issued	6,737	159		6,896
Stock retired	(776)	(129)		(905)
Preferred stock dividends	161		(243)	(82)
Patronage distributions: Cash			(10,000)	(10,000)
Cumulative effect of CECL adoption			2,243	2,243
Balance at December 31, 2023	6,900	1,846	304,272	313,018
Comprehensive income			22,886	22,886
Stock issued	4,864	169		5,033
Stock retired	(5,726)	(119)		(5,845)
Preferred stock dividends	369		(354)	15
Patronage distributions: Cash			(10,000)	(10,000)
Balance at December 31, 2024	**$ 6,407**	**$ 1,896**	**$ 316,804**	**$ 325,107**

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

Consolidated Statement of Cash Flows

(Dollars in Thousands)

	For the Year Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 22,886**	$ 24,025	$ 23,173
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation	**504**	614	756
Provision for credit losses	**725**	2,394	701
Patronage stock from CoBank, ACB	**(98)**	(95)	(105)
Allocated patronage from AgVantis	**-**	(184)	(84)
Gains on sales of premises and equipment	**(98)**	(39)	(40)
Change in assets and liabilities:			
Increase in accrued interest receivable	**(4,517)**	(6,092)	(4,627)
Decrease/(Increase) in prepaid benefit expense	**332**	649	(1,854)
Increase in other assets	**(2,190)**	(968)	(1,340)
(Decrease)/(Increase in accrued interest payable	**(75)**	1,027	1,786
Decrease in accrued benefits liability	**(2)**	(2)	(5)
Increase/(Decrease) in other liabilities	**1,209**	(807)	2,628
Total adjustments	**(4,210)**	(3,503)	(2,184)
Net cash provided by operating activities	**18,676**	20,522	20,989
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in loans, net	**(60,533)**	(86,554)	(75,660)
Increase in investment for CoBank, ACB	**(2,332)**	(1,458)	(2)
Increase in investment in AgDirect	**(352)**	(103)	(87)
Expenditures for premises and equipment	**(752)**	(548)	(259)
Proceeds from sales of premises and equipment	**111**	99	40
Proceeds from sales of other property owned	**2,602**	-	-
Net cash used in investing activities	**(61,256)**	(88,564)	(75,968)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net draw on note payable to CoBank, ACB	**49,948**	71,626	60,351
Increase/(Decrease) in advance conditional payments	**2,588**	(1,268)	7,507
Preferred stock retired	**(5,726)**	(776)	(1)
Preferred stock issued	**4,864**	6,737	-
Capital stock retired	**(119)**	(129)	(176)
Capital stock issued	**169**	159	215
Cash patronage distributions paid	**(10,000)**	(9,500)	(8,500)
Net cash provided by financing activities	**41,724**	66,849	59,396
Net (decrease)/increase in cash	**(856)**	(1,193)	4,417
Cash at beginning of year	**6,731**	7,924	3,507
Cash at end of year	**$ 5,875**	$ 6,731	$ 7,924
SUPPLEMENTAL CASH INFORMATION:			
Cash paid during the year for:			
Interest	**$ 53,289**	$ 45,109	$ 23,504
Income taxes	**$ 45**	$ 41	$ 21
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Patronage stock from CoBank, ACB	**$ 98**	$ 95	$ 105
Allocated patronage from AgVantis	**$ -**	$ 184	$ 84
Loans transferred to other property owned	**$ 3,446**	$ -	$ -
Net charge-offs	**$ 1,496**	$ 1,084	$ -
Patronage distributions payable	**$ 10,000**	$ 10,000	$ 9,500
Stock dividends paid	**$ 369**	$ 161	$ 3
Stock dividends declared	**$ 354**	$ 243	$ 8

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

Notes To Consolidated Financial Statements

Note 1 – Organization and Operations

A. Organization: Farm Credit of Southern Colorado, ACA (Agricultural Credit Association (ACA)) and its subsidiaries, Farm Credit of Southern Colorado, FLCA, (Federal Land Credit Association (FLCA)) and Farm Credit of Southern Colorado, PCA, (Production Credit Association (PCA)), (collectively called “the Association”) are member-owned cooperatives which provide credit and credit-related services to or for the benefit of eligible borrowers/shareholders for qualified agricultural purposes in the counties of Alamosa, Arapahoe, Archuleta, Baca, Bent, Chaffee, Cheyenne, Conejos, Costilla, Crowley, Custer, Douglas, El Paso, Elbert, Fremont, Hinsdale, Huerfano, Kiowa, Kit Carson, Lake, Las Animas, Lincoln, Mineral, Otero, Park, Prowers, Pueblo, Rio Grande, Saguache, Teller, and the southern half of Jefferson in the state of Colorado.

The Association is a lending institution of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations, which was established by Acts of Congress to meet the credit needs of American agriculture and is subject to the provisions of the Farm Credit Act of 1971, as amended (the Farm Credit Act). At December 31, 2024, the System was comprised of three Farm Credit Banks, one Agricultural Credit Bank (System Banks), and 55 associations.

CoBank, ACB (funding bank or the “Bank”), its 16 related Agricultural Credit Associations (ACA), which each have two wholly owned subsidiaries (a FLCA and a PCA), and AgVantis, Inc. (AgVantis) are collectively referred to as the CoBank District (District). CoBank provides the funding to associations within the District and is responsible for supervising certain activities of the District Associations. AgVantis, which is owned by the entities it serves, provides technology and other operational services to certain associations and to CoBank.

ACA parent companies provide financing and related services through their FLCA and PCA subsidiaries. Generally, the FLCA makes secured long-term agricultural real estate and rural home mortgage loans and the PCA makes short- and intermediate-term loans for agricultural production or operating purposes.

The Farm Credit Administration (FCA) is delegated authority by Congress to regulate the System Banks and Associations. The FCA examines the activities of System institutions to ensure their compliance with the Farm Credit Act, FCA regulations, and safe and sound banking practices.

The Farm Credit Act established the Farm Credit System Insurance Corporation (Insurance Corporation) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is required to be used (1) to ensure the timely payment of principal and interest on Systemwide debt obligations (Insured Debt), (2) to ensure the retirement of protected stock at par or stated value, and (3) for other specified purposes. The Insurance Fund is also available for discretionary use by the Insurance Corporation to provide assistance to certain troubled System institutions and to cover the operating expenses of the Insurance Corporation. Each System Bank has been required to pay premiums, which may be passed on to the Association, into the Insurance Fund based on its annual average adjusted outstanding insured debt until the monies in the Insurance Fund reach the “secure base amount,” which is defined in the Farm Credit Act as 2.0% of the aggregate Insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or such other percentage of the aggregate obligations as the Insurance Corporation, at its sole discretion, determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the Insurance Corporation is required to reduce premiums, as necessary to maintain the Insurance Fund at the 2.0% level. As required by the Farm Credit Act, as amended, the Insurance Corporation may return excess funds above the secure base amount to System institutions.

B. Operations: The Farm Credit Act sets forth the types of authorized lending activity, persons eligible to borrow, and financial services which can be offered by the Association. The Association is authorized to provide, either directly or in participation with other lenders, credit, credit commitments, and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, their cooperatives, rural residents, and farm-related businesses.

The Association also serves as an intermediary in offering credit life insurance, term life insurance, credit disability insurance, multi-peril and crop hail insurance, advance conditional payment accounts, leasing, and provides additional services to borrowers such as fee appraisals, and an investment stock program.

Farm Credit of Southern Colorado participates in AgDirect, LLP (AgDirect), a trade credit financing program that includes originations and refinancing of agricultural equipment loans through independent equipment dealers. AgDirect is a Delaware limited liability partnership and is an unincorporated business entity (UBE) under Subpart J of FCA regulations. AgDirect is an entity created by Farm Credit Services of America, (FCSA), which is responsible for the marketing, operation, and implementation of the program. FCSA serves as the master servicer for the program assets and provides periodic reporting to investor associations. At December 31, 2024, the Association's investment in AgDirect, which is included in the Consolidated Statement of Condition, was $2.2 million, representing a 0.40% ownership in the partnership.

We are also a member of a limited liability company which was formed to hold assets securing the loans of a former participation loan borrower who filed bankruptcy. Our equity interest in the LLC, which amounts to 1.37%, is accounted for at cost less any impairment as there is no readily determinable fair value. Since this ownership interest was acquired through foreclosure, it is reported as other property owned on our Consolidated Statement of Condition.

The Association's financial condition may be impacted by factors affecting CoBank. The CoBank Annual Report is available free of charge on CoBank's website, www.cobank.com; or may be obtained at no charge by contacting the Association at 5110 Edison Avenue, Colorado Springs, Colorado 80915, or at PO Box 75640, Colorado Springs, Colorado 80970-5640 or by calling (800) 815-8559 or (719) 570-1087. Upon request, Association shareholders will be provided with a copy of the CoBank Annual Report. The CoBank Annual Report discusses the material aspects of CoBank's and the District's financial condition, changes in financial condition, and results of operations. In addition, the CoBank Annual Report identifies favorable and unfavorable trends, significant events, uncertainties, and the impact of activities of the Insurance Corporation.

In addition, the Farm Credit Council acts as a full-service federated trade association, which represents the System before Congress, the Executive Branch, and others, and provides support services to System institutions on a fee basis.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements (the "financial statements") of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements include the accounts of Farm Credit of Southern Colorado, PCA and Farm Credit of Southern Colorado, FLCA and reflect the investments in and allocated earnings of the service organizations in which the Association has partial ownership interests. Inter-company transactions have been eliminated in consolidation.

Use of Estimates

The accounting and reporting policies of the Association conform to GAAP and prevailing practices within the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of deferred tax assets, the determination of fair value of financial instruments, and subsequent impairment analysis.

Recently 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 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, 2024. 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.

Summary of the Association's Significant Accounting Policies

A. Loans: Long-term real estate mortgage loans generally have original maturities ranging from five to 40 years. Substantially all short- and intermediate-term loans made for agricultural production or operating purposes have maturities of ten years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and deferred loan fees or costs. Loan origination fees and direct loan origination costs are capitalized, and the net fee or cost is amortized over the life of the related loan as an adjustment to yield. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding.

Nonaccrual loans are loans for which there is reasonable doubt that all principal and interest will be collected according to the original contractual terms and are generally considered substandard or doubtful, which is in accordance with the loan rating model, as described in Note 3. A loan is considered contractually past due when any principal repayment or interest payment required by the loan contract is not received on or before the due date. A loan shall remain contractually past due until the terms of the loan are modified or until the entire amount past due, including principal, accrued interest, and penalty interest incurred is collected or otherwise discharged in full.

