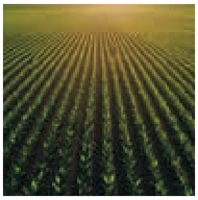
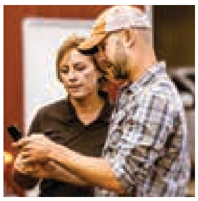
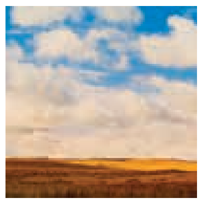
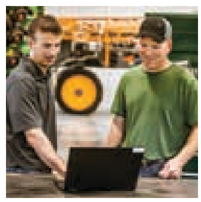
FRONTIER FARM CREDIT

2024 ANNUAL REPORT

STRENGTH THROUGH EVERY SEASON




$3.2 BILLION in Loans

$610.2 MILLION in Members' Equity

$56.9 MILLION in Net Income

$26.1 MILLION in Patronage

Financial Highlights	**2024**	**2023**	**2022**
Loans	$3.2 billion	$2.9 billion	$2.6 billion
Members' Equity	$610.2 million	$579.3 million	$551.8 million
Net Income	$56.9 million	$51.2 million	$50.3 million
Patronage	$26.1 million	$23.9 million	$22.7 million

LETTER TO SHAREHOLDERS

Agriculture today is evolving at an unprecedented pace.

Business models are more complex, efficiency requires greater scale, technology both solves and creates challenges, and labor shortages demand tough decisions. These changes impact every farm and ranch differently, challenging you to adapt, innovate and find new ways to move your operation forward.

A conversation with a young and beginning producer highlights the evolving nature of today's agricultural landscape. This producer's family grows corn and soybeans, has a trucking company and invests in a feedlot. In addition, they own the local grocery store for the benefit of their community and to help support their family's future.

At Frontier Farm Credit, we understand these growing demands. Producers are managing more risk, deploying more capital and navigating increasing complexities. That's why we exist – to provide dependable financial support for agriculture, no matter the circumstances.

Our financial strength has been built over decades to deliver on our mission, in both prosperous and challenging times, and we continue to evolve to better serve a changing agricultural industry. In 2024, AgCountry Farm Credit Services, Farm Credit Services of America and Frontier Farm Credit entered into a collaboration. This partnership unites three financially strong Associations, further enhancing our ability to serve the changing needs of agriculture.

Frontier Farm Credit's performance signifies this strength.

In 2024, our net income rose nearly 11% to $56.9 million, reflecting growth across our entire portfolio. Members' equity increased to $610.2 million.

Our success directly benefits you, our customer-owners. The most tangible example of this is our patronage program. We returned $26.1 million of our 2024 earnings to eligible stockholders.

The relationships we build with our customers are at the core of what we do.

The earnings we retain ensure we have the capital to meet your operation's financing needs. You can depend on your local Frontier Farm Credit team of financial officers and insurance agents to be trusted advisors as you manage the year ahead. The relationships we build with our customers are at the core of what we do.

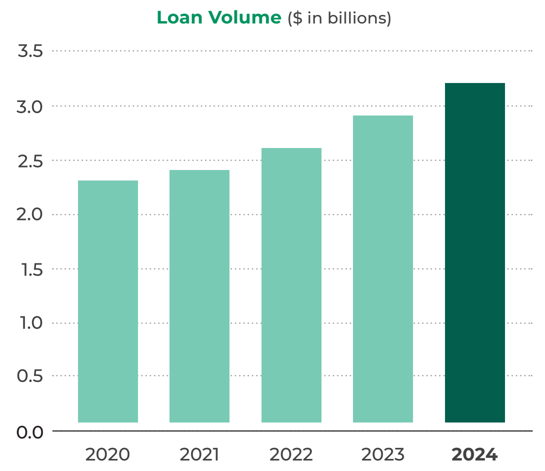
At the same time, how producers do business is changing, and we continue to make investments that will give farmers and ranchers what they need to be financially successful. This includes expanding options for accessing capital, when and where it works for you; providing digital tools to better support risk management decisions; growing educational programs and agricultural insights; and supporting the next generation with programming tailored to their needs.

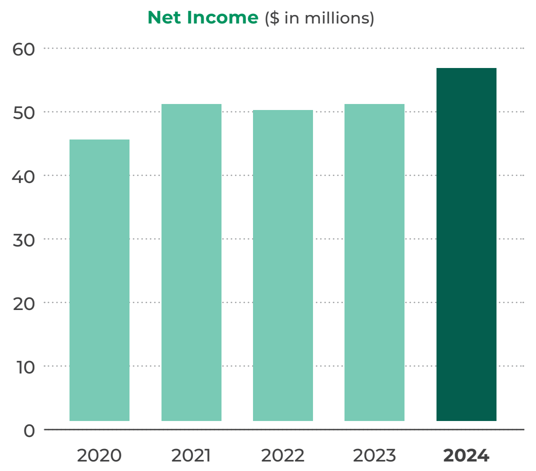
Change brings opportunity, and we look forward to serving you in the year ahead. Thank you for entrusting us with your lending needs.

Mark Jensen
President and CEO

Shane Tiffany
2024 Board Chair

FINANCIAL RESULTS





Loan Volume

Frontier Farm Credit's loan volume in 2024 increased $247 million, or 8.4%. We ended the year with net loan volume of $3.2 billion.

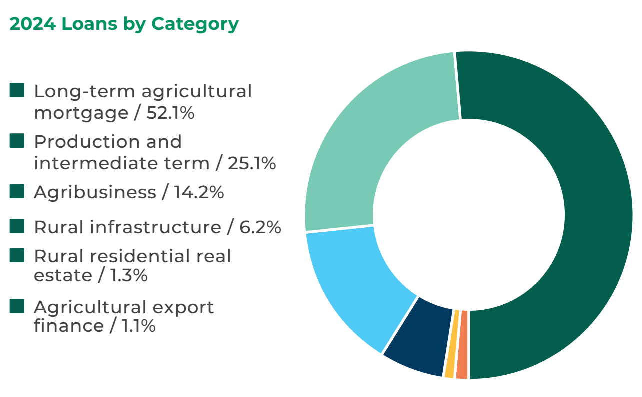
We experienced balanced growth across our primary business units, driven largely by an increase in real estate financing in the grain industry; strong opportunities in our capital markets portfolio; and increased borrowing within the protein industries as a result of producers' higher cost structures. Reduced profit margins in the grain industry also led to increased usage of lines of credit.

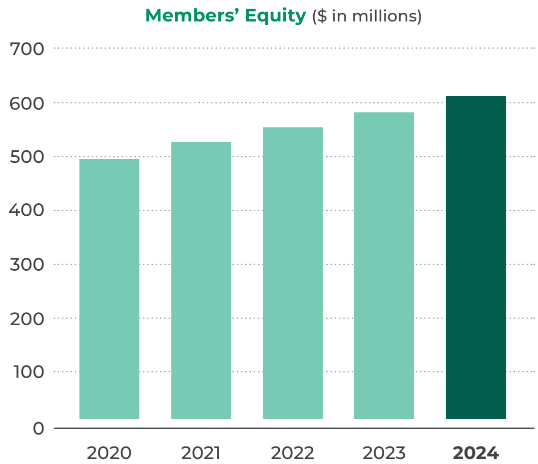
Balanced growth is critical to managing the risk of lending to a single industry and allows us to fulfill our mission of serving rural communities and agriculture.

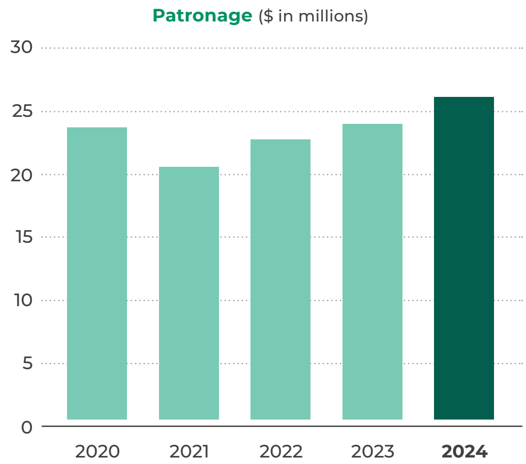
Net Income

Net income increased $5.7 million, or about 11.1%, to $56.9 million in 2024. This was largely driven by net interest income from higher loan volume. Our net interest as a percentage of average earning assets, or net interest margin, was 2.73 compared to 2.71 in 2023. This marked the second consecutive increase in net interest margin.

Our earnings were aided by stronger-than-anticipated loan volume growth and improved returns on the equity maintained by the Association due to the Federal Reserve Bank holding interest rates at current levels through 2024.







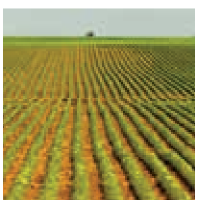
Capital and Members' Equity

Frontier Farm Credit's capital levels remained well in excess of regulatory minimums. At year-end, members' equity was $610.2 million compared to $579.3 million at the close of 2023. Members' equity as a percentage of total assets decreased to 17.7% from 18.7% the previous year.

Patronage

We have returned a portion of our net income to eligible customer-owners every year since 2004. In the past 21 years, we have returned a total of $230.5 million to farmers, ranchers and agribusinesses. Our 2024 patronage of $26.1 million represented a return of 1% of customers' eligible average daily balance, effectively reducing the cost of borrowing from Frontier Farm Credit.

Our patronage program is part of the value of doing business with Frontier Farm Credit. Your Board has approved the 2025 patronage program; the amount of our 2025 patronage will be determined in December.



Frontier Farm Credit, ACA Directors

Kathy Brick / Overland Park, Kansas
An appointed Director, Brick has a background in finance, accounting, internal controls, risk management, regulatory compliance, strategic planning and process improvement. She consults through Kathy Brick, LLC and also serves as managing director of Prairie View Holdings, LLC, a family farming operation in Missouri. She previously served as a certified public accountant and as the chief financial officer of a wholesale financial institution. She was appointed to the Frontier Farm Credit Board in 2014; her current term ends August 31, 2027.

Lee Mueller / Hiawatha, Kansas
Mueller is president of Laus Creek Farm, Inc. and raises corn and soybeans. He also owns Laus Creek Trucking, LLC. Mueller serves as a trustee for the Hiawatha Community Foundation and as a trustee for the Hiawatha First United Methodist Church. He was elected to the Frontier Farm Credit Board in 2015; his current term ends March 31, 2027.

Marty Reichenberger / Independence, KS
Reichenberger is the managing partner for Reichenberger Farms and Reichenberger Land, LLC, a fourth-generation family farming operation raising wheat, corn and soybeans. He and his wife own Diamond R Cattle, a cow-calf operation and farm-to-table beef retailer. Reichenberger serves on the Unified School District No. 446 school board. He was elected to the Frontier Farm Credit Board in 2023; his current term ends August 31, 2026.

Shane Tiffany / Allen, Kansas
Tiffany is president of Tiffany Cattle Co., Inc., a custom cattle feeding operation. He also leads Tiffany Holdings, LLC and Tiffany Holdings II LLC, both agricultural land-holding companies, and Tiffany Enterprises, LLC, a real estate investment company. He is vice president of Tiffany Family Farms, LLC, a farming operation, and has a minority ownership interest in OWNx, LLC, a gold and silver investment company, and Elevate Ag, LLC, an ag company that produces biological stimulants. He previously served as president of Medicine Man Pharms, LLC, a farming operation. He is a member of the KLA Cattle Feeders Council Executive Committee and an elder of High View Church. Tiffany was elected to the Frontier Farm Credit Board in 2017; his current term ends August 31, 2025.

Financial Information

Frontier Farm Credit, ACA

Consolidated Five-Year Summary of Selected Financial Data

(Dollars in thousands)

	2024	2023	2022	2021	2020
Statement of Condition Data					
Loans	**$3,172,655**	$2,926,057	$2,649,458	$2,409,596	$2,254,539
Allowance for credit losses on loans	**9,400**	8,500	3,600	4,000	9,800
Net loans	**3,163,255**	2,917,557	2,645,858	2,405,596	2,244,739
Investment in securities	**80,846**	–	–	–	–
Investment in CoBank, ACB	**77,716**	68,447	67,809	70,099	70,069
Investment in AgDirect, LLP	**11,307**	9,516	8,270	7,712	5,792
Other assets	**124,604**	102,115	92,569	74,556	63,999
Total assets	**$3,457,728**	$3,097,635	$2,814,506	$2,557,963	$2,384,599
Obligations with maturities of one year or less	**$ 56,037**	$ 40,503	$ 50,890	$ 40,289	$ 36,537
Obligations with maturities greater than one year	**2,791,452**	2,477,811	2,211,801	1,993,483	1,854,847
Total liabilities	**2,847,489**	2,518,314	2,262,691	2,033,772	1,891,384
At-risk capital stock	**9,595**	9,431	9,379	9,351	8,959
Less capital stock receivable	**(9,595)**	(9,431)	(9,379)	(9,351)	(8,959)
Retained earnings	**610,239**	579,321	551,815	524,191	493,215
Total members' equity	**610,239**	579,321	551,815	524,191	493,215
Total liabilities and members' equity	**$3,457,728**	$3,097,635	$2,814,506	$2,557,963	$2,384,599
Statement of Income Data					
Net interest income	**$80,620**	$72,808	$63,221	$59,189	$55,132
Provision for credit losses	**1,479**	5,864	286	(6,299)	1,325
Other expenses, net	**22,199**	15,736	12,656	14,311	8,232
Net income	**$56,942**	$51,208	$50,279	$51,177	$45,575
Key Financial Ratios					
For the year					
Return on average assets	**1.79%**	1.80%	1.90%	2.13%	2.04%
Return on average members' equity	**9.40%**	8.93%	9.22%	9.92%	9.30%
Net interest income as a percentage of average earning assets	**2.73%**	2.71%	2.52%	2.60%	2.60%
Net charge-offs/(recoveries) as a percentage of average loans	**0.02%**	0.04%	0.02%	(0.02)%	0.04%
At year-end					
Members' equity as a percentage of total assets	**17.65%**	18.70%	19.61%	20.49%	20.68%
Allowance for credit losses on loans as a percentage of loans	**0.30%**	0.29%	0.14%	0.17%	0.43%
Capital ratios:					
Permanent capital ratio	**15.01%**	15.46%	15.97%	17.35%	17.37%
Common equity Tier 1 ratio	**14.99%**	15.44%	15.95%	17.32%	17.30%
Tier 1 capital ratio	**14.99%**	15.44%	15.95%	17.32%	17.30%
Total capital ratio	**15.13%**	15.60%	16.11%	17.51%	17.79%
Tier 1 leverage ratio	**16.78%**	18.02%	18.13%	19.16%	19.16%
For the year					
Cash patronage distribution payable to members	**$26,100**	$23,900	$22,700	$20,500	$23,600

Frontier Farm Credit, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following commentary reviews the consolidated financial condition and consolidated results of operations of Frontier Farm Credit, ACA (Frontier Farm Credit) and its subsidiaries, Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA, and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2025, the Farm Credit System consisted of three Farm Credit Banks, one Agricultural Credit Bank and 55 borrower-owned cooperative lending institutions (Associations). The System serves all 50 states, Washington, D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the customers the System serves – the American farmer and rancher.