The Association purchases loan and lease participations from other System and non-System entities to generate additional earnings and diversify risk. Additionally, the Association sells a portion of certain large loans to other System and non-System entities to reduce risk and comply with established lending limits. Loans are sold and the sale terms comply with requirements under Accounting Standards Codification (ASC) 860 "Transfers and Servicing."

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) and/or included in the recorded nonaccrual balance (if accrued in prior years). Loans are charged-off at the time they are determined to be uncollectible.

When loans are in nonaccrual status, interest payments received in cash are generally recognized as interest income if the collectability of the loan principal is fully expected and certain other criteria are met. Otherwise, payments received on nonaccrual loans are applied against the recorded investment in the loan asset. Nonaccrual loans are returned to accrual status if all contractual principal and interest is current, the borrower is fully expected to fulfill the contractual repayments terms, and after remaining current as to principal and interest for a sustained period or have a recent repayment pattern demonstrating future repayment capacity to make on-time payments. If previously unrecognized interest income exists at the time the loan is transferred to accrual status, cash received at the time of or subsequent to the transfer should first be recorded as interest income until such time as the recorded balance equals the contractual indebtedness of the borrower.

The Association elected to continue classifying accrued interest on loans in accrued interest receivable and not as part of loans on the Consolidated Statement of Condition. The Association has 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 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 term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Collateral-dependent loans are loans secured by collateral, including but not limited to agricultural real estate, crop inventory, equipment, and livestock. The Current Expected Credit Losses (CECL) guidance requires an entity to measure the expected credit losses of a collateral dependent loan 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 are based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

B. Allowance for Credit Losses: Effective January 1, 2023, the Association adopted Accounting Standards Update (ASU) 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” and other subsequently issued ASU’s related to credit losses. This ASU replaced the incurred loss impairment methodology with a single allowance framework that estimates the current expected credit losses over the remaining contractual life for all financial assets measured at amortized cost and certain off-balance sheet credit exposures. The financial statement impact of the adoption of this guidance is reflected in the Allowance for Credit Losses tables in Note 3.

This framework requires management to consider in its estimate of the allowance for credit losses (ACL), 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. The ACL comprises:

- the allowance for loan losses, which covers the loan portfolio and is presented separately on the Consolidated Statement of Condition and
- the reserve for unfunded commitments, which is presented separately on the Consolidated Statement of Condition.

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 allowance for loan losses in those future periods.

The allowance for loan losses represents management’s estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums and discounts.

The Association employs a disciplined process and methodology to establish its allowance for loan losses 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 pooled component of the allowance for loan losses for loan pools 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, 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 severity of loss, based on the aggregate net lifetime losses incurred per loan pool. 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 loan is 90 days or more past due. Due to limited loss history across the portfolio, the Association used peer data within their quantitative adjustment component for loan pools that have experienced minimal loss history.

The pooled component of the allowance for loan losses also considers factors for each loan pool to adjust for differences between the historical period used to calculate historical default and loss severity rates and expected conditions over the remaining lives of the loans in the portfolio related to:

- lending policies and procedures,
- national, regional, and local economic business conditions, and developments that affect the collectability of the portfolio, including the condition of various markets,
- the nature of the loan portfolio, including the terms of the loans,
- the experience, ability, and depth of the lending management and other relevant staff,
- the volume and severity of past due and adversely classified or graded loans and the volume of nonaccrual loans,
- the quality of the loan review and process,
- the value of underlying collateral for collateral-dependent loans,
- the existence and effect of any concentrations of credit and changes in the level of such concentrations, and,
- the effect of external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio.

The Association uses a single economic scenario over a reasonable and supportable forecast period of 12 months. Subsequent to the forecast period, the Association explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables, including agricultural commodity prices, unemployment rates, Gross Domestic Product (GDP) annual growth rates, government spending as a percentage of GDP, real consumer spending, United States exports, inflation, and the federal funds rates.

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 allowance for loan loss 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 loan 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 several factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition, and prior loan loss experience. The allowance for loan 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.

The Association evaluates the need for a reserve for unfunded commitments under CECL and if required, an amount is recognized and reported separately on the Consolidated Statement of Condition. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures and applying the loss factors used in the ACL methodology to the results of the usage calculation.

C. Cash: Cash, as included in the consolidated financial statements, represents cash on hand and on deposit at financial institutions. At times, cash deposits may be in excess of federally insured limits.

D. Investment in CoBank: The Association's required investment in CoBank is in the form of Class A Stock. The minimum required investment is 3.00 percent of the prior one-year average direct loan volume. The investment in CoBank is comprised of patronage based stock and purchased stock. The requirement for capitalizing patronage-based participation loans sold to CoBank is 7.00 percent of the prior ten-year average of such participations sold to CoBank.

E. Premises and Equipment: Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operating results. Maintenance and repairs are expensed, and improvements above certain thresholds are capitalized.

The Association acts as a lessor in certain contractual arrangements. The contracts relate to office space in an owned property and are considered operating leases. Generally, leases are for terms of three to seven years and may include options to extend or terminate the arrangements. The leases provide for minimum annual rentals that are typically subject to annual increases. Lease income is recognized on a straight-line basis over the lease term. Any initial direct costs are deferred and recognized as an expense over the lease term on the same basis as lease income. Revenue from leases is included in other noninterest income in the Consolidated Statement of Comprehensive Income.

F. Other Property Owned: Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at fair value less estimated selling costs upon acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for loan losses. On at least an annual basis, revised estimates to the fair value are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations and carrying value adjustments are included in net gains/(losses) on other property owned in the Consolidated Statement of Income.

G. Other Assets and Other Liabilities: Other assets are comprised primarily of accounts receivable, lease receivable, prepaid expenses, and investment in Farm Credit institutions other than CoBank. Significant components of other liabilities primarily include accounts payable and employee benefits. The Association purchases certain software to enhance or perform internal business functions. Software development costs, as well as costs for software that is part of a cloud computing arrangement incurred in the preliminary and post-implementation project stages are charged to noninterest expense. Capitalized software costs incurred in the development project stage are held in prepaid expenses and amortized over the respective cloud service contract term on a straight-line basis. As of December 31, 2024, the Association has capitalized implementation costs of $1.9 million and accumulated amortization of $33 thousand. For the year ended December 31, 2024, amortization expense of $33 thousand was recognized in noninterest expense.

H. Advance Conditional Payments: The Association is authorized under the Farm Credit Act to accept advance payments from borrowers. To the extent the borrower's access to such advance payments is restricted, the advance conditional payments are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in liabilities. Restricted advance conditional payments are primarily associated with mortgage loans, while unrestricted are primarily related to production and intermediate-term loans and insurance proceeds on mortgage loans. Advance conditional payments are not insured. Interest is generally paid by the Association on advance conditional payments.

I. Employee Benefit Plans: Substantially all employees of the Association participate in the Ninth Farm Credit District Pension Plan (Pension Plan) and/or the Farm Credit Foundations Defined Contribution/401(k) Plan (401(k) Plan). The Pension Plan is a non-contributory defined benefit plan. Benefits are based on compensation and years of service. The Association recognizes its proportional share of expense and contributes its proportional share of funding. The Pension Plan was closed to employees beginning January 1, 2007.

The 401(k) Plan has two components. Employees who do not participate in the Pension Plan may receive benefits through the Employer Contribution portion of the Defined Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee's salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions. All defined contribution costs are expensed in the same period that participants earn employer contributions.

The Association also participates in the Farm Credit Foundations Retiree Medical Plan. These postretirement benefits (other than pensions) are provided to eligible retired employees of the Association. The anticipated costs of these benefits were accrued during the period of the employee's active service. The authoritative accounting guidance requires the accrual of the expected cost of providing postretirement benefits during the years that the employee renders service necessary to become eligible for these benefits.

J. Patronage Distribution from CoBank: Patronage distributions from CoBank are accrued by the Association in the year earned and are included in Other Assets on the Consolidated Statement of Condition.

K. Income Taxes: As previously described, the Association conducts its business activities through two wholly owned subsidiaries. Long-term mortgage lending activities are operated through a wholly owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through a wholly owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on estimated relative service. All significant transactions between the subsidiaries and the parent company have been eliminated in consolidation. The ACA, along with the PCA subsidiary, is subject to income taxes. The

Association accounts for income taxes under the liability method. Accordingly, deferred taxes are recognized for estimated taxes ultimately payable or recoverable based on federal, state, or local laws.

The Association elected to operate as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the Association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock, or allocated retained earnings. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage distributions. Deferred taxes are recorded on 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 (over 50 percent probability), based on management's estimate, the deferred tax assets will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the Association's expected patronage program, which reduces taxable earnings.

Deferred income taxes have not been recorded by the Association on stock patronage distributions received from the Bank prior to January 1, 1993, the adoption date of accounting guidance on income taxes. Association management's intent is to permanently invest these and other undistributed earnings in CoBank, or if converted to cash, to pass through any such earnings to Association borrowers through qualified patronage allocations.

The Association has not provided deferred income taxes on amounts allocated to the Association which relate to the Bank's post-1992 earnings to the extent that such earnings will be passed through to Association borrowers through qualified patronage allocations. Additionally, deferred income taxes have not been provided on the Bank's post-1992 unallocated earnings.

L. Fair Value Measurement: Accounting guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets include assets held in trust funds which relate to the Association's deferred compensation plan and supplemental retirement plan. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates; and, (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Unobservable inputs are those that are supported by little or no market activity and that are significant to the determination of the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own assumptions about factors that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Level 3 assets include loans acquired in an acquisition or merger and other property owned.

The fair value disclosures are presented in Note 14.

M. Off-balance-sheet credit exposures: Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. Commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and third party. The credit risk associated with commitments to extend credit and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's creditworthiness.