CoBank, ACB, a Farm Credit System bank, its affiliated Associations and AgVantis are collectively referred to as the CoBank, ACB District. Frontier Farm Credit is one of the affiliated Associations in the District.

The Farm Credit Administration is authorized by Congress to regulate the Farm Credit System banks and Associations. The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit System Insurance Fund. The Insurance Fund ensures the timely payment of principal and interest on Systemwide debt obligations and the retirement of protected borrower capital at par or stated value and for other specified purposes.

Due to the nature of our financial relationship with CoBank, ACB, the financial condition and results of operations of CoBank, ACB materially impact our stockholders' investments in Frontier Farm Credit. To request a free copy of the combined CoBank, ACB financial reports, contact either:

Frontier Farm Credit ACA	CoBank, ACB
PO Box 2409	6340 S. Fiddlers Green Circle
Omaha, NE 68103-2409	Greenwood Village, CO 80111
(800) 531-3905	(800) 542-8072
www.frontierfarmcredit.com	www.cobank.com
$sr@frontierfarmcredit.com	

Our annual report is available on our website no later than 75 days after the end of the calendar year, and stockholders are provided a copy of the report no later than 90 days after the end of the calendar year. The quarterly reports are available on our website no later than 40 days after the end of each calendar quarter. To request a free copy of our annual or quarterly reports, contact us as stated above.

Notice of Significant or Material Events

The Boards of Directors of Frontier Farm Credit, Farm Credit Services of America, ACA (FCSAmerica) and AgCountry Farm Credit Services, ACA (AgCountry) entered into an agreement with an effective date of December 29, 2023. Beginning April 15, 2024, the three Associations are jointly managed and share income and losses. The Associations are deploying a common business approach to the development and delivery of products and services and use common technology platforms that accommodate differences in local marketplace conditions. While the Associations are jointly managed and operate under jointly developed strategic business plans and support plans, they remain separate organizations with strong, local representation through independent Boards of Directors and distinct patronage programs. The collaboration is designed to benefit the farmers and ranchers who own and support the three financial services cooperatives by ensuring that all three Associations have the strength and capacity to serve agricultural customers' needs for years to come.

Under the collaboration agreement, the three Associations have agreed to share income and losses based on a formula derived from the average net income/losses of each Association from the previous five years, which is currently 2019 through 2023. The income/losses are allocated as follows: Frontier Farm Credit (4.9 percent), FCSAmerica (73.8 percent) and AgCountry (21.3 percent). Given such allocation methodology, income and losses that are specific to each of the Associations are effectively shared in proportion to the allocation formula. The allocation methodology in effect will continue to be applied until the Boards mutually agree to any changes in the methodology to be used for the next allocation period starting on January 1, 2028.

In May 2024, the Frontier Farm Credit Board approved a plan to increase its Board size by three positions:

- One elected stockholder director position will be added with a term beginning September 1, 2025,
- One elected stockholder director position will be added with a term beginning September 1, 2026, and
- One outside director position to be appointed by the existing Board of Directors with a term beginning September 1, 2025.

When completed, the Board will comprise five (5) stockholder-elected Directors and two (2) outside appointed Directors.

Our Board of Directors also has approved a change to our annual election cycle wherein stockholder-elected Directors and Nominating Committee members will begin their terms of office on September 1 (previously April 1) beginning with the elections to be completed in August 2025.

Frontier Farm Credit, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Information

This annual report includes 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 "anticipate," "believe," "estimate," "may," "expect," "intend," "outlook" and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties that may be beyond our control. These risks and uncertainties include but are not limited to:

- political (including trade and environmental policies and civil unrest), legal, regulatory, financial markets, economic conditions or other conditions and developments in the United States and abroad;
- economic fluctuations, including inflationary indicators, in the agricultural, international, rural and farm-related business sectors;
- weather-related, disease and other adverse climatic or biological conditions that periodically occur and impact agricultural productivity and income;
- changes in United States government support of the agricultural industry (including government-support payments) and the System as a government-sponsored enterprise (GSE), as well as investor and rating-agency reactions to events involving the United States government, other GSEs and other financial institutions;
- actions taken by the Federal Reserve System and the U.S. Department of the Treasury in implementing monetary policy;
- cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers;
- credit, interest rate and liquidity risks inherent in our lending activities;
- disruptive technologies impacting the banking and financial services industries or implemented by our competitors that negatively impact our ability to compete in the marketplace;
- length and severity of an epidemic or pandemic;
- changes in our assumptions for determining the allowance for credit losses and fair value measurements;
- industry outlooks for agricultural conditions.

Commodity Review and Outlook

Inflation-adjusted net farm income for United States producers decreased 6.3 percent to $140.7 billion in 2024. Despite weakened earnings in 2024, net farm income remained above the 2004 through 2023 average, which was approximately $121.4 billion. The decline in total crop receipts largely drove the decrease in net farm income. Net farm income and cash receipts for 2023 are final numbers from the United States Department of Agriculture; 2024 numbers are estimates.

Inflation-adjusted farm cash receipts decreased 3.1 percent nationally compared to 2023 for a total of $516.9 billion. In nominal terms, total crop receipts decreased 9.2 percent year-over-year due to lower receipts for corn and soybeans. United States producers harvested large corn and soybean crops, which lowered expected prices and sent corn and soybean receipts down 20.8 percent and 12.3 percent, respectively.

Total cash receipts for major livestock commodities were up in 2024. At $108.4 billion, cash receipts for cattle and calves increased 7.2 percent from 2023 mainly due to higher prices. Live cattle futures began 2024 in the low $170 per hundredweight range and finished the year in the low $190 per hundredweight range. The cattle market continued to experience changes driven by tight supplies and high demand in 2024. Despite a decrease in the calf crop for the sixth consecutive year, feedlots managed to maintain inventory levels by extending days on feed and increasing heifer feeding. Liquidation during the last couple of years diminished the supply of beef cows available for slaughter while demand for beef remained relatively steady throughout 2024 despite higher retail prices for consumers. Through November 2024, United States beef exports were 1.5 percent behind the export pace seen in 2023.

Cash receipts for hogs increased 5.7 percent from 2023. Lean hog futures began 2024 around $65 per hundredweight and finished the year over $81 per hundredweight. The combination of higher prices, lower feed costs and improved demand allowed United States hog producers to rebound from record losses in 2023 to turn profitable in 2024. Pork exports also remained strong in 2024. Through November 2024, United States pork exports were approximately 4.7 percent higher than the export pace seen in 2023 due in large part to increased demand from Mexico, South Korea, Australia and Colombia.

In the United States dairy sector, milk receipts increased 11.5 percent, or $5.3 billion, to $51.2 billion, from 2023 to 2024, mainly due to higher prices. Lower feed costs also supported profitability as well as herd growth. Producers started the year with milk prices at $20.10 per hundredweight, which rose to $22.80 per hundredweight by midyear and further increased to $24.20 per hundredweight by November 2024. As of November 2024, the number of milk cows on farms in the United States was 9.37 million head, 20,000 head more than in November 2023 but 5,000 head fewer than in October 2024. Milk production in November 2024 totaled 17.9 billion pounds, down 1.0 percent from November 2023, while production per cow averaged 1,908 pounds, 23 pounds below November 2023.

Inflation-adjusted farm-sector production expenses decreased 4.1 percent from 2023 to 2024. Even so, 2024 production expenses were the seventh highest since 2000. Spending on feed, labor, and livestock and poultry purchases represented the three largest categories in 2024. Labor expenses increased 6.1 percent to $51.8 billion in 2024 compared to 2023. Livestock and poultry purchases increased 10.2 percent to $47.4 billion in 2024. Producers also experienced a 4.6 percent increase in interest expenses from 2023 to 2024. While lower prices were the main reason for lower net farm income in 2024, higher production expenses contributed to margin compression.

Largely absent from net farm income in 2024 were direct government farm program payments. After reaching a record high in 2020, direct government farm payments have decreased every subsequent year. In 2024, direct government farm program payments totaled $10.6 billion, a decrease of 13.6 percent from 2023. This decline reflected lower payments from the Dairy Margin Coverage program and reduced payments from supplemental and ad hoc disaster assistance, particularly from the Emergency Relief Program.

The average December monthly prices received by farmers and ranchers for the past five years are reflected in the table below:

	Averages for the Month of December:				
Commodity	**2024**	2023	2022	2021	2020
Corn	**$4.23**	$4.80	$6.58	$5.47	$3.97
Soybeans	**$9.79**	$13.10	$14.40	$12.50	$10.50
Wheat	**$5.49**	$6.79	$8.98	$8.59	$5.43
Beef cattle (all)	**$190.00**	$172.00	$154.00	$137.00	$108.00
Hogs (all)	**$62.30**	$53.30	$62.50	$56.50	$49.10

We monitor, compile and report real estate sales information for the 41 counties in eastern Kansas. We also value seven benchmark farms that are updated each January and July.

For 2024, the benchmark farm values continue to show stability. During the final six months of 2024, the benchmark values indicated an average increase of 0.6 percent and the 12-month average increased by 2.8 percent. The major factors affecting the agricultural real estate market are lower commodity prices, profitability in the cattle market and a limited supply of agricultural real estate for sale. Farmers and ranchers continue to be the predominant buyers.

Loan Portfolio

Our loan volume experienced another year of solid growth and increased $246.6 million, or 8.4 percent, in 2024. The majority of the loan volume increase came from production and intermediate-term loans and long-term agricultural mortgage loans. Our loan portfolio consists primarily of agricultural real estate loans, production operating loans, intermediate-term installment loans and credit facilities to agricultural businesses. A high percentage of real estate loan installments are due in the December-to-March period. Most operating loans mature and are refinanced after the fall harvest and before spring planting. Operating loan volume tends to peak late in the fall, decline toward January and trend upward during the remainder of the year. Equipment loans generally have annual installments that correlate to customer commodity sales. Federal regulations state that long-term real estate loans are not to exceed 85.0 percent of the property’s appraised value (97.0 percent if guaranteed by a government agency). However, internal lending procedures require a more conservative loan-to-value ratio, which results in an average loan-to-value ratio in the real estate portfolio of less than 50.0 percent of current market values.

As a result of the adoption of the Current Expected Credit Losses (CECL) methodology, accrued interest receivable on loans of $46.7 million at December 31, 2024, and $40.0 million at December 31, 2023, has been excluded from the amortized cost of loans in all of the following tables and is presented in “Accrued interest receivable” in the Consolidated Statements of Condition.

The following table summarizes our loan portfolio by major category (dollars in thousands):

	December 31,					
	2024		2023		2022	
	Amount	**Percentage**	Amount	Percentage	Amount	Percentage
Accrual loans:						
Long-term agricultural mortgage	**$1,612,693**	**50.8%**	$1,547,539	52.9%	$1,533,014	57.2%
Production and intermediate term	**788,454**	**24.9**	661,564	22.6	587,151	21.9
Agribusiness loans to:						
Cooperatives	**94,858**	**3.0**	76,191	2.6	92,985	3.5
Processing and marketing	**298,687**	**9.4**	305,193	10.4	248,177	9.3
Farm-related business	**56,086**	**1.8**	63,876	2.2	34,704	1.3
Communication	**68,117**	**2.2**	64,961	2.2	54,137	2.0
Energy loans	**68,110**	**2.1**	51,084	1.7	44,015	1.6
Water/wastewater	**60,437**	**1.9**	63,236	2.2	8,422	0.3
Rural residential real estate	**41,445**	**1.3**	46,009	1.6	50,979	1.9
Agricultural export finance	**34,940**	**1.1**	30,540	1.1	22,188	0.8
Nonaccrual loans	**48,828**	**1.5**	15,864	0.5	5,214	0.2
Total loans	**$3,172,655**	**100.0%**	$2,926,057	100.0%	$2,680,986	100.0%

Frontier Farm Credit, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

We have no single customer or group of related customers who has more than 10.0 percent of our volume or who would have a material effect if they no longer did business with us. At December 31, 2024, 63.6 percent of our total loan portfolio was in Kansas. The remainder of our portfolio comprises loans outside of our territory. We participate in and purchase these outside loans to support rural America and to diversify our portfolio risk. There are no counties in our territory with more than 5.0 percent of total loan volume.

	December 31,		
	2024	2023	2022
Grain	**32.1%**	32.0%	34.9%
Cow-calf	**13.1**	13.0	14.9
Beef feedlot	**11.3**	11.0	10.2
Landlords/investors	**10.4**	9.6	9.7
Farm supply	**2.8**	2.7	2.3
Fertilizer/chemical	**2.5**	2.7	1.2
Dairy	**2.3**	2.9	2.8
Telecommunications	**2.1**	2.2	2.0
Swine	**2.1**	2.8	2.4
Energy generation/transmission	**1.8**	1.3	1.4
Wine and beverage	**1.7**	0.6	0.7
Food processing	**1.6**	2.0	1.0
Forest products	**1.6**	2.3	1.6
Other	**14.6**	14.9	14.9
Total	**100.0%**	100.0%	100.0%

Commodities are based on the borrower's primary intended commodity at the time of loan origination and may change due to borrower business decisions as a result of changes in weather, prices, input costs and other circumstances.

The following table summarizes nonperforming asset and delinquency information (dollars in thousands):

	December 31,		
	2024	2023	2022
Loans:			
Nonaccrual	**$48,828**	$15,864	$5,214
Restructured	**–**	–	637
Accruing loans 90 days or more past due	**–**	109	160
Total nonperforming loans	**$48,828**	$15,973	$6,011
Nonperforming loans as a percentage of total loans	**1.54%**	0.55%	0.22%
Nonaccrual loans as a percentage of total loans	**1.54%**	0.54%	0.19%
Current nonaccrual loans as a percentage of total nonaccrual loans	**44.1%**	76.5%	59.3%
Total delinquencies as a percentage of total loans	**0.96%**	0.27%	0.15%

Total nonperforming loans have increased since the end of 2023. The increase in nonperforming loans primarily results from the increase in nonaccrual loans slightly offset by a decrease in accruing loans 90 days or more past due. The increase in nonaccrual loans was primarily due to the swine and horticulture/bedding plants portfolios. It is our practice to transfer accruing loans that are past due 90 days or more into nonaccrual unless they are adequately secured and in the process of collection. Additionally, as nonperforming loans are reviewed, it is not unusual to experience movement between risk classifications. Nonperforming loans as a percentage of total loans remain at acceptable levels.

The credit quality of our portfolio declined from December 31, 2023. Our adversely classified assets increased during 2024, ending the year at 2.71 percent of the portfolio compared to 2.24 percent of the portfolio at December 31, 2023, and 1.02 percent at December 31, 2022. Adversely classified assets are assets that we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

Allowance for Credit Losses on Loans

Effective January 1, 2023, we adopted Accounting Standards Update 2016-13—"Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." 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 and is referred to as the Current Expected Credit Losses (CECL) methodology. The allowance for credit losses comprises the allowance for credit losses on loans and unfunded commitments and investment securities.

Comparative allowance coverage of various loan categories follows:

	December 31,		
	2024	2023	2022
Allowance for credit losses on loans as a percentage of:			
Total loans	**0.30%**	0.29%	0.14%
Nonaccrual loans	**19.25%**	53.58%	69.04%
Total nonperforming loans	**19.25%**	53.21%	59.89%
Net charge-offs as a percentage of average loans	**0.02%**	0.04%	0.02%
Adverse assets as a percentage of capital and allowance for credit losses on loans	**16.41%**	13.05%	5.75%

Effective January 1, 2023, the allowance for credit losses on loans is an estimate of expected credit losses on loans in our portfolio. We determine the appropriate level of allowance for credit losses based on a disciplined process and methodology that incorporates expected probabilities of default and loss given default based on historical portfolio performance, forecasts of future economic conditions, and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions. Prior to January 1, 2023, the allowance for loan losses was an estimate of losses on loans in our portfolio that were probable and estimable as of the financial statement date.

Total allowance for credit losses on loans was $9.4 million, $8.5 million and $3.6 million at December 31, 2024, 2023 and 2022, respectively. The increase from December 31, 2023, was driven by growth in our loan portfolio and increased specific reserves. Additional information regarding the CECL adoption is included in Note 2 to the accompanying Consolidated Financial Statements.

Investment Securities

In addition to loans, we held investment securities. Investment securities totaled $80.8 million at December 31, 2024, and zero at December 31, 2023, and 2022. Our investment securities consisted of pools of loans guaranteed by the U.S. Small Business Administration.

Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on investment securities at December 31, 2024, as all of our investment portfolio carries a full faith and credit guarantee of the United States government. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income. Additional information regarding the CECL adoption is included in Note 2 to the accompanying Consolidated Financial Statements.

Additional investment securities information is included in Note 5 to the accompanying Consolidated Financial Statements.

Results of Operations

The following table provides profitability information:

	December 31,		
	2024	2023	2022
Net income (dollars in thousands)	**$56,942**	$51,208	$50,279
Return on average assets	**1.79%**	1.80%	1.90%
Return on average members' equity	**9.40%**	8.93%	9.22%

Changes in these ratios directly relate to:

- changes in net income discussed in this section;
- changes in assets discussed in the "Loan Portfolio" and "Investment Securities" sections; and
- changes in capital discussed in the "Members' Equity" section.

Major components of the changes in net income are outlined in the following table (dollars in thousands):

	For the year ended December 31,			Increase (decrease) in net income	
	2024	2023	2022	**2024 vs. 2023**	2023 vs. 2022
Net interest income	**$80,620**	$72,808	$63,221	**$7,812**	$9,587
Provision for credit losses	**1,479**	5,864	286	**4,385**	(5,578)
Noninterest income	**26,019**	23,345	23,202	**2,674**	143
Noninterest expense	**48,218**	39,081	35,858	**(9,137)**	(3,223)
Net income	**$56,942**	$51,208	$50,279	**$5,734**	$ 929

The effects on net interest income from changes in average volumes and rates are presented in the following table (dollars in thousands):

	2024 vs. 2023	2023 vs. 2022
Change in volume	**$6,201**	$4,607
Change in interest rates	**1,623**	4,988
Change in nonaccrual income	**(12)**	(8)
Net change	**$7,812**	$9,587

Frontier Farm Credit, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

The net interest margin (net interest as a percentage of average earning assets) was 2.73 percent in 2024 compared to 2.71 percent in 2023 and 2.52 percent in 2022. Our net interest margin is sensitive to interest rate changes and competition. The increase in net interest income is due to higher loan volume and income earned on our earning assets that are funded by our noninterest-bearing source (capital).

Net interest income included income on nonaccrual loans that totaled $(138) thousand in 2024, $(126) thousand in 2023 and $(118) thousand in 2022. Nonaccrual interest income is recognized when:

- received in cash,
- collection of the recorded investment is fully expected, and
- prior charge-offs have been recovered.

The "Provision for credit losses" in the Consolidated Statements of Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. Additional information is included in Note 3 to the accompanying Consolidated Financial Statements.

The increase in noninterest income is primarily due to an increase in CoBank, ACB patronage, insurance income and due to our share of the Allocated Insurance Reserve Accounts (AIRA) distribution received from the FCSIC. The AIRA was established by the FCSIC when premiums collected increased the level of the Farm Credit System Insurance Fund beyond the required 2.0 percent of insured debt. There was no AIRA distribution in 2023. CoBank, ACB patronage income is more fully described under "Patronage Income" later in this section of the annual report.

The increase in non-interest expense is primarily due to higher salary and benefits expenses due to market adjustments since staffing levels are consistent with prior year, as well as one-time collaboration expenses primarily in salaries and purchased services. Additionally, changes in non-interest expense can be driven by the sharing of net income and losses based on our collaboration agreement with FCSAmerica and AgCountry. Refer to our "Notice of Significant or Material Events" earlier in this annual report for more information. The FCSIC expense decreased in 2024 primarily due to a decrease in the FCSIC premium rate. The premium rate, which is primarily impacted by System growth, was 10 basis points for the year ended December 31, 2024, compared to 18 basis points for the same period in 2023. The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time. Additional disclosure on FCSIC is included in Note 1 to the accompanying Consolidated Financial Statements.

Patronage Income

We may receive patronage income from CoBank, ACB, which is declared solely at the discretion of CoBank, ACB's Board of Directors. Patronage received may be in the form of cash or stock.

The partnership distribution on our share of net earnings of the loans in the AgDirect trade credit financing program is described under "AgDirect, LLP" later in this section of the annual report. See "Relationship With CoBank, ACB" for further discussion on patronage income.

A breakdown of patronage income received is shown in the following table (dollars in thousands):

	For the year ended December 31,		
	2024	2023	2022
Patronage from CoBank, ACB	**$13,376**	$11,973	$11,479
AgDirect, LLP partnership distribution	**1,525**	1,370	1,062
Other patronage	**29**	161	155
Total patronage income	**$14,930**	$13,504	$12,696
Form of patronage distributions:			
Cash	**$14,915**	$13,425	$12,625
Stock	**15**	79	71
Total patronage income	**$14,930**	$13,504	$12,696

Patronage Program

Our Board adopted a patronage program for eligible customers in 2024, 2023 and 2022. Our Board has adopted patronage programs annually for 21 years. The 2024, 2023 and 2022 programs were based on each customer's average daily balance of eligible loans outstanding during the year. This included eligible originations, participations purchased and participations sold. The patronage program is a distribution of earnings to our eligible stockholders and is a qualified (cash) distribution. We recorded a patronage liability of $26.1 million in December 2024 to be paid in 2025, $23.9 million in December 2023 that was paid in 2024 and $22.7 million in December 2022 that was paid in 2023.

Our Board also has adopted a patronage program for 2025. The 2025 patronage program will be based on each customer's average daily balance of eligible loans outstanding during 2025, to be paid in 2026, on eligible originations, participations purchased and participations sold.

Funding and Liquidity

We borrow from CoBank, ACB under a note payable, in the form of a line of credit, as described in Note 8 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. As of December 31, 2024, we had a $2.9 billion revolving line of credit with CoBank, ACB. We generally apply excess cash to this line of credit. Due to the cooperative structure of the Farm Credit System, and as we are a stockholder of CoBank, ACB, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from members’ equity.

For the year ended December 31, 2024, the direct loan average balance was $2.6 billion, compared to $2.3 billion at the end of 2023 and $2.1 billion at the end of 2022. For the year ended December 31, 2024, the direct loan average interest rate was 4.09 percent compared to 3.66 percent at December 31, 2023, and 1.98 percent at December 31, 2022.

The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers, which may not have a component of our line of credit with an exact repricing attribute. The interest rate risk inherent in our loan portfolio is substantially mitigated through this funding relationship. CoBank, ACB manages interest rate risk through its direct loan pricing and asset/liability management processes. The direct loan pricing mechanism simulates matching the cost of underlying debt with substantially the same terms as the anticipated terms of our loans to customers. The primary risks we manage include lag risk, pipeline risk and basis risk. Lag risk occurs when there are differences in timing between the repricing of variable rate loans and the repricing of the funding costs for those loans. Pipeline risk occurs when we commit a fixed interest rate to a customer in advance of the loan’s closing date and is effectively mitigated through the use of rate-lock agreements. Basis risk occurs when the interest rate on a loan reprices according to one index, while the debt supporting that loan reprices according to another index.

During 2022, we offered our customers a fixed-rate line-of-credit program for our operating loans. The balances of this program at December 31, 2024, and December 31, 2023, were zero, and $171.6 million at December 31, 2022.

We provide financing to eligible customers with various interest rate programs. New loans are priced with consideration given to local competitive conditions, the cost of debt that will be incurred to fund the loan, the individual risk elements of the loan and profit objectives. Interest on real estate loans is generally paid in full annually, while interest on agricultural production loans is generally paid in full at the annual renewal date of the loan.

We offer variable-rate loan products that include variable-rate loans repriced at our discretion, as dictated by market conditions, and market-indexed variable-rate loans that provide customers with the option of indexing their interest rate to external market indices such as the SOFR or the prime rate.

We also offer fixed-rate operating loans for up to 24 months, fixed-rate installment loans for up to 10 years and fixed-rate mortgage loans in yearly increments from five to 30 years.

Additionally, we offered real estate adjustable-rate loans that were indexed to one-, three- or five-year U.S. Department of the Treasury rates. The loans repriced at one-, three- or five-year intervals at a rate equal to the corresponding U.S. Department of the Treasury rate plus a contractual spread. The one-, three- or five-year adjustable-rate loans were generally subject to periodic caps ranging from 2.0 percent to 2.5 percent with a 6.0 percent life cap. The cost of debt supporting these loans was capped accordingly. We discontinued this product on June 1, 2023.

We also offer a prepayment-restricted loan product. This is a fixed-rate product with a prepayment penalty provision if prepayments are made during the initial three, five or seven years of the loan term. For agreeing to restricted prepayments, the customer receives a reduced interest rate that remains in effect for the entire loan term.

A breakdown of the loan portfolio by rate type, as a percentage of total volume at December 31, is shown in the following table:

	December 31,		
	2024	2023	2022
Variable rate	**47.9%**	46.2%	33.9%
Fixed rate	**52.1**	53.7	66.0
Adjustable rate	**–**	0.1	0.1
	100.0%	100.0%	100.0%

Members’ Equity

Our equity structure is described in Note 9 to the accompanying Consolidated Financial Statements. Members’ equity increased to $610.2 million at December 31, 2024, compared to $579.3 million at December 31, 2023, and $551.8 million at December 31, 2022. The increase in 2024 was due to net income recorded in 2024. Members’ equity as a percentage of total assets decreased slightly to 17.7 percent at December 31, 2024, compared to 18.7 percent at December 31, 2023, and 19.6 percent at December 31, 2022.

The Farm Credit Administration regulations require us to maintain minimums for our common equity Tier 1, Tier 1 capital, total capital and permanent capital risk-based capital ratios. In addition, the Farm Credit Administration requires us to maintain minimums for our non-risk-adjusted ratios of Tier 1 leverage and unallocated retained earnings and equivalents (UREE) leverage.

Frontier Farm Credit, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

	As of December 31,			Regulatory Minimums	Minimums With Buffers
	2024	2023	2022		
Risk-adjusted ratios:					
Common equity Tier 1	**14.99%**	15.44%	15.95%	**4.5%**	**7.0%**
Tier 1 capital	**14.99%**	15.44%	15.95%	**6.0%**	**8.5%**
Total capital	**15.13%**	15.60%	16.11%	**8.0%**	**10.5%**
Permanent capital	**15.01%**	15.46%	15.97%	**7.0%**	**7.0%**
Non-risk-adjusted ratios:					
Tier 1 leverage	**16.78%**	18.02%	18.13%	**4.0%**	**5.0%**
UREE leverage	**16.78%**	18.02%	18.13%	**1.5%**	**1.5%**

Our capital plan is designed to maintain an adequate amount of retained earnings and allowance for credit losses, which represents our reserve for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Capital ratios are directly impacted by changes in capital, assets and off-balance sheet commitments. Refer to the "Loan Portfolio" and "Investment Securities" sections for further discussion of the changes in assets. Additional discussion of regulatory ratios and members' equity information is included in Note 9, and off-balance sheet commitments are discussed in Note 13 to the accompanying Consolidated Financial Statements.

In addition to these regulatory requirements, we establish an optimum total capital target range. This allows us to maintain a capital base adequate for future growth and investment in new products and services. The range is subject to revision as circumstances change. Our total capital target range is 13.0 percent to 15.0 percent as defined in our 2025 capital plan.

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 Farm Credit Administration approval. We do not foresee any events that would result in this prohibition in 2025.

Relationship With CoBank, ACB

We borrow from CoBank, ACB to fund our lending operations in accordance with the Farm Credit Act of 1971, as amended. Approval from CoBank, ACB is required for us to borrow elsewhere. A General Financing Agreement, as discussed in Note 8 to the accompanying Consolidated Financial Statements, governs this lending relationship. The interest rate may be periodically adjusted by CoBank, ACB based on the terms and conditions of the General Financing Agreement.

At December 31, 2024, our investment in CoBank, ACB is in the form of Class A stock with a par or stated value of $100 per share.

We receive patronage income based on the annual average daily balance of our note payable to CoBank, ACB. CoBank, ACB's Board of Directors sets the patronage rates.

Due to the nature of our financial relationship with CoBank, ACB, the financial condition and results of operations of CoBank, ACB materially impact our stockholders' investments in Frontier Farm Credit.

Relationship With Farm Credit Services of America, ACA

In 2024, we entered into a collaboration agreement with FCSAmerica and AgCountry. It is designed to benefit the farmers and ranchers who own and support the three financial services cooperatives by ensuring that all three Associations have the strength and capacity to serve agricultural customers' needs for years to come. The collaboration became effective April 15, 2024.