NOTE 3 – LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Real estate mortgage	**$ 976,262**	$ 946,707	$ 942,374
Production and intermediate-term	**297,432**	276,035	229,723
Agribusiness	**214,943**	201,600	195,262
Rural infrastructure	**92,089**	100,725	71,550
Agricultural export finance	**11,120**	11,108	11,781
Rural residential real estate	**9**	14	18
Mission-related	**653**	728	739
Total loans	**$ 1,592,508**	$ 1,536,917	$ 1,451,447

The Association purchases or sells loan participations with other parties in order to diversify risk, manage loan volume, and comply with FCA regulations. The following tables present information regarding participations purchased and sold:

	December 31, 2024					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
(dollars in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 34,071	$ 59,772	$ –	$ 6,256	$ 34,071	$ 66,028
Production and intermediate-term	33,600	–	–	–	33,600	–
Agribusiness	203,121	–	7,182	–	210,303	–
Rural infrastructure	92,089	–	–	–	92,089	–
Agricultural export finance	11,120	–	–	–	11,120	–
Total	$ 374,001	$ 59,772	$ 7,182	$ 6,256	$ 381,183	$ 66,028

	December 31, 2023					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
(dollars in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 43,114	$ 66,626	$ –	$ 6,513	$ 43,114	$ 73,139
Production and intermediate-term	57,289	–	–	–	57,289	–
Agribusiness	197,262	–	–	–	197,262	–
Rural infrastructure	100,725	–	–	–	100,725	–
Agricultural export finance	11,108	–	–	–	11,108	–
Total	$ 409,498	$ 66,626	$ –	$ 6,513	$ 409,498	$ 73,139

	December 31, 2022					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
(dollars in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 49,760	$ 63,412	$ 636	$ 6,761	$ 50,396	$ 70,173
Production and intermediate-term	46,069	–	–	–	46,069	–
Agribusiness	190,464	–	–	–	190,464	–
Rural infrastructure	71,550	–	–	–	71,550	–
Agricultural export finance	11,781	–	–	–	11,781	–
Total	$ 369,624	$ 63,412	$ 636	$ 6,761	$ 370,260	$ 70,173

A substantial portion of the Association's loans are collateralized. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but typically includes farmland and income-producing property, such as crops and livestock, as well as receivables. Long-term real estate loans are secured by first liens on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85 percent (97 percent if guaranteed or enhanced by a government agency) of the property's appraised value. However, a decline in a property's market value subsequent to loan origination or advances, or other actions necessary to protect the financial interest of the Association in the collateral, may result in loan to value ratios in excess of the regulatory maximum.

Credit enhancements with federal government agencies of $17.9 million at year-end 2024, $18.0 million at year-end 2023, and $19.5 million at year-end 2022 were outstanding. These credit enhancements consist primarily of loans in the USDA FSA Guaranteed Loan Program. To incent the Association to make certain loans we could not normally underwrite, the USDA typically will guarantee 90% of the loss on the debt. This program is a valuable tool used to manage credit to young/beginning/small borrowers, as well as high risk credit groups. Using the program creates constructive credit for both the borrower and the lender.

We utilize the FCA Uniform Classification System to categorize loans into five credit quality categories. 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, and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

The following table shows loans classified under the FCA Uniform Loan Classification system as a percentage of total loans by loan type as of December 31.

	2024	2023	2022[1]
Real estate mortgage			
Acceptable	**96.99%**	96.33%	95.56%
OAEM	**0.46%**	0.23%	2.42%
Substandard	**2.55%**	3.44%	1.98%
Doubtful	**–**	–	0.04%
Total	**100.00%**	100.00%	100.00%
Production and intermediate-term			
Acceptable	**95.14%**	93.79%	96.98%
OAEM	**3.21%**	0.33%	1.52%
Substandard	**1.65%**	5.88%	1.50%
Total	**100.00%**	100.00%	100.00%
Agribusiness			
Acceptable	**92.31%**	95.80%	94.86%
OAEM	**5.05%**	1.06%	2.87%
Substandard	**2.64%**	3.14%	2.27%
Total	**100.00%**	100.00%	100.00%
Rural infrastructure			
Acceptable	**99.05%**	93.77%	95.15%
OAEM	**0.72%**	6.23%	2.22%
Substandard	**0.23%**	–	2.63%
Total	**100.00%**	100.00%	100.00%
Agricultural export finance			
Acceptable	**100.00%**	100.00%	100.00%
Total	**100.00%**	100.00%	100.00%
Rural residential real estate			
Acceptable	**100.00%**	100.00%	100.00%
Total	**100.00%**	100.00%	100.00%
Mission-related			
OAEM	**100.00%**	100.00%	–
Substandard	**–**	–	100.00%
Total	**100.00%**	100.00%	100.00%
Total Loans			
Acceptable	**96.11%**	95.62%	95.66%
OAEM	**1.65%**	0.80%	2.30%
Substandard	**2.24%**	3.58%	2.01%
Doubtful	**–**	–	0.03%
Total	**100.00%**	100.00%	100.00%

[1] Prior to the adoption of CECL on January 1, 2023, loans were presented with accrued interest receivable.

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. These nonperforming assets are as follows:

(dollars in thousands)	**2024**	2023	2022
Nonaccrual loans:			
Real estate mortgage	**$ 2,646**	$ 388	$ 2,804
Production and intermediate-term	**1,066**	4,836	882
Agribusiness	**–**	–	2,504
Total nonaccrual loans	**$ 3,712**	$ 5,224	$ 6,190
Accruing loans 90 days past due:			
Real estate mortgage	**$ –**	$ 103	$ –
Total accruing loans 90 days past due	**$ –**	$ 103	$ –
Accruing restructured loans:			
Real estate mortgage			$ 399
Production and intermediate-term			–
Total accruing restructured loans			$ 399
Total nonperforming loans	**$ 3,712**	$ 5,327	$ 6,589
Other property owned	**844**	–	–
Total nonperforming assets[1]	**$ 4,556**	$ 5,327	$ 6,589
Nonaccrual loans to total loans	**0.23%**	0.34%	0.43%
Nonperforming assets[1] to total loans	**0.29%**	0.35%	0.45%
Nonperforming assets[1] to total shareholders' equity	**1.40%**	1.70%	2.27%

[1] Prior to the adoption of CECL on January 1, 2023, nonperforming assets included accruing restructured loans. Additionally, nonperforming accrual loans included accrued interest in 2022.

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

	December 31, 2024			
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real estate mortgage	$ 2,039	$ 607	$ 2,646	$ –
Production and intermediate-term	736	330	1,066	13
Total	$ 2,775	$ 937	$ 3,712	$ 13

	December 31, 2023			
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real estate mortgage	$ –	$ 388	$ 388	$ 1,409
Production and intermediate-term	4,734	102	4,836	60
Agribusiness	–	–	–	99
Total	$ 4,734	$ 490	$ 5,224	$ 1,568

Accrued interest receivable on loans of $32.1 million at December 31, 2024 has been excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. The Association wrote off accrued interest receivable of $72 thousand during 2024 and $88 thousand during 2023.

The following tables provide an age analysis of past due loans at amortized cost.

	December 31, 2024					
(dollars in thousands)	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	90 Days Or More Past Due And Accruing
Real estate mortgage	$ 2,649	$ 2,335	$ 4,984	$ 971,278	$ 976,262	$ –
Production and intermediate-term	619	848	1,467	295,965	297,432	–
Agribusiness	–	–	–	214,943	214,943	–
Rural infrastructure	–	–	–	92,089	92,089	–
Agricultural export finance	–	–	–	11,120	11,120	–
Rural residential real estate	–	–	–	9	9	–
Mission-related	–	–	–	653	653	–
Total	$ 3,268	$ 3,183	$ 6,451	$ 1,586,057	$ 1,592,508	$ –

	December 31, 2023					
(dollars in thousands)	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	$ 3,172	$ 103	$ 3,275	$ 943,432	$ 946,707	$ 103
Production and intermediate-term	4,050	700	4,750	271,285	276,035	–
Agribusiness	–	–	–	201,600	201,600	–
Rural infrastructure	–	–	–	100,725	100,725	–
Agricultural export finance	–	–	–	11,108	11,108	–
Rural residential real estate	–	–	–	14	14	–
Mission-related	–	–	–	728	728	–
Total	$ 7,222	$ 803	$ 8,025	$ 1,528,892	$ 1,536,917	$ 103

Prior to the adoption of CECL, the age analysis of past due loans included accrued interest as follows:

	December 31, 2022					
(dollars in thousands)	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	$ 177	$ –	$ 177	$ 957,844	$ 958,021	$ –
Production and intermediate-term	1,328	–	1,328	233,006	234,334	–
Agribusiness	–	–	–	196,270	196,270	–
Rural infrastructure	–	–	–	71,767	71,767	–
Agricultural export finance	–	–	–	11,827	11,827	–
Rural residential real estate	–	–	–	19	19	–
Mission-related	–	–	–	740	740	–
Total	$ 1,505	$ –	$ 1,505	$ 1,471,473	$ 1,472,978	$ –

Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon the adoption of the guidance, “Financial Instruments – Credit Losses, Troubled Debt Restructurings and Vintage Disclosure”, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty. The following tables show the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during 2024 and 2023, disaggregated by loan type and type of modification granted.

	Term Extension			
	For the Year Ended December 31			
(dollars in thousands)	**2024**	% of Total Loan Type	2023	% of Total Loan Type
Production and intermediate-term	**$ 594**	0.20%	$ 765	0.28%
Agribusiness	**1,709**	0.80%	4,519	2.24%
Total	**$ 2,303**		$ 5,284	

	Payment Deferral			
	For the Year Ended December 31			
(dollars in thousands)	**2024**	% of Total Loan Type	2023	% of Total Loan Type
Real estate mortgage	**$ 2,039**	0.21%	$ –	–
Production and intermediate-term	**736**	0.25%	–	–
Total	**$ 2,775**		$ –	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of December 31, 2024 was $62 thousand and $118 thousand as of December 31, 2023.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the years presented:

	Weighted-Average Term Extension (in Months)	
	2024	2023
Production and intermediate-term	**12.1**	11.4
Agribusiness	**13.1**	32.8

	Weighted-Average Payment Deferral (in Months)	
	2024	2023
Real estate mortgage	**13.0**	–
Production and intermediate-term	**7.0**	–

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that received a modification during the year ended December 31, 2024 and defaulted in the period presented:

	Modified Loans that Subsequently Defaulted
	For the Year Ended December 31, 2024
(dollars in thousands)	Payment Deferral
Real estate mortgage	$ 2,039
Production and intermediate-term	736
Total	$ 2,775

None of the loans to borrowers experiencing financial difficulty that received a payment modification during the year ended December 31, 2023 experienced a subsequent default.

The following tables set forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the periods presented:

	December 31, 2024		
	Payment Status of Loans Modified in the Past Twelve Months		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$ –	$ –	$ 2,039
Production and intermediate-term	594	–	736
Agribusiness	1,709	–	–
Total	$ 2,303	$ –	$ 2,775

	December 31, 2023		
	Payment Status of Loans Modified in the Past Twelve Months		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Production and intermediate-term	$ 727	$ 38	$ –
Agribusiness	4,519	–	–
Total	$ 5,246	$ 38	$ –

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were $2.6 million at December 31, 2024 and $2.8 million at December 31, 2023.

Troubled Debt Restructuring

Prior to January 1, 2023, the adoption of updated FASB guidance on loan modifications, a restructuring of a loan constituted a troubled debt restructuring, also known as formally restructured, if the creditor for economic or legal reasons related to the borrower's financial difficulties granted a concession to the borrower that it would not otherwise consider. Concessions varied by program and were borrower-specific and could include interest rate reductions, term extensions, payment deferrals, or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven. When a restructured loan constituted a troubled debt restructuring, these loans were included within our impaired loans under nonaccrual or accruing restructured loans.

The following table provides information on outstanding loans restructured in troubled debt restructurings at period end. These loans are included as nonperforming loans in the nonperforming loan table at December 31, 2022.

	Loans Modified as TDRs	TDRs in Nonaccrual Status[1]
(dollars in thousands)	2022	2022
Real estate mortgage	$ 399	$ –
Total	$ 399	$ –

[1] Represents the portion of loans modified as TDRs that are in nonaccrual status.

Credit Quality – Prior to CECL Adoption

Additional impaired loan information for periods prior to CECL adoption is as follows:

(dollars in thousands)	Recorded Investment at 12/31/22	Unpaid Principal Balance*	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:					
Agribusiness	$ 2,504	$ 2,595	$ 509	$ 641	$ –
Total	$ 2,504	$ 2,595	$ 509	$ 641	$ –
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 3,203	$ 4,579		$ 5,405	$ 41
Production and intermediate-term	882	885		345	–
Agribusiness	–	110		254	–
Total	$ 4,085	$ 5,574		$ 6,004	$ 41
Total impaired loans:					
Real estate mortgage	$ 3,203	$ 4,579	$ –	$ 5,405	$ 41
Production and intermediate-term	882	885	–	345	–
Agribusiness	2,504	2,705	509	895	–
Total	$ 6,589	$ 8,169	$ 509	$ 6,645	$ 41

* Unpaid principal balance represents the recorded principal balance of the loan

Interest income on impaired loans that would have been recognized under the original terms of the loans follows.

(dollars in thousands)	For the Year Ended December 31, 2022
Interest income which would have been recognized under the original loan terms	$ 468
Less: interest income recognized	39
Interest income not recognized	$ 429

Allowance for Credit Losses

A summary of changes in the allowance for loan losses is as follows:

(dollars in thousands)	Balance at December 31, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at December 31, 2024
Real estate mortgage	$ 283	$ –	$ –	$ 558	$ 841
Production and intermediate-term	1,920	1,507	9	484	906
Agribusiness	50	–	2	91	143
Rural infrastructure	827	–	–	(515)	312
Total	$ 3,080	$ 1,507	$ 11	$ 618	$ 2,202

Effective January 1, 2023, the Association adopted the CECL accounting guidance as described in Note 2.

(dollars in thousands)	Balance at December 31, 2022	Cumulative Effect of CECL Adoption	Balance at January 1, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at December 31, 2023
Real estate mortgage	$ 1,416	$ (1,116)	$ 300	$ –	$ –	$ (17)	$ 283
Production and intermediate-term	645	(172)	473	1,017	–	2,464	1,920
Agribusiness	1,112	(501)	611	138	71	(494)	50
Rural infrastructure	506	(168)	338	–	–	489	827
Agricultural export finance	7	(7)	–	–	–	–	–
Mission-related	107	(107)	–	–	–	–	–
Total	$ 3,793	$ (2,071)	$ 1,722	$ 1,155	$ 71	$ 2,442	$ 3,080

For periods prior to January 1, 2023, the allowance for loan losses was based on probable and estimable losses inherent in the loan portfolio.

(dollars in thousands)	Balance at December 31, 2021	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at December 31, 2022
Real estate mortgage	$ 943	$ –	$ –	$ 473	$ 1,416
Production and intermediate-term	997	–	–	(352)	645
Agribusiness	800	–	–	312	1,112
Rural infrastructure	240	–	–	266	506
Agricultural export finance	5	–	–	2	7
Mission-related	115	–	–	(8)	107
Total	$ 3,100	$ –	$ –	$ 693	$ 3,793

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on our Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitments follows:

	For the Year Ended December 31		
(dollars in thousands)	**2024**	2023	2022
Balance at beginning of period	**$ 356**	$ 576	$ 568
Cumulative effect of CECL adoption		(172)	
Balance at January 1		404	
Provision for/(Reversal of) reserve for unfunded commitments	**107**	(48)	8
Total	**$ 463**	$ 356	$ 576

NOTE 4 – INVESTMENT IN COBANK

At December 31, 2024, the Association's investment in CoBank is in the form of Class A stock with a par value of $100.00 per share. The Association is required to own stock in CoBank to capitalize its direct loan balance and participation loans sold to CoBank. In 2022, the requirement for capitalizing the Association's direct loan from CoBank changed from 4.00 percent of the Association's prior five-year average direct loan volume to 3.00 percent of the prior one-year average direct loan volume. The current requirement for capitalizing patronage-based participation loans sold to CoBank is 7.00 percent of the Association's prior ten-year average balance of such participations sold to CoBank. Under the current CoBank capital plan, patronage from CoBank related to these participations sold is paid 75 percent cash and 25 percent Class A stock. The capital plan is evaluated annually by CoBank's board of directors and management and is subject to change.

CoBank may require the holders of its equities to subscribe for such additional capital as may be needed to meet its capital requirements for its joint and several liability under the Farm Credit Act and regulations. In making such a capital call, CoBank shall take into account the financial condition of each such holder and such other considerations, as it deems appropriate.

The Association owned approximately 0.91 percent of the outstanding common stock of CoBank at December 31, 2024, compared with 0.91 percent in 2023 and 0.89 percent in 2022.

NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment consisted of the following.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Land	**$ 562**	$ 562	$ 1,140
Building(s)	**6,655**	6,651	13,850
Furniture, equipment, and automobiles	**3,701**	3,437	3,428
Construction in progress	**98**	–	–
	11,016	10,650	18,418
Less: accumulated depreciation	**4,808**	4,677	6,517
Premises and equipment held for use	**$ 6,208**	$ 5,973	$ 11,901
Premises held for sale*	**5,802**	5,802	–
Total	**$ 12,010**	$ 11,775	$ 11,901

* Premises held for sale is net of accumulated depreciation of $2.0 million

The Association's administrative building in Colorado Springs, Colorado was listed for sale on August 3, 2023. The utilization of space in the building has decreased as a result of the Association embracing the trend of remote and hybrid work over the past three years. The building was listed for sale with a commercial real estate broker and is expected to sell within a year. The administrative office building assets, with a net book value of $5.8 million, are presented in the premises and equipment line of the Consolidated Statement of Condition.

NOTE 6 – NOTE PAYABLE TO COBANK

The Association's indebtedness to CoBank represents borrowings by the Association to fund its loan portfolio. This indebtedness is collateralized by a pledge of substantially all of the Association's assets and is governed by a General Financing Agreement (GFA). According to the agreement, the aggregate outstanding amount of principal and accrued interest shall not at any time exceed the line of credit. The GFA is subject to periodic renewals in the normal course of business. The GFA will mature on May 31, 2025. The Association was in compliance with the terms and conditions of the GFA as of December 31, 2024. Substantially all borrower loans are match-funded with CoBank. Payments and disbursements are made on the note payable to CoBank on the same basis the Association collects payments from and disburses on borrower loans. The interest rate may periodically be adjusted by CoBank based on the terms and conditions of the borrowing.

	December 31		
(dollars in thousands)	**2024**	2023	2022
Line of credit	**$ 1,750,000**	$ 1,600,000	$ 1,600,000
Outstanding principal and accrued interest balance	**$ 1,335,898**	$ 1,286,013	$ 1,213,403
Average outstanding principal balance under the line of credit	**$ 1,291,657**	$ 1,213,823	$ 1,165,262
Weighted average interest rate	**4.03%**	3.73%	2.16%

Under the Farm Credit Act, the Association is obligated to borrow only from CoBank, unless CoBank gives approval to borrow elsewhere. Other than the funding relationship with the Bank, and our advanced conditional payments, the Association has no other uninsured or insured debt. See Note 2 for additional information. CoBank, consistent with FCA regulations, has established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2024, the Association's notes payable was within the specified limitations.

The Association has the opportunity to commit loanable funds with CoBank under a variety of programs at either fixed or variable rates for specified timeframes. Participants in the program receive a credit on the committed loanable funds balance classified as a reduction of interest expense. These committed funds are netted against the note payable to the Bank. The average committed funds as of December 31 are as follows:

(dollars in thousands)	**2024**	2023	2022
Average committed funds	**$ 277,705**	$ 269,179	$ 247,928
Average rates	**2.96%**	2.56%	1.27%

NOTE 7 – SHAREHOLDERS' EQUITY

Descriptions of the Association's capitalization, protection mechanisms, regulatory capitalization requirements and restrictions, and equities are provided below.

A. Capital Stock

In accordance with the Farm Credit Act, each borrower is required to invest in the Association as a condition of borrowing. The borrower normally acquires ownership of the stock at the time the loan is made, but usually does not make a cash investment. Generally, the aggregate par value of the stock is added to the principal amount of the related loan obligation. The Association has a first lien on the stock owned by its borrowers. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding stock. Our bylaws generally permit stock to be retired at the discretion of the Board of Directors and in compliance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2024, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

Capitalization bylaws allow stock requirements to range from the lesser of one thousand dollars or 2.00 percent to 10.00 percent of the borrower's combined loan volume. The Board of Directors has the authority to change the minimum required stock level of a shareholder as long as the change is within this range. Currently, the Association has a stock requirement of the lesser of one thousand dollars or 2.00 percent of the amount of the borrower's combined loan volume.

B. Regulatory Capitalization Requirements and Restrictions

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations. The following sets forth the regulatory capital ratio requirements and ratios at December 31.

Ratio	Primary Components of Numerator	Denominator	2024	2023	2022	Minimum with Buffer	Minimum Requirement
Common Equity Tier 1 (CET1) Capital	Unallocated retained earnings (URE) and common cooperative equities (qualifying capital stock and allocated equity)[1]	Risk-weighted assets	16.38%	16.67%	16.39%	7.0%	4.5%
Tier 1 Capital	CET1 Capital and non-cumulative perpetual preferred stock	Risk-weighted assets	16.38%	16.67%	16.39%	8.5%	6.0%
Total Capital	Tier 1 Capital, allowance for loan losses[2], other common cooperative equities[3], and term preferred stock and subordinated debt[4]	Risk-weighted assets	16.52%	16.90%	16.66%	10.5%	8.0%
Tier 1 Leverage	Tier 1 Capital (at least 1.5% must be URE and URE equivalents)	Total assets	17.19%	17.49%	17.17%	5.0%	4.0%
URE and URE Equivalents Leverage	URE and URE Equivalents	Total assets	17.08%	17.38%	17.04%	–	1.5%
Permanent Capital	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	Risk-weighted assets	16.77%	17.13%	16.48%	–	7.0%

[1] Equities subject to a minimum redemption or revolvement period of 7 or more years
[2] Capped at 1.25% of risk-weighted assets and inclusive of the reserve for unfunded commitments
[3] Equities subject to a minimum redemption or revolvement period of 5 or more, but less than 7 years
[4] Equities subject to a minimum redemption or revolvement period of 5 or more years

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

The Board of Directors has established, adopted, and will maintain formal written Capital Adequacy Plan to ensure the Association maintains compliance with capital adequacy regulations. The objectives in the plan are:

- Maintain Association capital at a level sufficient to meet all regulatory, District, and System requirements
- Provide protection against risk inherent in the Association's operations
- Provide protection against unknown or unexpected risks
- Provide sufficient capital for future asset growth
- Allow the Association to operate profitably over the long-term
- Maintain a competitive market position
- Increase Association surplus, thereby reducing reliance on borrower stock for capitalization needs

Additionally, the Capital Adequacy Plan includes the capital targets necessary to achieve the Association's capital adequacy goals, as well as the minimum regulatory capital requirements.