Frontier Farm Credit, FCSAmerica and AgCountry continue to exist as separate Associations while integrating their day-to-day business operations, technology systems and leadership teams. While each Association continues to have its own independent Board, the Boards meet jointly to enhance coordination and collaboration among the three organizations.

We began the year operating under our strategic alliance with FCSAmerica, designed to benefit the farmers and ranchers who own and support the two financial services cooperatives. Under the alliance agreement, Frontier Farm Credit and FCSAmerica shared current-year income and expenses based generally on the average total assets of each entity for the prior calendar year. Prior to the collaboration effective date, pretax net income was shared on fixed percentages of 6.0 and 94.0 percent for Frontier Farm Credit and FCSAmerica, respectively. For that period, Frontier Farm Credit recorded $9.8 million of net operating expenses under the income- and expense-sharing provisions of the alliance agreement primarily due to incurred expenses by FCSAmerica for Frontier Farm Credit associated expenses. The net operating expenses recorded by Frontier Farm Credit were $28.5 million and $25.3 million for the years ended December 31, 2023, and 2022, respectively. The net operating expenses specifically attributable to salaries and employee benefits, and occupancy and equipment expenses were recorded in their respective accounts in our Consolidated Statements of Income. The remainder of the allocation was a recording to "Other operating expenses" in our Consolidated Statements of Income. Depending on the activity in each Association, this allocation can result in the recording of an operating expense credit. Additional disclosure on the sharing of net income and losses beginning April 15, 2024, is included in our "Notice of Significant or Material Events" earlier in this annual report.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Relationship with AgCountry Farm Credit Services, ACA

In 2024, we entered into a collaboration agreement with FCSAmerica and AgCountry. It is designed to benefit the farmers and ranchers who own and support the three financial services cooperatives by ensuring that all three Associations have the strength and capacity to serve agricultural customers' needs for years to come. The collaboration became effective April 15, 2024.

Frontier Farm Credit, FCSAmerica and AgCountry continue to exist as separate Associations while integrating their day-to-day business operations, technology systems and leadership teams. While each Association continues to have its own independent Board, the Boards meet jointly to enhance coordination and collaboration among the three organizations.

Frontier Farm Credit has $3.5 billion in assets and serves multiple counties in eastern Kansas. FCSAmerica has $47.7 billion in assets and serves the states of Iowa, Nebraska, South Dakota and Wyoming. AgCountry has $15.9 billion in assets and serves multiple counties in the states of North Dakota, Minnesota and Wisconsin.

AgDirect®, LLP

We participate in the AgDirect, LLP trade credit financing program, which includes origination and refinancing of agricultural-equipment loans and leases through independent equipment dealers. The program is facilitated by FCSAmerica through a limited liability partnership (LLP) in which we are a partial owner. Our investment in AgDirect, LLP was $11.3 million at December 31, 2024, $9.5 million at December 31, 2023, and $8.3 million at December 31, 2022. Our investment is reflected as "Investment in AgDirect, LLP" on our Consolidated Statements of Condition. The LLP is an unincorporated business entity. We also receive a partnership distribution resulting from our participation in the program, which is included in "Patronage income" in the Consolidated Statements of Income.

SunStream Business Services

We have a relationship with SunStream Business Services (SunStream), a Farm Credit System service corporation. The services we purchase from them include tax-reporting services. For further discussion on our relationship with SunStream, see Note 12 to the accompanying Consolidated Financial Statements.

Farm Credit Foundations

We have a relationship with Farm Credit Foundations, a Farm Credit System service corporation, which involves purchasing human resource, benefit, payroll and workforce management services. For further discussion on our relationship with Farm Credit Foundations, see Note 12 to the accompanying Consolidated Financial Statements.

Rural 1st®

We are a participant in the Rural 1st referral program to provide rural home lending to our customers. The program is facilitated by an Association in the AgriBank, FCB District where the loans are serviced. We receive noninterest income from the facilitating Association on loan volume originated in our territory via Rural 1st. For further discussion on our relationship with Rural 1st, see Note 12 to the accompanying Consolidated Financial Statements.

Farm Credit Leasing Services Corporation

We have an agreement with Farm Credit Leasing Services Corporation (FCL), a Farm Credit System service corporation, which specializes in leasing products and provides industry expertise. Leases are originated and serviced by FCL, and we purchase a participation interest in the loans for these leases. This arrangement provides our customers with a broad selection of product offerings and enhanced lease expertise. For further discussion on our relationship with FCL, see Note 2 and Note 12 to the accompanying Consolidated Financial Statements.

Rural Business Investment Companies

We and other Farm Credit System institutions are among the limited partners invested in Rural Business Investment Companies (RBICs). The RBICs facilitate equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. Certain commitments may have an option to extend under specific circumstances. For further discussion, see Note 13 to the accompanying Consolidated Financial Statements.

Frontier Farm Credit, ACA

Report of Management

We prepare the Consolidated Financial Statements of Frontier Farm Credit, ACA (Association) and are responsible for their integrity and objectivity, including amounts that must be necessarily based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the annual report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with generally accepted auditing standards in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness, as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consult regularly with us and meet periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify that we have reviewed the Association's annual report, and it has been prepared in accordance with all applicable statutory or regulatory requirements, and the information contained herein is true, accurate and complete to the best of our knowledge and belief.

Mark Jensen
President and CEO
March 3, 2025

Jon C. Peterson
Executive Vice President – CFO
March 3, 2025

Shane Tiffany
Chairperson, Board of Directors
March 3, 2025

Frontier Farm Credit, ACA

Report on Internal Control Over Financial Reporting

Frontier Farm Credit, ACA's (Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining effective 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 and correction, of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 2013 framework in Internal Control – Integrated Framework, 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.

Mark Jensen
President and CEO
March 3, 2025

Jon C. Peterson
Executive Vice President – CFO
March 3, 2025

Frontier Farm Credit, ACA
Report of Audit Committee

The Consolidated Financial Statements of Frontier Farm Credit, ACA (Association) were prepared under the oversight of the Audit Committee. The Audit Committee is composed of four individuals from the Association Board of Directors. In 2024, the Audit Committee met four times. The Audit Committee oversees the scope of the Association's internal audit program, the approval and independence of PricewaterhouseCoopers LLP (PwC) as our independent 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 Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for 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 Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue its report based on its audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2024, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statements on Auditing Standards AU-C 260, "The Auditor's Communication With Those Charged With Governance," and both PwC and the internal auditors directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended that the Board of Directors include the audited Consolidated Financial Statements in the annual report for the year ended December 31, 2024.

Kathy Brick

Kathy Brick
Chair, Audit Committee
Frontier Farm Credit, ACA
March 3, 2025

Audit Committee Members:
Marty Reichenberger
Lee Mueller
Shane Tiffany

Report of Independent Auditors

To the Board of Directors of Frontier Farm Credit, ACA:

Opinion

We have audited the accompanying consolidated financial statements of Frontier Farm Credit, ACA and its subsidiaries (the "Association"), which comprise the consolidated statements of condition as of December 31, 2024, 2023, and 2022, and the related consolidated statements of income, changes in members' equity, and 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 audits 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 to 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 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.

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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

Minneapolis, Minnesota
March 3, 2025

Frontier Farm Credit, ACA

Consolidated Statements of Condition

(Dollars in thousands)

	December 31,		
	2024	2023	2022
Assets			
Loans	**$3,172,655**	$2,926,057	$2,649,458
Less allowance for credit losses on loans	**9,400**	8,500	3,600
Net loans	**3,163,255**	2,917,557	2,645,858
Accrued interest receivable	**47,625**	40,034	31,528
Investment in securities	**80,846**	–	–
Investment in CoBank, ACB	**77,716**	68,447	67,809
Investment in AgDirect, LLP	**11,307**	9,516	8,270
Premises and equipment, net	**19,963**	20,723	20,933
Prepaid benefit expense	**7,498**	7,908	8,702
Other assets	**49,518**	33,450	31,406
Total assets	**$3,457,728**	$3,097,635	$2,814,506
Liabilities			
Notes payable to CoBank, ACB	**$2,791,452**	$2,477,811	$2,211,801
Accrued interest payable	**9,065**	8,330	5,736
Patronage payable	**26,100**	23,900	22,700
Allowance for credit losses on unfunded commitments	**900**	1,000	1,100
Accrued benefits liability	**171**	180	192
Other liabilities	**19,801**	7,093	21,162
Total liabilities	**2,847,489**	2,518,314	2,262,691
Commitments and contingencies (Note 13)			
Members' Equity			
At-risk capital:			
Class B common stock	**9,397**	9,252	9,191
Class C common stock	**198**	179	188
Less capital stock receivable	**(9,595)**	(9,431)	(9,379)
Retained earnings	**610,239**	579,321	551,815
Total members' equity	**610,239**	579,321	551,815
Total liabilities and members' equity	**$3,457,728**	$3,097,635	$2,814,506

The accompanying notes are an integral part of these Consolidated Financial Statements.

Frontier Farm Credit, ACA

Consolidated Statements of Income

(Dollars in thousands)

	Year Ended December 31,		
	2024	2023	2022
Net Interest Income			
Interest income	**$185,423**	$155,345	$104,651
Interest expense	**104,803**	82,537	41,430
Net interest income	**80,620**	72,808	63,221
Provision for credit losses	**1,479**	5,864	286
Net interest income after provision for credit losses	**79,141**	66,944	62,935
Noninterest Income			
Patronage income	**14,930**	13,504	12,696
Insurance services	**5,355**	4,918	4,285
Loan fees	**2,431**	2,231	2,767
Mineral income	**1,124**	1,458	1,865
Other noninterest income	**2,179**	1,234	1,589
Total noninterest income	**26,019**	23,345	23,202
Noninterest Expense			
Salaries and employee benefits	**24,504**	22,616	20,267
Occupancy and equipment expense	**3,723**	3,441	3,660
Other operating expenses	**17,515**	9,131	7,866
Insurance fund premiums	**2,476**	3,893	3,997
Other noninterest expense	**–**	–	68
Total noninterest expense	**48,218**	39,081	35,858
Income before income taxes	**56,942**	51,208	50,279
Net income	**$ 56,942**	$ 51,208	$ 50,279

The accompanying notes are an integral part of these Consolidated Financial Statements.

Frontier Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(Dollars in thousands)

	At-Risk Capital		
	Capital Stock	Retained Earnings	Total Members' Equity
Balance at December 31, 2021	$ –	$524,191	$524,191
Net income		50,279	50,279
Patronage distribution accrued		(22,700)	(22,700)
Patronage accrual adjustment		45	45
Capital stock:			
Capital stock issued	719		719
Capital stock retired	(691)		(691)
Capital stock receivable, net	(28)		(28)
Balance at December 31, 2022	–	551,815	551,815
Cumulative effect of change in accounting principle		100	100
Net income		51,208	51,208
Patronage distribution accrued		(23,900)	(23,900)
Patronage accrual adjustment		98	98
Capital stock:			
Capital stock issued	577		577
Capital stock retired	(525)		(525)
Capital stock receivable, net	(52)		(52)
Balance at December 31, 2023	–	579,321	579,321
Net income		**56,942**	**56,942**
Patronage distribution accrued		**(26,100)**	**(26,100)**
Patronage accrual adjustment		**76**	**76**
Capital stock:			
Capital stock issued	**605**		**605**
Capital stock retired	**(441)**		**(441)**
Capital stock receivable, net	**(164)**		**(164)**
Balance at December 31, 2024	**$ –**	**$610,239**	**$610,239**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Frontier Farm Credit, ACA

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31,		
	2024	2023	2022
Cash Flows from Operating Activities:			
Net income	**$ 56,942**	$51,208	$50,279
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	**1,479**	5,864	286
Stock patronage received from Farm Credit institutions	**(53)**	(39)	(37)
Depreciation on premises and equipment	**1,105**	1,038	862
Net amortization of premiums on investment securities	**504**	–	–
Increase in accrued interest receivable	**(7,591)**	(8,506)	(5,071)
Increase in accrued interest payable	**735**	2,594	3,579
Decrease (increase) in prepaid benefit expense	**410**	794	(2,312)
Increase in other assets	**(12,085)**	(303)	(8,101)
Decrease in accrued benefits liability	**(9)**	(12)	(17)
Increase (decrease) in other liabilities	**12,708**	(14,069)	4,739
Total adjustments	**(2,797)**	(12,639)	(6,072)
Net cash provided by operating activities	**54,145**	38,569	44,207
Cash Flows from Investing Activities:			
Increase in loans, net	**(247,277)**	(277,563)	(240,448)
Purchases of investment securities	**(81,350)**	–	–
(Increase) decrease in investment in CoBank, ACB	**(9,216)**	(599)	2,327
Increase in investment in AgDirect, LLP	**(1,791)**	(1,246)	(558)
Purchases of premises and equipment	**(345)**	(828)	(1,568)
Purchases of investment in RBICs	**(3,983)**	(1,741)	(1,823)
Net cash used in investing activities	**(343,962)**	(281,977)	(242,070)
Cash Flows from Financing Activities:			
Increase in notes payable, net	**313,641**	266,010	218,318
Patronage paid in cash	**(23,824)**	(22,602)	(20,455)
Net cash provided by financing activities	**289,817**	243,408	197,863
Net change in cash	**–**	–	–
Cash at beginning of year	**–**	–	–
Cash at end of year	**$ –**	$ –	$ –
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Cash patronage distribution declared	**$26,100**	$23,900	$22,700
Change in capital stock receivable	**$164**	$52	$28
Supplemental Cash Flow Information:			
Interest paid on notes payable	**$104,068**	$79,943	$37,852
Income taxes paid (net of refunds)	**$ –**	$(7)	$(3)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Frontier Farm Credit, ACA
Notes to Consolidated Financial Statements

Note 1 – Organization and Operations

Farm Credit System and District

Farm Credit System Lending Institutions

The Farm Credit System is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2025, the Farm Credit System consisted of three Farm Credit Banks, one Agricultural Credit Bank and 55 customer-owned cooperative lending institutions (Associations). The Farm Credit System serves all 50 states, Washington, D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the rural customers the Farm Credit System serves – the American farmer and rancher.

CoBank, ACB, a Farm Credit System bank, its affiliated Associations and AgVantis are collectively referred to as the CoBank, ACB District. Frontier Farm Credit is one of the affiliated Associations in the District. CoBank, ACB 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. As of January 1, 2025, the CoBank, ACB District consisted of CoBank, ACB; 16 Agricultural Credit Associations (ACA), each of which have two wholly owned subsidiaries; a Federal Land Credit Association (FLCA) and a Production Credit Association (PCA); and AgVantis.