An FCA regulation empowers it to direct a transfer of funds or equities by one or more System institutions to another System institution under specified circumstances. This regulation has not been utilized to date. The Association has not been called upon to initiate any transfers and is not aware of any proposed action under this regulation.

C. Description of Equities

The following paragraphs describe the attributes of each class of stock authorized by the Association bylaws and indicate the number of shares outstanding at December 31, 2024. Unless otherwise indicated, all classes of stock have a par value of $5.00. All classes of stock are transferable to other customers who are eligible to hold such class of stock. Transfers of stock are only allowed as long as the Association meets the regulatory minimum capital requirements. Refer to the Management Discussion and Analysis Capital Resources discussion for further information.

Class A Common Stock (Nonvoting, at-risk, no shares outstanding) – Issued in exchange for Class B Common Stock or Class C Common Stock; as a patronage refund; as a dividend; or in exchange for allocated surplus. Retirement is at the sole discretion of the Board of Directors.

Class B Common Stock (Voting, at-risk, 376,581 shares outstanding) – Issued solely to, and shall be acquired by, borrowers and other applicants who are farmers, ranchers, or producers or harvesters of aquatic products and who are eligible to vote. Class B Common Stock may also be held by those borrowers who exchanged one share of Class F Common Stock for one share of Class B Common Stock. Each Class B Common shareholder shall hold at least one share as long as the holder continues business with the Association. Within two years after the holder terminates its relationship with the Association, any outstanding Class B Common Stock shall be converted to Class A Common Stock. Retirement is at the sole discretion of the Board of Directors.

Class C Common Stock (Nonvoting, at-risk, 2,601 shares outstanding) – Class C Common Stock may be issued to borrowers or applicants who are: (a) rural residents, including persons eligible to hold voting stock, to capitalize rural housing loans; (b) persons or organizations furnishing farm-related services; (c) other persons or organizations who are eligible to borrow from the Association but who are not eligible to hold voting stock (including but not limited to insurance customers who are not eligible to hold voting stock) and (d) persons or organizations to whom it is issued in connection with purchased loan participations in which stock issuance is required. Class C Common Stock may be issued to any person who is not a shareholder but who is eligible to borrow from the Association for the purpose of qualifying such person for technical assistance, financially related services, and leasing services offered by the Association. Within two years after the holder terminates its relationship with the Association, any outstanding Class C Common Stock shall be converted to Class A Common Stock. Retirement is at the sole discretion of the Board of Directors.

Class D Common Stock (Nonvoting, at-risk, no shares outstanding, par value of one thousand dollars) – Issued to CoBank or to any person through direct sale.

Class E Preferred Stock (Nonvoting, at-risk, no shares outstanding, par value as may be determined by any agreement of financial assistance between the Association and CoBank) - Issued only to CoBank in consideration of financial assistance to the Association from CoBank. Retirement is at the sole discretion of the Board of Directors.

Class F Common Stock (Voting, protected, no shares outstanding) – Shall be issued to those individuals and entities who held the same class of stock in a predecessor to the Association. The Association shall not issue any additional Class F Common Stock. Each Class F Common shareholder shall hold at least one share as long as the holder continues business with the Association. Within two years after the holder terminates its relationship with the Association, any outstanding Class F Common Stock shall be converted to Class G Common Stock. Retirement is at the sole discretion of the Board of Directors.

Class G Common Stock (Nonvoting, protected, no shares outstanding) – Issued only to those individuals and entities who held the same class of stock in a predecessor to the Association and as necessary for conversions from Class F Common Stock. No further shares of Class G Common Stock will be issued. It must be retired upon repayment of the loan.

Class H Preferred Stock (Nonvoting, at-risk, 640,686,611 shares outstanding, par value of one cent) – Issued to and may be acquired only by owners of any class of Common Stock and who have an outstanding loan with the Association.

The changes in the number of shares of capital stock outstanding during 2024 are summarized in the following table.

(Shares in whole numbers)	Preferred	Capital
Shares outstanding at December 31, 2023	689,961,085	369,154
Issuances	523,352,559	33,758
Retirements	(572,627,033)	(23,730)
Shares outstanding at December 31, 2024	640,686,611	379,182

Preferred stock activity decreased in 2024 as a result of decreased investment by borrowers.

D. Patronage and/or Dividends

Dividends may be declared and paid to holders of Class H Stock on a quarterly basis based on a dividend rate determined by the Board of Directors. Dividends paid on the stock will be applied towards the purchase of additional shares of the stock at par value.

Dividends may be declared, or patronage distributions allocated to holders of Class B, C, F, and G Stock out of the whole or any part of net earnings which remain at the end of the fiscal year, as the Board of Directors may determine, in accordance with the regulations for banks and associations of the System. Additionally, patronage distributions may be allocated to System institutions, with or for whom the Association conducts specified business transactions. However, distributions and retirements are precluded by regulation until the minimum capital adequacy standards have been attained. Amounts not distributed are retained as unallocated retained earnings. The Association made a cash patronage distribution of $10.0 million in 2024, $9.5 million in 2023, and $8.5 million in 2022. The Association declared a $10.0 million cash patronage to be distributed in 2025.

In the event of liquidation or dissolution of the Association, any assets of the Association remaining after payment or retirement of all liabilities shall be distributed to retire stock in the following order of priority: first, to the holders of all classes of Class E Preferred Stock (if any) until an amount equal to the aggregate par value of all such shares then issued and outstanding has been distributed to such holders; second, to the holders of all classes of Class H Preferred Stock until an amount equal to the aggregate par value of all such shares then issued and outstanding has been distributed to such holders; third, to the holders, pro rata, of all classes of common stock, until an amount equal to the aggregate par value of all such shares then issued and outstanding has been distributed to such holders; fourth, any remaining assets of the Association after such distributions shall be distributed to present and former members and other patrons on a patronage basis, to the extent practicable.

At each year end, the Board of Directors evaluates whether to retain the Association's net income to strengthen its capital position or to distribute a portion of the net income to customers by declaring a qualified/cash patronage refund. For 2024, the Association allocated 43.94 percent of its patronage-sourced net income to its patrons.

NOTE 8 – PATRONAGE DISTRIBUTION FROM FARM CREDIT INSTITUTIONS

Patronage income recognized from Farm Credit institutions to the Association follows.

(dollars in thousands)	**2024**	2023	2022
CoBank	**$ 6,814**	$ 6,408	$ 6,501
AgVantis	**–**	368	84
Farm Credit Foundations	**20**	16	14
Total	**$ 6,834**	$ 6,792	$ 6,599

Patronage distributed from CoBank was in cash and stock. The amount earned in 2024 was accrued and will be paid by CoBank in March 2025. The Association received additional patronage distributions from CoBank of $963 thousand in 2024, $910 thousand in 2023, and $1.1 million in 2022 due to CoBank's strong capital levels and financial results. The amounts earned and accrued in 2023 and 2022 were paid by CoBank in March of the following year.

In 2023 and 2022, patronage distribution from AgVantis was in the form of a notice of allocation. In 2023, 50 percent was distributed in cash with the remainder recorded as an investment in AgVantis and included in other assets on the Consolidated Statement of Condition. The entire patronage allocation in 2022 was recorded as an investment in AgVantis. There was no patronage distribution in 2024.

Patronage distributed by Farm Credit Foundations was accrued at the end of the year and will be paid in March 2025. Farm Credit Foundations, a human resource service provider for several Farm Credit institutions, provides our payroll and human resource services.

NOTE 9 – INCOME TAXES

The provision for income taxes follows.

	Year Ended December 31		
(dollars in thousands)	**2024**	2023	2022
Current:			
Federal	**$ 34**	$ 33	$ 15
State	**7**	7	4
Provision for income taxes	**$ 41**	$ 40	$ 19

The provision for/(benefit from) income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as follows.

	Year Ended December 31		
(dollars in thousands)	**2024**	2023	2022
Federal tax at statutory rate	**$ 4,814**	$ 5,053	$ 4,870
State tax, net	**6**	6	3
Effect of non-taxable FLCA subsidiary	**(5,010)**	(5,967)	(5,204)
Change in valuation allowance	**233**	933	347
Other	**(2)**	15	3
Provision for income taxes	**$ 41**	$ 40	$ 19

Deferred tax assets and liabilities are comprised of the following.

(dollars in thousands)	December 31 **2024**	2023	2022
Deferred income tax assets:			
Allowance for loan losses	**$ 207**	$ 176	$ 132
Nonaccrual loan interest	**20**	2	9
Net operating loss carryforward	**6,206**	5,889	4,830
Charitable contribution carryover	**2**	2	2
Depreciation	**–**	–	–
Gross deferred tax assets	**$ 6,435**	$ 6,069	$ 4,973
Less: valuation allowance	**(6,144)**	(5,872)	(4,762)
Deferred tax assets, net of valuation allowance	**$ 291**	$ 197	$ 211
Deferred income tax liabilities:			
Depreciation	**$ 1**	$ 10	$ 9
Bank patronage allocation	**(291)**	(206)	(219)
Gain on installment sales	**(1)**	(1)	(1)
Gross deferred tax liability	**$ (291)**	$ (197)	$ (211)
Net deferred tax asset	**$ –**	$ –	$ –

The calculation of deferred tax assets and liabilities involves various management estimates and assumptions as to future taxable earnings, including the amount of non-patronage income and patronage income retained. The expected future tax rates are based upon enacted tax laws.

The Association recorded a valuation allowance of $6.1 million in 2024, $5.9 million in 2023, and $4.8 million in 2022. The Association will continue to evaluate the realizability of the deferred tax assets and adjust the valuation allowance accordingly. The Association had federal and state net operating losses of $19.4 million that have an indefinite carryforward period and $5.9 million that expire from 2032 to 2037.

The Association has no uncertain tax positions as of December 31, 2024, 2023, or 2022. The Association recognizes interest and penalties related to unrecognized tax positions as an adjustment to income tax expense. The tax years that remain open for federal and major state income tax jurisdictions are 2021 and forward.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Certain employees participate in the Ninth Retirement Plan, a multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This Plan is noncontributory and covers eligible employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if the Association chooses to stop participating in the plan, the Association may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Because of the multi-employer nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee moves to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

The defined benefit pension plan reflects a funded asset totaling $26.2 million at December 31, 2024. The pension benefits funding status reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these consolidated financial statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels.

The projected benefit obligation and fair value of plan assets at December 31 are as follows:

(dollars in thousands)	**2024**	2023	2022
Projected benefit obligation	**$ 248,022**	$ 282,229	$ 271,871
Fair value of plan assets	**274,254**	298,406	281,505

The amount of the pension benefits funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to its current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. The Association recognizes its proportional share of expense and contributes a proportional share of funding.

Costs and contributions for the plan at December 31 are as follows:

(dollars in thousands)	**2024**	2023	2022
Plan expenses:			
All participating employers	**$ 6,069**	$ 11,637	$ 8,079
Association's allocated share (included in salaries and benefits)	**583**	1,032	700
Plan contributions:			
All participating employers	**$ 2,200**	$ 4,000	$ 30,000
Association's allocated share	**251**	383	2,554

While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. There are no employer or Association contributions expected to be paid into the pension plans during 2025. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than anticipated.

Postretirement benefits other than pensions are also provided through the Farm Credit Foundations Retiree Medical Plan to eligible current and retired employees of the Association. Benefits provided are determined on a graduated scale, based on years of service. The anticipated costs of these benefits are accrued during the period of the employee's active service. Postretirement benefits (primarily health care benefits) included in salaries and employee benefits was expense of $1 thousand in 2024 and 2023, and income of $1 thousand in 2022. The Association made cash contributions of $3 thousand in 2024 and 2023 and $5 thousand in 2022.

The Association also participates in the Farm Credit Foundations Defined Contribution/401(k) Plan. Employees who do not participate in the Pension Plan may receive benefits through the Employer Contribution portion of the Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee's salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions to the plan. Employer contributions to the Contribution Plan were $997 thousand in 2024, $782 thousand in 2023, and $752 thousand in 2022.

NOTE 11 – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Association enters into loan transactions with officers and directors of the Association, their immediate families, and other organizations with which such persons may be associated. Such loans are subject to special approval requirements contained in the FCA regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with unrelated borrowers.

Association loans made, endorsed, or guaranteed by directors, director candidates, and employees of the Association are required to be maintained at an Acceptable or OAEM classification at all times. Additionally, scheduled repayment should be made on or before the installment or maturity dates identified in the note. If any loan made by the Association to a director, director candidate, or employee of the Association at any time becomes classified below the OAEM credit classification or if any such loan becomes delinquent for more than 30 days, then the Association will terminate the director's, director candidate's, or employee's service, candidacy, or employment with the Association.

Loan information to related parties for the years ended December 31 is shown below.

(dollars in thousands)	**2024**	2023	2022
Beginning balance	**$ 19,942**	$ 23,830	$ 17,573
New loans	**17,655**	14,652	15,293
Repayments	**(15,202)**	(15,475)	(15,793)
Reclassifications[1]	**10,584**	(3,065)	6,757
Ending balance	**$ 32,979**	$ 19,942	$ 23,830

[1] Represents loans that were once considered related party, but are no longer considered related party, or loans that were not related party that subsequently became related party loans.

In the opinion of management, none of the loans outstanding to officers and directors at December 31, 2024 involved more than a normal risk of collectability.

The Association also has business relationships with certain other System entities. The Association paid $3.9 million in 2024, $3.2 million in 2023, and $2.9 million in 2022 to AgVantis for technology services and $53 thousand in 2024, $49 thousand in 2023, and $31 thousand in 2022 to CoBank for operational services. The Association paid $252 thousand in 2024, $224 thousand in 2023, and $193 thousand in 2022 to Foundations for human resource services.

NOTE 12 – REGULATORY ENFORCEMENT MATTERS

As of December 31, 2024, there were no enforcement actions in effect for the Association and FCA took no enforcement on the Association during the year.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Association has various commitments outstanding and contingent liabilities. With regard to contingent liabilities, there are no actions pending against the Association in which claims for monetary damages are asserted.

The Association may participate in financial instruments with off-balance sheet risk to satisfy the financing needs of its borrowers and to manage their exposure to interest-rate risk. These financial instruments include commitments to extend credit and commercial letters of credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. At December 31, 2024, $376.6 million of commitments to extend credit and $63 thousand of commercial letters of credit were outstanding.

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the Consolidated Statement of Condition until funded or drawn upon.

The Association also participates in standby letters of credits to satisfy the financing needs of its borrowers. These letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. At December 31, 2024, $3.4 million of standby letters of credit were outstanding with a nominal fair value. Outstanding standby letters of credit have expiration dates ranging from 2025 to 2028. The maximum potential amount of future payments the Association is required to make under the guarantees is $3.4 million.

The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers. Management applies the same credit policies to these instruments. Upon fully funding an instrument, the credit risk amounts are equal to the contract amounts and the potential for loss from such transactions is subject to borrower repayment or the value of collateral securing the loan (if any). The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. The Association maintains a contingency reserve for unfunded commitments, which reflect management's best estimate of losses inherent in lending commitments made to customers but not yet disbursed upon.

NOTE 14 – 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 an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The fair value measurement is not an indication of liquidity. See Note 2 for additional information.

Assets measured at fair value on a recurring basis at December 31 for each of the fair value hierarchy values are summarized as follows:

	Fair Value Measurement Using			Total Fair Value
(dollars in thousands)	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
2024	**$ 244**	**$ –**	**$ –**	**$ 244**
2023	$ 187	$ –	$ –	$ 187
2022	$ 133	$ –	$ –	$ 133

Assets measured at fair value on a non-recurring basis at December 31 for each of the fair value hierarchy values are summarized as follows:

	Fair Value Measurement Using			Total Fair Value
(dollars in thousands)	Level 1	Level 2	Level 3	
Assets:				
2024				
Loans	**$ –**	**$ –**	**$ 2,332**	**$ 2,332**
Other Property Owned	**–**	**–**	**908**	**908**
2023				
Loans	$ –	$ –	$ 3,445	$ 3,445
2022				
Loans	$ –	$ –	$ 2,013	$ 2,013

The Association has no liabilities measured at fair value on a recurring or non-recurring basis for any of the periods presented. During the three years presented, the Association recorded no transfers in or out of Level 3 and no purchases or issuances.

Valuation Techniques

As more fully discussed in Note 2, accounting 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. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, the estimated fair values may not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities subject to fair value measurement:

Assets Held in Non-Qualified 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

For impaired loans measured on a non-recurring basis, the fair value is based upon the underlying collateral since the loans are collateral-dependent loans. 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. These loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 15 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through March 6, 2025, which is the date the financial statements were issued, and no material subsequent events were identified.

Disclosure Information Required By Farm Credit Administration Regulations (UNAUDITED)

(Amounts in Whole Dollars)

Description of Business

The description of the territory served, persons eligible to borrow, types of lending activities engaged in and financial services offered, and related Farm Credit organizations required to be disclosed in this section is incorporated herein by reference from Note 1 to the financial statements, “Organization and Operations,” included in this annual report to shareholders.

The description of significant developments that had or could have a material impact on earnings or interest rates to borrowers, acquisitions or dispositions of material assets, material changes in the manner of conducting the business, seasonal characteristics, and concentrations of assets, if any, required to be disclosed in this section, is incorporated herein by reference from “Management’s Discussion and Analysis” (MD&A) included in this annual report to shareholders.

Description of Property

The following table sets forth certain information regarding the properties of the Association:

Location	Description	Form of Ownership
5110 Edison Avenue Colorado Springs, Colorado	Administrative Office and Lending Office	Owned
549 South Lincoln Street Burlington, Colorado	Lending Office	Owned
1302 East Third Street La Junta, Colorado	Lending Office	Owned
100 East Main Street Limon, Colorado	Lending Office	Owned
159 Washington Street Monte Vista, Colorado	Lending Office	Owned
1301 East Olive Street Lamar, Colorado	Lending Office	Owned

Legal Proceedings and Enforcement Actions

Information required to be disclosed in this section is incorporated herein by reference from Note 12 to the financial statements, “Regulatory Enforcement Matters,” and Note 13 to the financial statements, “Commitments and Contingencies,” included in this annual report to shareholders.

Other than ordinary routine litigation incidental to the business, there are no material legal proceedings pending to which the Association is a party of which any of its property is subject to, or which involve claims that the Association may be required to satisfy.

Description of Capital Structure

Information required to be disclosed in this section is incorporated herein by reference from Note 7 to the financial statements, “Shareholders’ Equity,” included in this annual report to shareholders.

Description of Liabilities

The description of debt outstanding required to be disclosed in this section is incorporated herein by reference from Note 6 to the financial statements, “Note Payable to CoBank,” included in this annual report to shareholders.

The description of advance conditional payments is incorporated herein by reference to Note 2 to the financial statements, “Summary of Significant Accounting Policies,” included in this annual report to shareholders.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Note 13 included in this annual report to shareholders.

SELECTED FINANCIAL DATA

The selected financial data for the five years ended December 31, 2024, required to be disclosed in this section is incorporated herein by reference from the "Five-Year Summary of Selected Consolidated Financial Data," included in this annual report to shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

"Management's Discussion and Analysis," which appears within this annual report to shareholders and is required to be disclosed in this section, is incorporated herein by reference.

DIRECTORS AND SENIOR OFFICERS

The following represents certain information regarding the directors and senior officers of the Association.

DIRECTORS

Whitney Hansen: Board Chair currently serving a three-year term expiring in 2026 and is a member of the Association's Scholarship, Governance and Strategy, and Compensation Committees. Ms. Hansen is a fifth generation Oklahoma cattle rancher, married to a fourth generation Colorado farmer. She and her husband have two boys, and they maintain a cow/calf operation in Oklahoma. Over the last 20 years, she has become an integral part of Hansen Family Farms, an irrigated, dryland farm raising corn, wheat, and millet in the Burlington area. Ms. Hansen is a partner in D&M Farms Corp and Han-Son's LLLP, raising corn, wheat, and millet. She is a founding member of the Blue River Foundation of Oklahoma and a member of multiple organizations throughout Colorado and Oklahoma.