Federal Land Credit Associations are authorized to originate long-term real estate mortgage loans. Production Credit Associations are authorized to originate short-term and intermediate-term loans. Agricultural Credit Associations are authorized to originate long-term real estate mortgage loans, and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and also are authorized to purchase and hold certain types of investments.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents and farm-related service businesses. Additionally, Associations can participate with other lenders in loans to similar entities. Similar entities are parties who are not eligible for a loan from a Farm Credit System lending institution but have operations that are functionally similar to the activities of eligible borrowers.

Farm Credit System Regulator

The Farm Credit Administration is authorized by Congress to regulate the Farm Credit System banks and Associations. We are examined by the Farm Credit Administration, and certain Association actions are subject to the prior approval of the Farm Credit Administration and/or CoBank, ACB.

Farm Credit System Insurance Fund

The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit System Insurance Fund. The Insurance Fund is used to ensure the timely payment of principal and interest on Farm Credit Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value and for other specified purposes.

At the discretion of the FCSIC, the Farm Credit System Insurance Fund also is available to provide assistance to certain troubled Farm Credit System institutions and for the operating expenses of the FCSIC. Each Farm Credit System bank is required to pay premiums into the Farm Credit System Insurance Fund until the assets in the Farm Credit System Insurance Fund reach the secure base amount, which is defined in the Farm Credit Act as 2.0 percent of the aggregate outstanding insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments.

This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the FCSIC is required to reduce premiums and, under certain circumstances, is required to transfer excess funds to establish Allocated Insurance Reserve Accounts (AIRA). The FCSIC may also distribute all or a portion of the AIRAs to the System banks, which CoBank, ACB passes on as income to the Associations. The basis for assessing premiums is debt outstanding with adjustments made for nonaccrual loans and impaired investment securities, which are assessed a surcharge, while guaranteed loans and investment securities are deductions from the premium base. CoBank, ACB, in turn, assesses premiums to its affiliated Associations each year based on similar factors.

Association

Frontier Farm Credit, ACA (ACA) and its subsidiaries, Frontier Farm Credit, FLCA (FLCA) and Frontier Farm Credit, PCA (PCA), collectively referred to as Frontier Farm Credit, are lending institutions of the Farm Credit System. We are a member-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the counties of Allen, Anderson, Atchison, Bourbon, Brown, Chase, Chautauqua, Cherokee, Clay, Coffey, Crawford, Dickinson, Doniphan, Douglas, Elk, Franklin, Geary, Greenwood, Jackson, Jefferson, Johnson, Labette, Leavenworth, Linn, Lyon, Marion, Marshall, Miami, Montgomery, Morris, Nemaha, Neosho, Osage, Pottawatomie, Riley, Shawnee, Wabaunsee, Washington, Wilson, Woodson and Wyandotte in the state of Kansas. We borrow from CoBank, ACB and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries. We offer risk management services, including crop, crop hail, multi-peril and livestock insurance for borrowers and those eligible to borrow.

Frontier Farm Credit, ACA
Notes to Consolidated Financial Statements

Relationship With Farm Credit Services of America, ACA and AgCountry Farm Credit Services, ACA

The Boards of Directors of Frontier Farm Credit, ACA (Frontier Farm Credit), Farm Credit Services of America, ACA (FCSAmerica) and AgCountry Farm Credit Services, ACA (AgCountry) entered into an agreement with an effective date of December 29, 2023. Beginning April 15, 2024, the three Associations are jointly managed and share income and losses. The Associations are deploying a common business approach to the development and delivery of products and services and use common technology platforms that accommodate differences in local marketplace conditions. While the Associations are jointly managed and operate under jointly developed strategic business plans and support plans, we each remain separate organizations with strong, local representation through independent boards of directors and distinct patronage programs. The collaboration is designed to benefit the farmers and ranchers who own and support the three financial services cooperatives by ensuring that all three Associations have the strength and capacity to serve agricultural customers' needs for years to come.

Under the collaboration agreement, the three Associations have agreed to share net income and losses based on a formula derived from the average net income/losses of each Association from the previous five years including 2019 through 2023. Therefore, the income/losses will be allocated as follows: Frontier Farm Credit (4.9 percent), FCSAmerica (73.8 percent) and AgCountry (21.3 percent). Given such allocation methodology, income and losses that are specific to each of the Associations will effectively be shared in proportion to the allocation formula. The allocation methodology in effect will continue to be applied until the Boards mutually agree to any changes in the methodology to be used for the next allocation period starting on January 1, 2028.

Frontier Farm Credit has $3.5 billion in assets and serves multiple counties in eastern Kansas. FCSAmerica has $47.7 billion in assets and serves the states of Iowa, Nebraska, South Dakota and Wyoming. AgCountry has $15.9 billion in assets and serves multiple counties in the states of North Dakota, Minnesota and Wisconsin.

Relationship With Farm Credit Services of America, ACA

We began the year operating under our strategic alliance with FCSAmerica, designed to benefit the farmers and ranchers who own and support the two financial services cooperatives. Under the alliance agreement, Frontier Farm Credit and FCSAmerica shared current-year income and expenses based generally on the average total assets of each entity for the prior calendar year. Effective April 15, 2024 (the collaboration effective date), the strategic alliance was replaced by the collaboration agreement with FCSAmerica and AgCountry.

Note 2 – Summary of Significant Accounting Policies

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and prevailing practices within the financial services industry.

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation.

The Consolidated Financial Statements present the consolidated financial results of Frontier Farm Credit, ACA (the parent), and Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA (the subsidiaries), collectively referred to as Frontier Farm Credit. All material intercompany transactions and balances have been eliminated in consolidation.

The following are our significant accounting policies:

Loans

Mortgage-loan terms range from five to 35 years at origination. Commercial loans are made for agricultural production or operating purposes with original terms of 10 years or less. Other operating loans have original terms up to 24 months.

A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan remains contractually past due until certain modifications are completed or until the entire amount past due, including principal, accrued interest and penalty interest incurred as the result of past-due status, is collected or otherwise discharged in full.

Loans are carried at their principal amount outstanding, net of any unearned income, cumulative charge-offs and unamortized premiums or discounts on purchased loans. Loan interest is accrued and credited to interest income based on the daily principal amount outstanding. The net amount of loan fees and related origination costs are not material to the Consolidated Financial Statements taken as a whole.

Generally, we place loans in nonaccrual status when:

- principal or interest is delinquent for 90 days or more (unless the loan is adequately secured and in the process of collection), or
- circumstances indicate that full collection is not expected.

When a loan is placed in nonaccrual status, we reverse current-year accrued interest. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for credit losses on loans. Subsequent recoveries, if any, are added to the allowance for credit losses on loans. Any cash received on nonaccrual loans is applied to reduce the carrying amount in the loan, except in those cases where the collection of the carrying amount in the loan is fully expected and certain other criteria are met. In these circumstances, interest is credited to income when cash is received. Loans are charged off at the time they are determined to be uncollectible. Nonaccrual loans may be returned to accrual status when principal and interest are current, the customer's ability to fulfill the contractual payment terms is fully expected, and, if the loan was past due when placed in nonaccrual status, the loan has evidence of sustained performance in making on-time contractual payments (typically based on payment frequency).

Loan modifications may be granted to borrowers experiencing financial difficulty. Modifications are one or a combination of principal forgiveness, an interest rate reduction, other-than-insignificant term extension or other-than-insignificant payment deferrals. Other-than-insignificant term extensions are defined as those greater than or equal to six months. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Other-than-insignificant payment deferrals are defined as cumulative or individual payment delays greater than or equal to six months. When more than two types of modifications are granted on the same loan, we report only the two most material modification types.

Prior to January 1, 2023, in situations where, for economic or legal reasons related to the borrower's financial difficulties, we granted a concession for other than an insignificant period of time that we would not otherwise consider, the related loan was classified as a troubled debt restructuring (TDR), also known as a formally restructured loan for regulatory purposes. A concession was generally granted to minimize economic loss and avoid foreclosure. Concessions varied by program and borrower, and may have included interest rate reductions, term extensions, payment deferrals or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven. Loans classified as TDRs were considered risk loans. There may have been modifications made in the normal course of business that were not considered TDRs.

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets or participating interests in the financial assets. The transfers of such assets or participating interests are structured such that control over the transferred assets or participating interests has been surrendered and that all conditions have been met to be accounted for as a sale.

Allowance for Credit Losses on Loans and Unfunded Commitments

Effective January 1, 2023, we adopted Accounting Standards Update 2016-13—"Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." 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 and is referred to as the Current Expected Credit Losses (CECL) methodology. The allowance for credit losses comprises the allowance for credit losses on loans, unfunded commitments and investment securities.

The allowance for credit losses represents the estimated current expected credit losses over the remaining contractual life of the portfolio, adjusted for expected prepayments, and expected utilization of unfunded commitments. The allowance for credit losses takes into consideration relevant information about past events, current conditions and macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancellable.

The allowance for credit losses is increased through provisions for credit losses and loan recoveries and is decreased through provisions for credit loss reversals and loan charge-offs. The allowance for credit losses on unfunded commitments is included in "Other liabilities" in the Consolidated Statements of Condition. The provision activity is included as part of the "Provision for credit losses" in the Consolidated Statements of Income. See Note 3, "Loans and Allowance for Credit Losses on Loans," for further information.

Loans are evaluated on the amortized cost basis, including unamortized premiums and discounts, when calculating the allowance for credit losses. Multiple macroeconomic scenarios are assessed over a reasonable and supportable forecast period of two years with reversion to long-run average conditions beginning thereafter. Judgment and oversight are required about the potential impacts of current events to determine the appropriateness of results.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

The economic forecasts incorporate macroeconomic variables including net farm income and agricultural commodity prices. Also considered are loan and borrower characteristics, such as internal risk ratings, delinquency status, collateral type and the remaining term of the loan, adjusted for expected prepayments. In addition to the quantitative calculation, we consider 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 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.

To establish the allowance for credit losses, we employ a disciplined process and methodology 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.

The asset-specific approach only applies to nonperforming exposures. 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. However, for collateral dependent loans, credit loss is measured as the difference between the amortized cost basis of 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 our appraisal policy, the fair value of collateral dependent loans is based on independent third-party appraisals or on collateral valuations prepared by in-house appraisers. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed or non-recoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the component of the allowance for credit losses 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, interest rate product, commodity, credit quality rating, delinquency category or marketplace delivery, or a combination of these characteristics. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating or delinquency buckets using historical life-of-loan analysis periods for loan types, and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool. In addition to the quantitative calculation, we consider 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 credit loss results. We have no qualitative adjustments in our current allowance.

The final credit loss estimate also may consider factors not reflected in the economic forecast and historical-loss experience due to the unique aspects of current conditions and expectations. These factors may include but are not limited to: lending policies and procedures; experience and depth of lending staff; credit quality and delinquency trends; individual borrower and industry concentrations; national, regional and local economic business conditions and developments; and collateral value trends.

Prior to January 1, 2023, the allowance for loan losses was an estimate of losses inherent in our loan portfolio as of the financial statement date. We determined the appropriate level of allowance for loan losses based on quarterly evaluation of factors such as loan loss history, estimated probability of default, estimated loss given default, portfolio quality, and current economic and environmental conditions. Refer to our 2022 annual report for additional information.

Collateral Dependent Loans

Collateral dependent loans are loans secured by collateral, including but not limited to real estate, equipment, inventory, livestock and income-producing property. We measure the expected credit losses based on the fair value of collateral at the reporting date when we determine that foreclosure is probable. Under the fair value 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.

The fair value of the collateral is adjusted for the estimated costs 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 our appraisal policy, the fair value of collateral dependent loans is based upon in-house or independent third-party appraisals or on in-house collateral valuations. 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.

Additionally, when a borrower is experiencing financial difficulty, we apply the fair value practical expedient measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral.

Accrued Interest Receivable

Accrued interest receivable on loans and investment securities are presented in the Consolidated Statements of Condition. Accrued interest receivable has been excluded from the footnote disclosures for all periods after January 1, 2023.

Investment Securities

We are authorized by the Farm Credit Administration to purchase and hold certain types of investments. As we have the positive intent and ability to hold these investments to maturity, they have been classified as held-to-maturity and are carried at amortized cost, net of allowance for credit losses on investment securities upon the adoption of CECL. Purchased premiums and discounts are amortized or accreted using the straight-line method.

Quarterly, we evaluate the investment portfolio for credit losses. For securities that are guaranteed by the United States government or other governmental agencies, we have not recognized an allowance for credit losses on investments. However, premiums on those investments are not guaranteed. Therefore, we evaluate them for credit losses and have not recognized an allowance for credit losses on them.

Investment in CoBank, ACB

Our required investment in CoBank, ACB is in the form of Class A stock. The minimum required investment is 3.0 percent of the prior one-year average direct loan volume. The investment in CoBank, ACB comprises patronage-based stock and purchased stock. The requirement for capitalizing patronage-based participation loans sold to CoBank, ACB is 7.0 percent of the prior 10-year average of such participations sold to CoBank, ACB.

Investment in AgDirect, LLP

Accounting for our investment in AgDirect, LLP is on a cost basis.

Other Property Owned

We record other property owned, consisting of real and personal property acquired through a collection action, at fair value, less estimated selling costs at the time of 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 credit losses on loans. Revised estimates of the fair value, less estimated selling costs, are reported as adjustments to the carrying amount of the asset, provided that the adjusted value is not in excess of the carrying amount at acquisition. Related income, expenses, and gains or losses from operations, and carrying-value adjustments are included in the “Other noninterest income” or “Other noninterest expense” in the Consolidated Statements of Income.

Investment in Rural Business Investment Companies

The carrying amount of the investments in the Rural Business Investment Companies (RBICs), in which we are a limited partner and hold noncontrolling interests, are accounted for under the equity method. The investments are included in “Other assets” in the Consolidated Statements of Condition. The investments are assessed for impairment. If impairment exists, losses are included in “Other noninterest expense,” in the Consolidated Statements of Income in the year of impairment.

Premises and Equipment

The carrying amount of premises and equipment is at cost, less accumulated depreciation. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets. Depreciation and maintenance and repair expenses are included in “Occupancy and equipment expense” in the Consolidated Statements of Income and improvements are capitalized.

Leases

We operate under an agreement with CoBank, ACB through which we purchase a participation in loans made by CoBank, ACB to FCL to fund capital-markets leases, agricultural-equipment leases and agricultural-facilities leases that we originate. Under provisions of this agreement, FCL participates approximately 50.0 percent funding for these leases to CoBank, ACB, and CoBank, ACB participates a similar amount to us as loan participations. The loan participations purchased under this agreement are included in “Loans” in the Consolidated Statements of Condition. Additional information is included in Note 12 to the accompanying Consolidated Financial Statements.