James Andersen: Board Vice Chair currently serving a three-year term expiring in 2025 and is Chair of the Association's Scholarship Committee and a member of the Audit Committee and the Governance and Strategy Committee. He also serves as the District Farm Credit Council Representative. Mr. Andersen farms dryland wheat, corn, and millet on a six-generation family farm in the Genoa area that originated in 1906. Mr. Andersen started farming and ranching for himself in 1981 and works alongside his wife, son, brother, and nephew. He is a graduate from Colorado State University with an Agricultural degree. He graduated from the Colorado Ag Leadership Program and previously served on the Colorado Wheat Administrative Board, US Wheat Associate Board, and Wheat Food Council Board. Mr. Andersen also served eight years as a Limon Trustee for the Town of Limon. He presently serves on the Cooper Clark Foundation Board of Directors and is a member of the Colorado Association of Wheat Growers.

Steven Betts: Appointed Director currently serving a four-year term expiring in 2028 and is Chair of the Association's Audit Committee and a member of the Governance and Strategy Committee. Mr. Betts is Executive Vice President, Chief Financial Officer, and Treasurer of Merrick & Company. He graduated from the University of Denver and is a Certified Public Accountant.

Colin Durham: Director currently serving a three-year term expiring in 2025 and is Chair of the Association's Compensation Committee and a member of the Audit Committee. Dr. Durham resides 25 miles southeast of Yoder, Colorado and is a 2013 graduate of Colorado State University's College of Veterinary Medicine. Dr. Durham is the owner of Durham Livestock Services, a mobile veterinary practice serving southeast Colorado. He and his brother run a commercial cow/calf and stocker operation.

Logan Feldhousen: Director currently serving a three-year term expiring in 2027 and is a member of the Association's Risk and Compensation Committees. Mr. Feldhousen and his family operate a diverse farming operation south of Burlington, Colorado. He farms irrigated and dry land and has a cow/calf operation with his wife, his sister and her husband, and his mother and father. Mr. Feldhousen graduated from Colorado State University with a degree in Ag Business. He and his wife have four kids, and he enjoys helping with youth sports and 4H with the Smokey Hill Club.

Julie Fortenbery: Appointed Director currently serving a three-year term expiring in 2025 and is Chair of the Association's Governance and Strategy Committee and a member of the Risk Committee. Mrs. Fortenbery is the Chief Financial Officer at the American Physiological Society (APS), a 10,000-member non-profit professional society that publishes 16 scientific journals. Prior to APS, she served as the VP of Financial Planning and Analysis and VP/Risk Officer at Farmer Mac. Mrs. Fortenbery has over 20 years of experience at various Farm Credit institutions. She earned her bachelor's degree in finance from Marquette University, a bachelor's degree in accounting from Eastern Washington University, and a Master of Accounting from Auburn University. She is a Certified Public Accountant, licensed in Washington.

Cole James: Director currently serving a three-year term expiring in 2027 and is a member of the Association's Risk and YBS Committees. Mr. James was raised on a ranch north of Karval, Colorado. He graduated from Karval High School in 2010 and went on to attend Northeastern Junior College, where he obtained a degree in diesel technology in 2012. After graduation, he purchased a small ranch and returned to his hometown, where he currently runs a stocker operation and dryland farms while serving in numerous positions in the oil field. Mr. James has served his community in many ways since returning to Lincoln County and is involved with the local fire department and serves on the Board of the Prairie Soil Conservation District.

Michael Livingston: Director appointed to fill a vacated term expiring in 2024 and reappointed to serve until 2025. He is a member of the Association's Audit and Compensation Committees. Mr. Livingston previously served a three-year term on the Association's Board and Audit Committee which expired in July 2021. Mr. Livingston resides in Stratton, Colorado and has operated a farm and ranch with his wife since 1984. Their primary enterprise is a cow/calf operation that serves northern Kit Carson and southern Yuma counties. Mr. Livingston is also a member of Woods Ranch LLC and Livingston Farms LLC, which he and his son operate together to raise corn, milo, and wheat.

Barten Mulch: Director currently serving a three-year term expiring in 2027 and is a member of the Association's Audit Committee and YBS Committees. Mr. Mulch is a partner in Mulch Farms, an irrigated and dryland farm producing primarily corn and wheat located in Burlington, where he lives with his wife and three school-age children. Mr. Mulch is currently the President of the Plains Ground Water Management District.

J. Kent Price: Director currently serving a three-year term expiring in 2026 and is Chair of the Association's Risk Committee and a member of the Governance and Strategy Committee. Mr. Price is a partner in Price Farms LLC, Price Farms Certified Seed Company LLC, Heritage Farms LLC, and Expo LLC. He is also part owner in San Acacio Seed LLC. His operations specialize in growing seed potatoes, commercial potatoes, and growing small grains and barley. He graduated from Adams State University and has been farming for over 40 years. He currently serves on the Board of the Colorado Certified Potato Growers Association and the San Luis Valley Well Users Board.

Matthew Seger: Director currently serving a three-year term expiring in 2026 and is a member of the Association's Risk and Scholarship Committees. Mr. Seger has a potato, seed canola, and malt barley operation in the Monte Vista area. Mr. Seger and his wife have been farming since 1997 and he has been a Farm Credit stockholder since 2002. He is a graduate of Colorado State University. Mr. Seger is currently on the Board of the United Potato Growers of Colorado. He has also been a representative for the Colorado Potato Administrative Committee and Colorado Certified Potato Growers and previously served nine years on the Board of the Monte Vista Coop.

Michael Whitmore: Director currently serving a three-year term expiring in 2025 and is Chair of the Association's YBS Committee and a member of the Compensation Committee. Mr. Whitmore is the owner/operator of irrigated and dryland wheat, corn, and milo located southeast of Burlington with his two sons. Upon graduating college, he worked for the Soil Conservation Services for six years where he gained knowledge in designing and developing essential practices in combating water and wind erosion for agriculture use. In 1991, he partnered with his father on the family farm. Mr. Whitmore is a member of the Colorado Farm Bureau, Corn Growers Association, and Colorado Wheat Growers.

Ryan Britten: Director whose term expired in 2024. Mr. Britten served as Vice Chair of the Board, Chair of the Association's Compensation Committee, and as a member of the Governance and Strategy Committee.

Dale Willhite: Director whose term expired in 2024. Mr. Willhite served as a member of the Association's Compensation and Risk Committees.

SENIOR OFFICERS

Jeremy Anderson: President and Chief Executive Officer (CEO) since November 2017. Previously, he served as Regional President, Board Member, and part-owner of a community bank in south central Nebraska. Mr. Anderson has over 23 years of commercial banking experience with National and Regional commercial banks. He was elected to the Farm Credit Foundations Board in June 2023. Mr. Anderson and his wife operated a working row-crop farming operation with his grandparents and parents near Clay Center, Nebraska for 26 years until he took the role of CEO at Farm Credit of Southern Colorado. Mr. Anderson has been employed with Farm Credit of Southern Colorado for over 7 years.

Deborah Anderson: Chief People & Culture Officer (CPCO) since February 2020 and Board Secretary since 2017. Previously, she served as VP of Human Resources from 2017 to February 2020 and as HR Generalist from 2010 to June 2017. Ms. Anderson has been with Farm Credit of Southern Colorado for 24 years. She holds the Society of Human Resource Management's SHRM-CP Certification in Human Resources.

Chuck Blasi: Chief Credit Officer (CCO) beginning in March 2018. Previously served as Senior Vice President-Lending from February 2016 to March 2018 and Senior Credit Officer from September 2013 to February 2016. Mr. Blasi served in various Loan Officer roles in the La Junta and Burlington Branch offices for 27 years from 1986 to 2013. Mr. Blasi has been employed with Farm Credit of Southern Colorado for over 38 years.

Kode Hunt: Chief Information Officer (CIO) since November 2018. Previously served as Vice President of Information Services at Farm Credit of New Mexico and has 22 years of experience in the Farm Credit System. Mr. Hunt has several IT certifications including MCSA, A+, and Security+ along with being a Lean certified expert.

Sean Lawrence: Chief Risk Officer (CRO) since February 2022. Mr. Lawrence served as VP of Risk Management starting at Farm Credit of Southern Colorado in March of 2020. Previously served as Risk Optimization Manager in the Quantitative Risk Analytics group, in Enterprise Risk Management at CoBank, ACB. Before joining the Quantitative Risk Analytics group, he was a Manager of Asset/Liability Risk in the Market Risk Analytics group and held various roles at CoBank, ACB and U.S. AgBank, FCB in the Market Risk Analytics and Treasury groups. Mr. Lawrence has been with the Farm Credit System for 16 years.

Stacy Loutzenhiser: Chief Business Development Officer (CBDO) beginning in February 2022. Previously served as VP of Business Development from April 2020 to February 2022 and served in various roles including Loan Officer and Relationship Manager from May 2008 to April of 2020 in the Colorado Springs and Limon offices. Mr. Loutzenhiser has been employed with Farm Credit of Southern Colorado for 17 years. He has also served as a director for N.A. Smith & Son, Inc. since 1999. N.A. Smith & Son, Inc. is a closely held family corporation engaged in agricultural real estate, dry crop, and cow/calf enterprises.

Shawna R. Neppl: Chief Financial Officer (CFO) since February 2007. She served as Vice President/Branch Manager of the Colorado Springs Branch from February 2001 to February 2007 and as Assistant Vice President – Risk Management from January 2000 to February 2001. Ms. Neppl has been with the Farm Credit System for 33 years.

COMPENSATION OF DIRECTORS AND SENIOR OFFICERS

Per the Association's Director Honoraria policy, during 2024, directors of the Association received a monthly stipend (honoraria) based on their position as compensation for their services. Each director received $1,300 per month. The Board Chair and Committee Chairs received $2,400 and $1,500, respectively, per month. The Financial Expert(s) and Committee Chair dual roles received $3,000 per month. In addition, directors are paid a per diem of $150 for attending official meetings outside of regularly scheduled meetings.

Additional information for each director is provided below:

Name	Number of Days Served at Board Meetings	Number of Days Served at Other Official Duties	Monthly Retainer Paid During 2024	Non-cash Compensation	Total Compensation Paid During 2024
Whitney Hansen	5.0	12.5	$ 28,950	$ 317	$ 29,267
James Andersen	4.0	13.5	18,000	367	18,367
Steven Betts	5.0	8.5	36,000	317	36,317
Colin Durham	4.0	7.0	16,800	317	17,117
Logan Feldhousen	3.0	5.0	7,800	308	8,108
Julie Fortenbery	5.0	8.5	36,000	332	36,332
Cole James	5.0	6.0	15,600	642	16,242
Michael Livingston	5.0	8.5	15,600	317	15,917
Barten Mulch	3.0	4.0	7,800	1,449	9,249
J. Kent Price	4.0	8.5	18,000	346	18,346
Matthew Seger	5.0	7.5	15,600	1,367	16,967
Michael Whitmore	5.0	6.5	18,000	1,082	19,082
Ryan Britten	2.0	5.0	6,000	6	6,006
Dale Willhite	1.0	3.5	9,100	11	9,111
Total Compensation			$ 249,250	$ 7,178	$ 256,428

Directors and senior officers are reimbursed for travel, subsistence, and other expenses related to Association business according to Association policy. A copy of this policy is available to shareholders upon request. Aggregate reimbursements to directors for travel, subsistence, and other related expenses were $79,572 in 2024, $114,555 in 2023, and $101,770 in 2022. Noncash compensation paid to directors as a group was $7,178 during 2024.

No senior officers or directors held Preferred H stock at December 31, 2024.

Information on Chief Executive Officer (CEO), senior officers, and other highly compensated individuals follows.

CEO Name	Year	Salary	Incentive Compensation[2]	Bonus[3]	Deferred/Perq	Other[4]	Total
Jeremy Anderson	2024	$ 467,512	$ 335,529	$ 60,000	$ 78,566	$ 1,833	$ 943,440
Jeremy Anderson	2023	$ 452,917	$ 329,823	$ –	$ 77,992	$ 3,736	$ 864,468
Jeremy Anderson	2022	$ 427,500	$ 398,355	$ –	$ 72,827	$ 5,060	$ 903,742

Aggregate Number of Officers/Highly Compensated Individuals (excluding CEO)	Year	Salary	Incentive Compensation[2]	Bonus[3]	Deferred/Perq	Other[4]	Total
6	2024[1]	$ 1,232,584	$ 765,425	$ 185,000	$ 145,087	$ 283,217	$ 2,611,313
6	2023[1]	$ 1,193,487	$ 662,087	$ 678	$ 125,656	$ 690,625	$ 2,672,533
6	2022[1]	$ 1,135,321	$ 641,259	$ –	$ 117,907	$ (561,882)	$ 1,332,605

Disclosure of information on the total compensation paid during the last fiscal year to any senior officer, or to any other officer included in the aggregate, is available to shareholders upon request. The senior officers and highly compensated employees included above are those defined by FCA regulations section 619.9310 and section 620.6.

[1] Aggregate number includes six senior officers for 2024. Aggregate number includes six senior officers for 2023. Aggregate number includes six senior officers for 2022.

[2] Incentive plan includes amounts earned in the reported fiscal year, which are paid in the following year and includes long-term incentives, which are established on a rolling three-year period on a collective basis.

[3] Bonus amounts include discretionary bonuses and retention bonuses earned in the reported fiscal year.

[4] Other compensation includes, but is not limited to changes in pension value, vacation pay out, service awards, and retirement gratuity. The change in value of the pension benefits is defined as the vested portion of the present value of the accumulated benefit obligation from December 31 of the prior year, disclosed in Note 10 of the financial statements.

We believe the design and governance of our compensation program provides total compensation that promotes our mission to ensure a safe, sound, and dependable source of credit and related services for agriculture and rural America. Our compensation philosophy aims to provide a competitive total rewards package that will enable us to attract and retain highly qualified officers with the requisite expertise and skills while achieving desired business results aligned with the best interest of our shareholders. The design of our senior officer compensation program includes (1) a competitive mix of base and variable pay, (2) a pay-for-performance program that allocates individual awards based on both organizational results and individual performance and contributions, (3) a balanced use of appropriate performance measures, and (4) a long-term portion of variable pay to align with the strategic direction of the Association.

Compensation for the CEO and senior officers includes base salary, short-term and long-term incentive programs, and retirement plans generally available to all employees. Compensation for all other employees includes base salary and short-term incentive programs. Base salary and short-term and long-term incentives are intended to be competitive with annual compensation for comparable positions at peer organizations. Annually, the Compensation Committee of the Board of Directors reviews market surveys related to the level and combination of salaries, incentive plans, and benefits for senior officers. The Board of Directors determines the appropriate balance of compensation being mindful of their responsibilities to our shareholders. Incentive plans, short- and long-term objectives, and performance measures are approved annually by the Board of Directors.

CEO and senior officer base salaries reflect the individual’s experience, position, performance, and level of responsibility. Base salaries are subject to review and approval by the Compensation Committee and are subject to adjustment based on changes in responsibilities or competitive market conditions.

The Association has two incentive plans. The Annual Incentive Program (AIP) is available to all employees and payable once a year. The AIP is designed to provide a competitive compensation opportunity so the Association can attract, retain, and motivate talented employees, with an emphasis on the achievement of high quality, consistent, and balanced business results over the long term. The AIP is also intended to promote and reward positive business results in several key performance areas. These typically include financial results, credit performance measures, and other key ratios.

The AIP is also intended to build and strengthen coordination and teamwork among all employees and groups of employees for the ultimate benefit of our customers and their Association. Annual Incentive Compensation reflects the amount in the year earned.

The Long-Term Incentive Program (LTIP) is designed to contribute to a competitive compensation package, provide an incentive to plan participants for continued employment, and to encourage the achievement of long-term, balanced business results. Plan participation will not exceed fifteen percent of the workforce and rewards key employees in roles where strategic decisions affect the long-term performance of the association. Incentive opportunity is measured over the course of three years.

Retirement Plan Overview – Certain Senior Officers participate in two defined benefit retirement plans: (a) the Ninth Farm Credit District Pension Plan (Pension Plan), which is a qualified defined benefit plan and (b) the Former Ninth and Eleventh District Employers Pension Restoration Plan (Pension Restoration Plan), which is a nonqualified retirement plan. Due to the Pension Plans being closed to new participants, the CEO does not participate in the Pension Plan or the Pension Restoration Plan. Additionally, substantially all employees participate in the 401(k) Plan, which has an employer matching contribution. Information on pension benefits attributable to senior officers and other highly compensated individuals follows.

Aggregate Number of Senior Officers/ Highly Compensated Individuals Participating in Plan	Plan	Average Years of Credited Service	Present Value of Accumulated Benefits	Payments Made During the Reporting Period
2	Pension Plan	37.05	$ 4,649,385	$ –

The average years of service represents an average for the aggregate senior officers and highly compensated employee group included in the Plan.

Pension Plan – In general, the Pension Plan is a qualified plan and provides participants with a 50% joint-and-survivor annuity benefit at normal retirement that is equal to 1.50% of average monthly compensation during the 60 consecutive months in which an individual receives his highest compensation (High 60) multiplied by his years of benefit service, plus 0.25% of the amount by which the High 60 exceeds covered compensation multiplied by years of benefit service. The benefit is actuarially adjusted if the individual chooses a different form of distribution than a 50% joint-and-survivor annuity, such as a lump sum distribution. The pension valuation was determined using a blended approach assuming half of the benefits would be paid as a lump sum and half as an annuity at the participants earliest unreduced retirement age. The Pension Plan pays benefits up to the applicable limits under the Internal Revenue Code.

TRANSACTIONS WITH SENIOR OFFICERS AND DIRECTORS

The Association's policies on loans to and transactions with its officers and directors, required to be disclosed in this section are incorporated herein by reference from Note 11 to the financial statements, "Related Party Transactions," included in this annual report to shareholders.

INVOLVEMENT OF SENIOR OFFICERS AND DIRECTORS IN CERTAIN LEGAL PROCEEDINGS

There were no matters which came to the attention of management or the Board of Directors regarding involvement of senior officers or current directors in specified legal proceedings which are required to be disclosed in this section.

BORROWER PRIVACY STATEMENT

Since 1972, Farm Credit Administration (FCA) regulations have forbidden the directors and employees of Farm Credit institutions from disclosing personal borrower information to others without borrower consent. The Association does not sell or trade customers' personal information to marketing companies or information brokers. Additional information regarding FCA rules governing the disclosure of customer information can be obtained by contacting the Association.

RELATIONSHIP WITH INDEPENDENT AUDITORS

There were no changes in independent auditors since the prior annual report to shareholders and there were no material disagreements with our independent auditors on any matter of accounting principles or financial statement disclosure during this period.

RELATIONSHIP WITH COBANK, ACB (COBANK)

The Association is materially affected by CoBank's financial condition and results of operations.

The Association's statutory obligation to borrow from CoBank is discussed in Note 6. Financial assistance agreements between the Association and CoBank are discussed in Note 7. Association requirement to invest in CoBank and CoBank's ability to access capital of the Association is discussed in Note 4 to the financial statements, "Investment in CoBank," included in this annual report to shareholders. CoBank's role in mitigating the Association's exposure to interest rate risk is discussed in the MD&A section – Liquidity.

CoBank is required to distribute its Annual Report to shareholders of the Association if the bank experiences a significant event that has a material effect on the Association as defined by FCA regulations.

CREDIT AND SERVICES TO YOUNG, BEGINNING, AND SMALL FARMERS, RANCHERS, AND PRODUCERS OR HARVESTERS OF AQUATIC PRODUCTS

The Association's information required to be disclosed in this section is incorporated herein by reference from the "Young, Beginning, and Small Farmers and Ranchers Program" section of the Management's Discussion and Analysis, included in this annual report to shareholders.

FINANCIAL STATEMENTS

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 6, 2025, and the Report of Management, appearing as part of this annual report to shareholders, are incorporated herein by reference.

COBANK ANNUAL AND QUARTERLY REPORTS TO SHAREHOLDERS

The shareholders' investment in the Association is materially affected by the financial condition and results of operations of CoBank. Consequently, the Association's annual and quarterly reports should be read in conjunction with CoBank's 2024 Annual and Quarterly Reports to Shareholders. Quarterly reports are available approximately 40 days after the calendar quarter end and annual reports are available approximately 75 days after the calendar year end. A copy of these reports may be obtained free upon request from the Association. The Association is located at 5110 Edison Avenue, Colorado Springs, Colorado 80915, or may be contacted at PO Box 75640, Colorado Springs, Colorado 80970-5640 or by calling (800) 815-8559 or (719) 570-1087. The reports may also be obtained free of charge by visiting CoBank's website at www.cobank.com.

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OF SOUTHERN COLORADO

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Our Locations

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549 S. Lincoln Street
Burlington, CO 80807
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5110 Edison Avenue
Colorado Springs, CO 80915
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La Junta
1302 E. 3rd Street
La Junta, CO 81050
719-384-4455

Lamar
1301 E. Olive Street
Lamar, CO 81052
719-336-7474

Limon
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Limon, CO 80828
719-775-2838

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