Advance Conditional Payments

We are authorized under the Farm Credit Act to accept advance conditional payments from customers. We net the advance conditional payments against the customer’s related loan balance to the extent that the real estate customer’s loan balance exceeds the advance conditional payments. The amount of commercial advance conditional payments accepted cannot exceed the commitment amount of the customer’s note. We classify commercial advance conditional payments as “Other liabilities” in the Consolidated Statements of Condition because the limit on commercial advance conditional payments is based on note commitments. We pay interest on advance conditional payments and they are not insured.

Employee Benefit Plans

Our employees participate in a defined contribution plan and/or pension plan. Benefit plans are described in Note 10. The costs of the defined contribution plan are funded as accrued. Additionally, we provide a retiree health care benefit to retired employees who met specific age and service requirements.

Frontier Farm Credit, ACA
Notes to Consolidated Financial Statements

Income Taxes
The ACA and PCA accrue federal and state income taxes. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program
We accrue an estimated patronage payable after it is declared by the Board of Directors, normally in December of each year. After year-end eligible average daily balances are calculated, we record a patronage accrual adjustment in the year of payment. We generally pay the accrued patronage in the first quarter of the subsequent year. Cash patronage distributions are referred to as patronage.

Cash
For purposes of reporting cash flow, cash includes cash on hand and on deposit at commercial banks.

Off-Balance Sheet Credit Exposures
Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. Commercial letters of credit are agreements to pay a beneficiary under specific conditions. We evaluate the need for an allowance for credit losses on unfunded commitments, which is included in "Other liabilities" in the Consolidated Statements of Condition. For more information, see the "Allowance for Credit Losses on Loans and Unfunded Commitments" in the Summary of Significant Accounting Policies section of this report.

Fair Value Measurement
The Financial Accounting Standards Board guidance on "Fair Value Measurements" describes three levels of inputs that may be used to measure fair value.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

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:

- quoted prices for similar assets or liabilities in active markets;
- 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, quoted prices that are not current or principal market information that is not released publicly;
- inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates; and
- inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect our own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is 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.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board and have determined the following standards to be applicable to our business. While we are a nonpublic business entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other Farm Credit System institutions.

Standard and Effective Date	Description	Financial Statement Impact
In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update 2023-09—"Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance is effective for annual periods beginning after December 15, 2025.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding information by state jurisdiction to the rate reconciliation and income-taxes-paid disclosures.	We expect to adopt the standard as of January 1, 2026. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

Note 3 – Loans and Allowance for Credit Losses on Loans

Loans, including participations purchased and nonaccruals, consisted of the following (dollars in thousands):

	December 31,					
	2024		2023		2022	
	Amount	**Percentage**	Amount	Percentage	Amount	Percentage
Long-term agricultural mortgage	**$1,653,440**	**52.1%**	$1,552,683	53.1%	$1,514,583	57.2%
Production and intermediate term	**796,534**	**25.1**	671,101	22.9	579,811	21.9
Agribusiness	**449,631**	**14.2**	446,434	15.3	375,811	14.2
Rural infrastructure	**196,664**	**6.2**	179,280	6.1	106,335	4.0
Rural residential real estate	**41,446**	**1.3**	46,019	1.6	50,911	1.9
Agricultural export finance	**34,940**	**1.1**	30,540	1.0	22,007	0.8
Total loans	**$3,172,655**	**100.0%**	$2,926,057	100.0%	$2,649,458	100.0%

Throughout the remaining Note 3 tables, accrued interest receivable on loans of $46.7 million at December 31, 2024, and $40.0 million at December 31, 2023, has been excluded from the amortized cost of loans and is presented in “Accrued interest receivable” in the Consolidated Statements of Condition.

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities or within close proximity, which could cause them to be similarly impacted by economic or other conditions. We lend primarily within agricultural industries.

As of December 31, 2024, amortized cost on loans plus commitments, excluding government-guaranteed portions of loans, to our 10 largest borrowers totaled an amount equal to 6.3 percent of total loans and commitments.

While the amounts represent our maximum potential credit risk related to recorded loan principal plus unfunded commitments, a substantial portion of our lending activities are collateralized, which reduces our exposure to credit loss associated with lending activity. We include an estimate of our credit-risk exposure in determining the allowance for loan losses.

Total loans plus any unfunded commitments represent a proportionate maximum potential credit risk. Accordingly, the credit risk associated with lending activities is less than the recorded loan principal. 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 may include real estate, equipment, inventory, livestock and income-producing property.

We may purchase or sell participation interests with other parties to diversify risk, manage loan volume or comply with the limitations of the Farm Credit Administration regulations or the General Financing Agreement with CoBank, ACB. The following table presents information regarding participations purchased and sold (dollars in thousands):

	CoBank, ACB		Other Farm Credit Institutions		Total	
	Participations		Participations		Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
As of December 31, 2024						
Long-term agricultural mortgage	**$ –**	**$15,046**	**$ 68,919**	**$ 30,254**	**$ 68,919**	**$ 45,300**
Production and intermediate term	**11,774**	**5,859**	**368,915**	**128,970**	**380,689**	**134,829**
Agribusiness	**–**	**–**	**427,127**	**6,733**	**427,127**	**6,733**
Rural infrastructure	**898**	**–**	**195,764**	**–**	**196,662**	**–**
Agricultural export finance	**–**	**–**	**34,941**	**–**	**34,941**	**–**
Total	**$12,672**	**$20,905**	**$1,095,666**	**$165,957**	**$1,108,338**	**$186,862**
As of December 31, 2023						
Long-term agricultural mortgage	$ –	$18,925	$ 69,907	$ 48,964	$ 69,907	$ 67,889
Production and intermediate term	8,417	6,506	310,612	114,155	319,029	120,661
Agribusiness	–	–	419,403	154	419,403	154
Rural infrastructure	4,220	–	175,066	–	179,286	–
Agricultural export finance	–	–	30,540	–	30,540	–
Total	$12,637	$ 25,431	$1,005,528	$163,273	$1,018,165	$188,704
As of December 31, 2022						
Long-term agricultural mortgage	$ –	$16,568	$ 61,465	$ 49,151	$ 61,465	$ 65,719
Production and intermediate term	8,932	2,130	243,376	93,779	252,308	95,909
Agribusiness	15,661	–	353,338	13,113	368,999	13,113
Rural infrastructure	4,524	–	101,811	–	106,335	–
Agricultural export finance	–	–	22,007	–	22,007	–
Total	$29,117	$ 18,698	$ 781,997	$156,043	$ 811,114	$174,741

Participations purchased increased $90.2 million in 2024, while participations sold decreased by $1.8 million. The increase in purchased participations is primarily due to activity in the production and intermediate-term, agribusiness and rural-infrastructure portfolios. The decrease in the participations sold is due to activity in the long-term agricultural mortgage portfolios.

We utilize the Farm Credit Administration Uniform Classification System, which categorizes loans into five categories. The categories define loans as:

- acceptable — non-criticized loans representing the highest quality. These loans are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- other assets especially mentioned (OAEM) — currently collectible but exhibit some potential weakness. These loans involve increased credit risk but not to the point of justifying a substandard classification.
- substandard — exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan.
- doubtful — 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 — considered uncollectible.

We had no loans categorized as loss at December 31, 2024, 2023 or 2022.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

The following table shows loans classified under the Farm Credit Administration Uniform Classification System as a percentage of total loans by loan type at amortized cost (dollars in thousands):

	Acceptable		OAEM		Substandard/Doubtful		Total
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount
As of December 31, 2024							
Long-term agricultural mortgage	**$1,583,057**	**95.74%**	**$18,625**	**1.13%**	**$51,758**	**3.13%**	**$1,653,440**
Production and intermediate term	**753,427**	**94.59%**	**23,805**	**2.99%**	**19,302**	**2.42%**	**796,534**
Agribusiness	**409,748**	**91.13%**	**25,503**	**5.67%**	**14,380**	**3.20%**	**449,631**
Rural infrastructure	**193,008**	**98.14%**	**3,308**	**1.68%**	**348**	**0.18%**	**196,664**
Rural residential real estate	**40,894**	**98.67%**	**339**	**0.82%**	**213**	**0.51%**	**41,446**
Agricultural export finance	**34,940**	**100.00%**	**–**	**–**	**–**	**–**	**34,940**
Total	**$3,015,074**	**95.03%**	**$71,580**	**2.26%**	**$86,001**	**2.71%**	**$3,172,655**
As of December 31, 2023							
Long-term agricultural mortgage	$1,505,339	96.95%	$16,698	1.08%	$30,646	1.97%	$1,552,683
Production and intermediate term	630,413	93.94%	16,041	2.39%	24,647	3.67%	671,101
Agribusiness	432,732	96.93%	4,348	0.97%	9,354	2.10%	446,434
Rural infrastructure	174,337	97.24%	4,433	2.47%	510	0.29%	179,280
Rural residential real estate	45,206	98.23%	275	0.60%	538	1.17%	46,019
Agricultural export finance	30,540	100.00%	–	–	–	–	30,540
Total	$2,818,567	96.33%	$41,795	1.43%	$65,695	2.24%	$2,926,057
As of December 31, 2022							
Long-term agricultural mortgage	$1,507,672	98.15%	$18,672	1.22%	$ 9,736	0.63%	$1,536,080
Production and intermediate term	565,824	96.27%	17,340	2.95%	4,561	0.78%	587,725
Agribusiness	359,481	95.25%	5,147	1.36%	12,793	3.39%	377,421
Rural infrastructure	106,574	100.00%	–	–	–	–	106,574
Rural residential real estate	50,352	98.73%	303	0.60%	343	0.67%	50,998
Agricultural export finance	22,188	100.00%	–	–	–	–	22,188
Total	$2,612,091	97.43%	$41,462	1.55%	$27,433	1.02%	$2,680,986

Prior to adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Our adversely classified assets increased during 2024, ending the year at 2.71 percent of the portfolio compared to 2.24 percent of the portfolio at December 31, 2023, and 1.02 percent at December 31, 2022.

Credit risk arises from the potential inability of a borrower to meet their payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. We manage credit risk associated with our lending activities through an analysis of the credit-risk profile of an individual borrower based on management-established underwriting standards and lending policies, approved by our Board of Directors. The credit-risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate. As required by the Farm Credit Administration's regulations, each institution that makes loans on a secured basis must have collateral-evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85 percent of the original appraised value of the property taken as security or up to 97 percent of the appraised value if guaranteed by a state, federal or other governmental agency. The actual loan-to-appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgages may be made on a secured or unsecured basis.

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

Each of the probability-of-default categories carries a distinct percentage of default probability. The probability-of-default rate between one and nine of the acceptable categories is very narrow, reflecting almost no default to a minimal default percentage. The probability-of-default rate grows more rapidly as a loan moves from "acceptable" to "other assets especially mentioned" and grows significantly as a loan moves to a "substandard" (viable) level. A "substandard" (nonviable) rating indicates the probability of default is almost certain.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

The following table provides an aging analysis of past-due loans by loan type at amortized cost (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	Accruing Loans 90 Days or More Past Due
As of December 31, 2024						
Long-term agricultural mortgage	**$26,123**	**$ –**	**$26,123**	**$1,627,317**	**$1,653,440**	**$ –**
Production and intermediate term	**2,859**	**198**	**3,057**	**793,477**	**796,534**	**–**
Agribusiness	**–**	**–**	**–**	**449,631**	**449,631**	**–**
Rural infrastructure	**–**	**–**	**–**	**196,664**	**196,664**	**–**
Rural residential real estate	**1,223**	**–**	**1,223**	**40,223**	**41,446**	**–**
Agricultural export finance	**–**	**–**	**–**	**34,940**	**34,940**	**–**
Total	**$30,205**	**$ 198**	**$30,403**	**$3,142,252**	**$3,172,655**	**$ –**
As of December 31, 2023						
Long-term agricultural mortgage	$ 1,990	$2,595	$ 4,585	$1,548,098	$1,552,683	$ –
Production and intermediate term	2,393	369	2,762	668,339	671,101	109
Agribusiness	630	–	630	445,804	446,434	–
Rural infrastructure	–	–	–	179,280	179,280	–
Rural residential real estate	24	–	24	45,995	46,019	–
Agricultural export finance	–	–	–	30,540	30,540	–
Total	$ 5,037	$2,964	$ 8,001	$2,918,056	$2,926,057	$109
As of December 31, 2022						
Long-term agricultural mortgage	$ 1,212	$ 810	$ 2,022	$1,534,058	$1,536,080	$ –
Production and intermediate term	101	630	731	586,994	587,725	160
Agribusiness	1,247	–	1,247	376,174	377,421	–
Rural infrastructure	–	–	–	106,574	106,574	–
Rural residential real estate	20	–	20	50,978	50,998	–
Agricultural export finance	–	–	–	22,188	22,188	–
Total	$ 2,580	$1,440	$ 4,020	$2,676,966	$2,680,986	$160

The following table reflects nonperforming loans, which consist of nonaccrual loans and accruing loans 90 days or more past due, at amortized cost (dollars in thousands):

	December 31,		
	2024	2023	2022
Nonaccrual loans:			
Long-term agricultural mortgage	**$40,747**	$ 5,143	$3,066
Production and intermediate term	**8,080**	9,537	574
Agribusiness	**–**	1,174	1,555
Rural residential real estate	**1**	10	19
Total nonaccrual loans	**$48,828**	$15,864	$5,214
Accruing restructured loans:			
Long-term agricultural mortgage	**$ –**	$ –	$ 54
Agribusiness	**–**	–	583
Total accruing restructured loans	**$ –**	$ –	$ 637
Accruing loans 90 days or more past due:			
Production and intermediate term	**$ –**	$ 109	$ 160
Total accruing loans 90 days or more past due	**$ –**	$ 109	$ 160
Total nonperforming loans	**$48,828**	$15,973	$6,011

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

The following table provides the amortized cost for nonperforming loans without a related allowance for credit losses on loans, as well as interest income recognized during the period (dollars in thousands):

	As of December 31, 2024	**For the year ended December 31, 2024**
	Amortized Cost Without Specific Allowance	**Interest Income (Reversed) Recognized**
Nonaccrual loans:		
Long-term agricultural mortgage	**$13,809**	**$(299)**
Production and intermediate term	**6,150**	**157**
Agribusiness	**—**	**4**
Rural residential real estate	**1**	**—**
Total nonaccrual loans	**$19,960**	**$(138)**
Accruing loans 90 days or more past due:		
Long-term agricultural mortgage	**$ —**	**$ 2**
Production and intermediate term	**—**	**4**
Total accruing loans 90 days or more past due	**$ —**	**$ 6**

	As of December 31, 2023	For the year ended December 31, 2023
	Amortized Cost Without Specific Allowance	Interest Income (Reversed) Recognized
Nonaccrual loans:		
Long-term agricultural mortgage	$2,874	$ 6
Production and intermediate term	480	(138)
Agribusiness	352	6
Rural residential real estate	10	–
Total nonaccrual loans	$3,716	$(126)
Accruing loans 90 days or more past due:		
Long-term agricultural mortgage	$ —	$ 24
Production and intermediate term	109	18
Total accruing loans 90 days or more past due	$ 109	$ 42

Reversals of interest income on loans that moved to nonaccrual status were not material for the year ended December 31, 2024, and December 31, 2023.

Included within our loans are loan modifications, some of which are granted to borrowers experiencing financial difficulty. Those classified as modified loans at December 31, 2024, and December 31, 2023, and activity on these loans during the years ended December 31, 2024, and December 31, 2023, were not material. We did not have any material commitments to lend to borrowers whose loans have been modified during the years ended December 31, 2024, or 2023.

Loans are evaluated on the amortized cost basis, including unamortized premiums and discounts, when calculating the allowance for credit losses. Multiple macroeconomic scenarios are assessed over a reasonable and supportable forecast period of two years with reversion to long-run average conditions beginning thereafter. Judgment and oversight are required about the potential impacts of current events to determine the appropriateness of results.

A summary of changes in the allowance for credit losses on loans and unfunded commitments follows (dollars in thousands):

	December 31,		
Allowance for Credit Losses on Loans	**2024**	2023	2022
Balance at beginning of year	**$8,500**	$3,600	$4,000
Cumulative effect of change in accounting principle	**–**	400	–
Provision for credit losses on loans	**1,579**	5,464	186
Loans charged off	**(1,506)**	(1,184)	(715)
Recoveries	**827**	220	129
Balance at end of year	**$9,400**	$8,500	$3,600

	December 31,		
Allowance for Credit Losses on Unfunded Commitments	**2024**	2023	2022
Balance at beginning of year	**$ 1,000**	$1,100	$1,000
Cumulative effect of change in accounting principle	**–**	(500)	–
Provision for credit losses on unfunded commitments	**(100)**	400	100
Balance at end of year	**$ 900**	$1,000	$1,100
Total allowance for credit losses	**$10,300**	$9,500	$4,700

The 2024 change in the allowance for credit losses on loans from December 31, 2023, was primarily driven by growth in our loan portfolio and increased specific reserves and loan charge-offs.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

A summary of changes in the allowance for credit losses on loans by loan type (dollars in thousands):

	Balance at December 31, 2023	**Cumulative Effect of Change in Accounting Principle**	**Loan Recoveries**	**Loan Charge-Offs**	**Provision for Credit Losses on Loans**	**Balance at December 31, 2024**
Long-term agricultural mortgage	$2,120	**$ –**	**$ 28**	**$ (321)**	**$5,321**	**$7,148**
Production and intermediate term	5,144	**–**	**608**	**(439)**	**(3,860)**	**1,453**
Agribusiness	941	**–**	**191**	**(746)**	**189**	**575**
Rural infrastructure	195	**–**	**–**	**–**	**(43)**	**152**
Rural residential real estate	85	**–**	**–**	**–**	**(28)**	**57**
Agricultural export finance	15	**–**	**–**	**–**	**–**	**15**
Total	$8,500	**$ –**	**$827**	**$(1,506)**	**$1,579**	**$9,400**

	Balance at December 31, 2022	Cumulative Effect of Change in Accounting Principle	Loan Recoveries	Loan Charge-Offs	Provision for Credit Losses on Loans	Balance at December 31, 2023
Long-term agricultural mortgage	$ 977	$1,042	$ 20	$ (53)	$ 134	$2,120
Production and intermediate term	756	(71)	50	(820)	5,229	5,144
Agribusiness	1,638	(596)	150	(311)	60	941
Rural infrastructure	159	(47)	–	–	83	195
Rural residential real estate	59	80	–	–	(54)	85
Agricultural export finance	11	(8)	–	–	12	15
Total	$3,600	$ 400	$220	$(1,184)	$5,464	$8,500

	Balance at December 31, 2021	Cumulative Effect of Change in Accounting Principle	Loan Recoveries	Loan Charge-Offs	Provision for Loan Losses	Balance at December 31, 2022
Long-term agricultural mortgage	$1,513	$ –	$ 28	$ (49)	$(515)	$ 977
Production and intermediate term	1,068	–	101	(666)	253	756
Agribusiness	1,200	–	–	–	438	1,638
Rural infrastructure	128	–	–	–	31	159
Rural residential real estate	87	–	–	–	(28)	59
Agricultural export finance	4	–	–	–	7	11
Total	$4,000	$ –	$129	$(715)	$ 186	$3,600

Adversely classified assets are assets that we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

Previously Required Disclosures

The disclosures in this section were required prior to January 1, 2023. Upon the adoption of CECL, these disclosures are no longer required prospectively.

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. The following table presents information concerning the recorded investment in risk loans (dollars in thousands):

	December 31, 2022
Nonaccrual loans:	
Current as to principal and interest	$3,093
Past due	2,121
Total nonaccrual loans	5,214
Impaired accrual loans:	
Restructured	637
90 days or more past due	160
Total risk loans	$6,011

Note: Accruing loans include accrued interest receivable.

	Year Ended December 31, 2022
Interest income recognized on nonaccrual loans	$(118)
Interest income recognized on risk accrual loans	104
Interest income recognized on risk loans	$ (14)

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All risk loans are considered to be impaired loans. The following table provides additional impaired loan information (dollars in thousands):

	As of December 31, 2022			For the Year Ended December 31, 2022	
	Recorded Investment (1)	Unpaid Principal Balance (2)	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Production and intermediate term	$ –	$ –	$ –	$ –	$ (4)
Agribusiness	1,112	1,147	480	383	–
Total	$1,112	$1,147	$480	$383	$ (4)
Impaired loans with no related allowance for loan losses:					
Long-term agricultural mortgage	$3,120	$4,132	$ –	$ 5,214	$(111)
Production and intermediate term	734	2,733	–	2,741	30
Agribusiness	1,026	1,873	–	2,065	71
Rural residential real estate	19	26	–	51	–
Total	$4,899	$8,764	$ –	$10,071	$ (10)
Total impaired loans:					
Long-term agricultural mortgage	$3,120	$4,132	$ –	$ 5,214	$(111)
Production and intermediate term	734	2,733	–	2,741	26
Agribusiness	2,138	3,020	480	2,448	71
Rural residential real estate	19	26	–	51	–
Total	$6,011	$9,911	$480	$10,454	$ (14)

(1) The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous write-down of the investment.
(2) Unpaid principal balance represents the contractual principal balance of the loan.

A summary of the allowance for credit losses and recorded investments in loans outstanding by loan type, as evaluated individually and collectively for impairment, is as follows (dollars in thousands):

	Allowance for Credit Losses Ending Balance at December 31, 2022		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2022	
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Long-term agricultural mortgage	$ –	$ 977	$3,120	$1,532,960
Production and intermediate term	–	756	734	586,991
Agribusiness	480	1,158	2,138	375,283
Rural infrastructure	–	159	–	106,574
Rural residential real estate	–	59	19	50,979
Agricultural export finance	–	11	–	22,188
Total	$480	$3,120	$6,011	$2,674,975

Prior to the adoption of CECL, 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 consider otherwise. 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.

We recorded no new troubled debt restructurings during the year ended December 31, 2022.

We had no troubled debt restructurings that occurred within the previous 12 months and for which there was a subsequent payment default during the respective reporting period.

There were no additional commitments to lend to borrowers whose loans have been modified in a troubled debt restructuring at December 31, 2022.

The following table provides the troubled debt restructurings (TDRs) outstanding (accruing volume includes accrued interest receivable; dollars in thousands):

As of December 31,	2022
Accrual status:	
Long-term agricultural mortgage	$ 54
Agribusiness	583
Total TDRs in accrual status	$637
Nonaccrual status:	
Production and intermediate term	$ –
Agribusiness	29
Total TDRs in nonaccrual status	$ 29
Total TDRs:	
Long-term agricultural mortgage	$ 54
Production and intermediate term	–
Agribusiness	612
Total TDRs	$666

Note 4 – Investment in CoBank, ACB

Our investment in CoBank, ACB was $77.7 million, $68.4 million and $67.8 million at December 31, 2024, 2023 and 2022, respectively. We are required to invest in the capital stock of CoBank, ACB as a condition for maintaining a readily available source of funds. The minimum required investment is 3.0 percent of our prior one-year average direct loan volume. The current requirement for capitalizing our patronage-based participation loans sold to CoBank, ACB is 7.0 percent of our prior 10-year average balance of such participations sold to CoBank, ACB. The investment in CoBank, ACB comprises patronage-based stock and purchased stock. Under the CoBank, ACB capital plan applicable to such participations sold, patronage from CoBank, ACB related to these participations sold is paid 75.0 percent cash and 25.0 percent Class A stock. The capital plan is evaluated annually by CoBank, ACB's Board of Directors and management and is subject to change.

At December 31, 2024, our investment in CoBank, ACB is in the form of Class A stock with a par or stated value of $100 per share.

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

Note 5 – Investment Securities

We held investment securities of $80.8 million at December 31, 2024, and no investment securities at December 31, 2023, or 2022. Our investment securities consisted of pools of loans guaranteed by the U.S. Small Business Administration (SBA). Our investments are either mortgage-backed securities (MBS), which are generally longer-term investments, or asset-backed securities (ABS), which are generally shorter-term investments.

All of our investment securities were fully guaranteed by the SBA at December 31, 2024. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

Our investment securities are classified as held-to-maturity. Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on our investment securities at December 31, 2024.

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Additional Investment Securities Information (dollars in thousands):

	As of December 31, 2024
Mortgage-backed securities	**$74,645**
Asset-backed securities	**6,201**
Total	**$80,846**

Accrued interest receivable on investment securities is presented in "Accrued interest receivable" in the Consolidated Statements of Condition and was $924 thousand at December 31, 2024. We had no accrued interest receivable on investment securities in 2023 or 2022.

Investment income is recorded in "Interest income" in the Consolidated Statements of Income and totaled $2.2 million in 2024. We had no investment income in 2023 or 2022.

Contractual Maturities of Investment Securities (dollars in thousands):

As of December 31, 2024	Amortized Cost
Five to ten years	**$ 6,201**
More than ten years	**74,645**
Total	**$80,846**

Note 6 – Investment in AgDirect, LLP

We participate in the AgDirect, LLP trade credit financing program, which includes origination and refinancing of agricultural-equipment loans and leases through independent equipment dealers. The program is facilitated by FCSAmerica through a limited liability partnership (LLP) in which we are a partial owner. Our investment in AgDirect, LLP was $11.3 million at December 31, 2024, $9.5 million at December 31, 2023, and $8.3 million at December 31, 2022. The LLP is an unincorporated business entity.

Note 7 – Premises and Equipment

Premises and equipment consisted of the following (dollars in thousands):

	December 31,		
	2024	2023	2022
Land, buildings and improvements	**$29,148**	$28,809	$27,982
Furniture and equipment	**41**	35	930
	29,189	28,844	28,912
Less accumulated depreciation	**9,226**	8,121	7,979
Premises and equipment, net	**$19,963**	$20,723	$20,933

Note 8 – Notes Payable

Our notes payable to CoBank, ACB represents borrowings in the form of a line of credit to fund our net assets. This notes payable is collateralized by a pledge of substantially all of our assets and is governed by a General Financing Agreement. CoBank, ACB has established a revolving line of credit of $2.9 billion effective May 8, 2024. The General Financing Agreement and promissory note are subject to periodic renewals in the normal course of business. The General Financing Agreement matures on May 31, 2025, and we expect renewal at that time. We were in compliance with the terms and conditions of the General Financing Agreement as of December 31, 2024.

Substantially all borrower loans are match-funded with CoBank, ACB. Payments and disbursements are made on the notes payable to CoBank, ACB on the same basis as we collect payments from and disburse on borrower loans. The interest rate may periodically be adjusted by CoBank, ACB based on the terms and conditions of the borrowing. The interest rate is periodically adjusted by CoBank, ACB, and at December 31, 2024, was 3.74 percent compared to 3.19 percent and 2.21 percent for the years ended December 31, 2023, and 2022, respectively.

The consolidated notes payable balance is presented in the following table (dollars in thousands):

	December 31,		
	2024	2023	2022
Notes payable to CoBank, ACB	**$2,791,452**	$2,477,811	$2,211,801

Under the Farm Credit Act, we are obligated to borrow only from CoBank, ACB unless CoBank, ACB approves borrowing from other funding sources. CoBank, ACB, consistent with Farm Credit Administration regulations, has established limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality and financial condition. Additionally, we have requirements to maintain an effective program of internal control over financial reporting. At December 31, 2024, we were within the specified limitations.

Note 9 – Members' Equity

Capitalization Requirements

In accordance with the Farm Credit Act, as amended, each borrower is required to invest in us as a condition of obtaining a loan. As authorized by the Agricultural Credit Act of 1987 and our capital bylaws, our Board of Directors has adopted a capital plan that establishes a stock-purchase requirement for obtaining a loan equal to $1 thousand or 2.0 percent of the amount of the collective total balance of each borrower's loan(s) with us, whichever is less. Our Board of Directors may increase the amount of required investment, if necessary, to meet capital needs and to the extent authorized in the capital bylaws. The stock requirement for loan customers is generally $1 thousand, and stock is issued to each loan co-maker (includes primary borrower and any co-borrowers; does not include guarantors). Non-loan customers purchasing financially related services from the Association continue to purchase one $5 share of stock.

The member acquires ownership of capital stock at the time the loan is made. Loan co-makers who do not currently own stock will acquire stock when a new loan is originated or a loan-servicing action takes place. Members are not currently required to make a cash investment to acquire capital stock. However, their obligation to pay for the capital stock is maintained as an interest-free obligation, which is reflected in the Consolidated Statements of Condition as a contra line item titled "Capital stock receivable," and will only be due in the unlikely event that the Association does not meet regulatory capital requirements.

The capital stock is at-risk investments as described in our capital bylaws. We retain a first lien on common stock owned by our members. Stock is retired in accordance with our bylaws. Members are responsible for payment of the cash investment upon demand by us.

Regulatory Capitalization Requirements and Ratios

	As of December 31,			Regulatory Minimums	Minimums With Buffers
	2024	2023	2022		
Risk-adjusted ratios:					
Common equity Tier 1	**14.99%**	15.44%	15.95%	**4.5%**	**7.0%**
Tier 1 capital	**14.99%**	15.44%	15.95%	**6.0%**	**8.5%**
Total capital	**15.13%**	15.60%	16.11%	**8.0%**	**10.5%**
Permanent capital	**15.01%**	15.46%	15.97%	**7.0%**	**7.0%**
Non-risk-adjusted ratios:					
Tier 1 leverage	**16.78%**	18.02%	18.13%	**4.0%**	**5.0%**
UREE leverage	**16.78%**	18.02%	18.13%	**1.5%**	**1.5%**

Risk-adjusted assets have been defined by the Farm Credit Administration regulations as the Statement of Condition assets and off-balance sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Risk-adjusted assets are calculated differently for the permanent capital ratio compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for credit losses on loans as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with Farm Credit Administration regulations and are calculated as follows (not all items may be applicable to our Association):

- Common equity Tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of seven years, allocated equities held for a minimum of seven years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory-required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity Tier 1 plus noncumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is Tier 1 capital plus other required member stock held for a minimum of five years, allocated equities held for a minimum of five years, subordinated debt and limited-life preferred stock greater than five years to maturity at issuance subject to certain limitations, allowance for credit losses on loans and allowance for credit losses on unfunded commitments subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions, divided by permanent capital ratio risk-adjusted assets.
- Tier 1 leverage ratio is Tier 1 capital, including regulatory deductions, divided by average assets, less regulatory deductions subject to Tier 1 capital.
- UREE leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated surplus not subject to retirement, less certain regulatory-required deductions including the amount of allocated investments in other System institutions, divided by average assets, less regulatory deductions subject to Tier 1 capital.

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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 Farm Credit Administration approval.

Description of Equities

The following table presents information regarding the classes and number of shares of stock outstanding as of December 31. All shares are at-risk and have a par or stated value of $5 per share.

	Shares Outstanding as of December 31,		
	2024	2023	2022
Class B common stock	**1,879,360**	1,850,316	1,838,299
Class C common stock	**39,649**	35,820	37,502

Our bylaws authorize us to issue an unlimited number of shares of Class B common stock and Class C common stock with a par or stated value of $5 per share.

Class B common stock is voting and is issued solely to a farmer, rancher, or producer or harvester of aquatic products. Class C common stock has no voting rights and is issued to customers to capitalize rural home and farm-related business loans or to become eligible for financial services. Class B common stock and Class C common stock may be retired at the discretion of the Board of Directors, at book value not to exceed par, provided we meet minimum capital adequacy standards under Farm Credit Administration regulations.

Subject to our policies, Class B and Class C common stock are transferable to any person eligible to hold the respective class of stock. Class B common stock and Class C common stock cannot be transferred when we do not meet capital adequacy standards under Farm Credit Administration regulations.

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.

At any time within two years after the loan of a customer is repaid in full, any voting stock held by the customer is converted to nonvoting stock. The nonvoting stock may be converted back to voting stock if the owner of the stock borrows additional funds.

As determined by the Board of Directors, we may declare dividends in stock, cash or any combination, provided we meet capital adequacy standards under Farm Credit Administration regulations and no stock is impaired. Losses that result in impairment of stock will be allocated ratably to stock. In the event we would liquidate or dissolve, any assets remaining after payment or retirement of all liabilities would be distributed to the holders of stock in the following order of priority:

- first, to the holders of common stock, equally and pro rata in proportion to the number of shares or units of common stock issued and outstanding, until an amount equal to the aggregate par or stated value of all common stock has been distributed;
- second, to the holders of allocated surplus pro rata, on the basis of oldest allocations first, until an amount equal to the total account has been distributed; and
- third, any remaining assets would be distributed among current and former stockholders in the proportion that the aggregate patronage of each stockholder bears to the total patronage of all current and former stockholders, to the extent practicable and as determined by the Board unless otherwise provided by law.

Patronage Distributions

For 2024, the Board of Directors declared cash patronage distributions based on each customer's average daily balance of eligible loans outstanding during the year. Our Board of Directors may authorize a distribution of earnings provided we meet all statutory and regulatory requirements. Our patronage program is a distribution of earnings to our eligible stockholders and is a qualified (cash) distribution. We accrued $26.1 million in December 2024 to be paid in 2025. In 2023, we accrued $23.9 million and $22.7 million in 2022.

Note 10 – Employee Benefit Plans

We participate in the benefits plans administered by Farm Credit Foundations, a service corporation for Farm Credit System entities. The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans of which we are a participating employer. These governance committees comprise either elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans, including retirement benefits. These decisions could include plan-design changes, vendor changes, determination of employer subsidies (if any) and termination of specific benefit plans. Any action to change or terminate the retirement plan can occur only at the direction of the participating employers in the plan. The Trust Committee is responsible for fiduciary and plan administrative functions. The Association has a senior officer who serves on the Trust Committee and a senior officer who serves on the Plan Sponsor Committee and the Farm Credit Foundations Board of Directors.

Defined Contribution Plan

The Association participates in the Farm Credit Foundations Defined Contribution/401(k) Plan for benefits-eligible employees. The plan is a qualified plan up to the limits provided under the Internal Revenue Code.

For employees who do not participate in the Qualified Pension Plan, Frontier Farm Credit matches the employee's contributions dollar for dollar up to a maximum of 6.0 percent of the employee's compensation on both pretax and post-tax contributions. Additionally, our Association contributes a fixed 3.0 percent of the employee's compensation to the plan.

For employees who participate in the Qualified Pension Plan, the Association matches the employee's contributions dollar for dollar up to 2.0 percent of the employee's compensation and 50.0 percent of the employee's contributions above 2.0 percent and up to and including 6.0 percent of the employee's compensation, on both pretax and post-tax contributions.

Nonqualified Deferred Compensation Plan

The Farm Credit Foundations Nonqualified Deferred Compensation Plan serves two purposes. The plan provides for employer-matching or fixed contributions that exceed the Internal Revenue Code limits of the Defined Contribution Plan. Additionally, eligible employees may defer a portion of their base salary, variable pay and other compensation into this plan. Under the plan, eligible participants include the chief executive officer and other employees who meet certain compensation thresholds as determined by the Internal Revenue Code.

Pre-409A Frozen Nonqualified Deferred Compensation Plan

We also participate in the Farm Credit Foundations Pre-409A Frozen Nonqualified Deferred Compensation Plan. This plan serves the same purpose as the Nonqualified Deferred Compensation Plan. However, the plan was frozen effective January 1, 2007. As such, no additional participants are eligible to enter the plan and no additional employer contributions are made to the plan.

Qualified Pension Plan

Certain employees participate in the Ninth Farm Credit District Pension Plan, a multiemployer defined benefit retirement plan. The U.S. 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, it may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Because of the multiemployer 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 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 the multiemployer plan assets as of December 31 follows (in millions):

	2024	2023	2022
Projected-benefit obligation	**$248.0**	$282.2	$271.9
Fair value of plan assets	**$274.3**	$298.4	$281.5

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 participating 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 multiemployer plan as of December 31 follow (in millions):

	2024	2023	2022
Total plan expenses for all participating employers	**$6.1**	$11.6	$8.1
Association's allocated share of plan expenses included in "Salaries and employee benefits"	**$0.7**	$1.3	$0.9
Total plan contributions for all participating employees	**$2.2**	$4.0	$30.0
Association's allocated share of plan contributions	**$0.3**	$0.5	$3.2

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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. The amount of the total employer contributions expected to be paid into the pension plans during 2025 is zero. The Association's allocated share of these pension contributions is expected to be zero. 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.

Nonqualified Pension Restoration Plan

We participate in the Ninth Farm Credit District Pension Restoration Plan that is a nonqualified, unfunded retirement plan. This plan provides retirement benefits above the Internal Revenue Code compensation limit to certain former highly compensated eligible employees. Benefits payable under this plan are offset by the benefits payable from the Qualified Pension Plan.

The Association's share of the plan had no unfunded liability at December 31, 2024. The funding status reflects the net fair value of the plan's assets and the projected-benefit obligation at the date of these Consolidated Financial Statements. The plan is not funded so the fair value of plan assets is zero.

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 Association's projected-benefit obligation of the plan was zero as of December 31, 2024, 2023 and 2022.

There were no plan expenses included in "Salaries and employee benefits" in the accompanying Consolidated Statements of Income in 2024, 2023 and 2022. Assumptions used for the plan were consistent with the Qualified Pension Plan. Benefits payouts are expected to continue to be zero.

Retiree Health Care

The Association participates in the Farm Credit Foundations Retiree Medical Plan. The plan benefits are available to retired employees who met specific age and service requirements. Employees hired January 1, 2002, or later are not eligible for the subsidy. The anticipated costs of these benefits were accrued during the period of the employee's active service. The related expense is not considered material to our financial position.

Note 11 – Income Taxes

Our provision for income taxes follows (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	**$ –**	$ –	$ –
State	**–**	–	–
Total current	**$ –**	$ –	$ –
Deferred:			
Federal	**$(2,148)**	$(908)	$(770)
State	**(666)**	(333)	(282)
Increase in valuation allowance	**2,814**	1,241	1,052
Total deferred	**$ –**	$ –	$ –
Total provision for income taxes	**$ –**	$ –	$ –

The following table calculates the differences between the provision for income taxes and income taxes at the statutory rates (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Federal tax at statutory rate	**$11,958**	$10,754	$10,559
State tax, net	**76**	(879)	(222)
Tax effect of:			
Exempt FLCA earnings	**(11,645)**	(14,092)	(11,403)
Increase in deferred tax valuation allowance	**2,814**	1,241	1,052
Other	**(3,203)**	2,976	14
Provision for income taxes	**$ –**	$ –	$ –

The following table provides the components of deferred tax assets and liabilities (dollars in thousands):

	Year Ended December 31,		
	2024	2023	2022
Allowance for credit losses on loans	**$ 287**	$1,406	$ 186
Nonaccrual loan interest	**124**	19	15
CoBank, ACB patronage allocations	**(717)**	(592)	(539)
Net operating loss	**5,278**	1,325	1,281
Deferred tax asset	**4,972**	2,158	943
Deferred tax asset valuation allowance	**(4,972)**	(2,158)	(943)
Net deferred tax asset	**$ –**	$ –	$ –

The calculation of deferred tax assets and liabilities involves various management estimates and assumptions regarding future taxable earnings, including the amount of nonpatronage income and patronage income retained. The expected future tax rates are based on enacted tax laws.

Deferred tax assets were fully offset by a valuation allowance for all years presented. We will continue to evaluate the realizability of the deferred tax assets and adjust the valuation allowance accordingly.

Our effective tax rate was 0.0 percent for the years ending 2024, 2023 and 2022.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2024. Additionally, we believe we are no longer subject to income tax examinations for years prior to 2021.

Note 12 – Related Party Transactions

In the ordinary course of business, we may enter into loan transactions with our directors, senior officers, their immediate family members and other organizations with whom such persons may be associated. These transactions may be subject to special approval requirements contained in the Farm Credit Administration regulations and/or our policy, and are made on the same terms, including interest rates, amortization schedules and collateral, as those prevailing at the time for comparable transactions with other persons. The related parties can be different each year-end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Advances and repayments on loans in the chart below are related to those considered related parties at each respective year-end. In our opinion, loans outstanding to directors and senior officers at December 31, 2024, did not involve more than a normal risk of collectability.

Loan information to related parties for the years ended December 31 is shown below (dollars in thousands):

Related Party Loans and Leases	As of December 31,		
	2024	2023	2022
Total related party loans and leases	**$41,667**	$30,346	$22,933

Related Party Loans and Leases	For the year ended December 31,		
	2024	2023	2022
New and advances on loans and leases	**$22,541**	$23,536	$17,715
Repayments and other	**$11,220**	$16,123	$13,139

We purchase certain business services from SunStream Business Services (SunStream). The services purchased from SunStream include tax-reporting services. The total cost of services we purchased from SunStream was $22 thousand, $21 thousand and $20 thousand in 2024, 2023 and 2022, respectively.

We purchase human resource information systems and benefit, payroll and workforce management services from Farm Credit Foundations. The Farm Credit System entities using Farm Credit Foundations' services contributed an investment into the service corporation when it was formed as a separate service corporation. Our investment was $21 thousand for all years presented. The total cost of services purchased from Farm Credit Foundations was $129 thousand in 2024, $111 thousand in 2023 and $94 thousand in 2022.

As discussed in Note 8, we borrow from CoBank, ACB in the form of a line of credit to fund our loan portfolio. All interest expense as shown in the Consolidated Statements of Income was paid to CoBank, ACB. Total patronage earned from CoBank, ACB was $13.4 million, $12.0 million and $11.5 million in 2024, 2023 and 2022, respectively.

We are a participant in the Rural 1st referral program to provide rural home lending to our customers. The program is facilitated by an Association in the AgriBank, FCB District where the loans are serviced. We receive noninterest income from the facilitating Association on loan volume originated in our territory via Rural 1st. During 2024, we received $1.0 million in noninterest income for these originations. In 2023 and 2022, we received $981 thousand and $1.4 million, respectively.

We have an agreement with Farm Credit Leasing Services Corporation (FCL), a Farm Credit System service corporation, which specializes in leasing products and provides industry expertise. Leases are originated and serviced by FCL, and we purchase a participation interest in the loans for the leases. This arrangement provides our customers with a broad selection of product offerings and enhanced lease expertise. Additional information is included in Note 2 to the accompanying Consolidated Financial Statements.

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Notes to Consolidated Financial Statements

Note 13 – Commitments and Contingencies

In the normal course of business, we have various outstanding commitments and contingent liabilities, such as commitments to extend credit to satisfy the financing needs of our customers. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a customer as long as there is not a violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments may expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis using the same credit policies as for on-balance-sheet financial instruments. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the counterparty. Collateral held upon exercise of commitments varies but may include accounts receivable, inventory, property, plant and equipment, and agricultural real estate. We had remaining commitments for additional borrowing at December 31, 2024, of approximately $980 million, approximately $1.0 billion at December 31, 2023, and approximately $880 million at December 31, 2022.

We also participate in standby letters of credit to satisfy the financing needs of customers. These letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. At December 31, 2024, $10.0 million of standby letters of credit were outstanding, $7.3 million at December 31, 2023, and $6.8 million at December 31, 2022. Outstanding standby letters of credit have expiration dates ranging to 2036. The maximum potential amount of future payments we are required to make under the guarantees is equal to the total amount of the letters of credit outstanding.

We and other Farm Credit System institutions are among the limited partners invested in Rural Business Investment Companies (RBICs). Our total current commitment is $23 million with varying commitment end dates through January 2035. Certain commitments may have an option to extend under specific circumstances. At December 31, 2024, our total commitment is $23 million, of which $13.4 million is unfunded. Our unfunded total was $15.3 million at December 31, 2023, and $11.0 million at December 31, 2022. The investments were evaluated for impairment. No impairments were recognized on these investments during 2024, 2023 or 2022.

In the normal course of business, we may be subject to a variety of legal matters that may result in contingencies. Actions are pending against us in which claims for money damages are asserted. In our opinion, based on current information, the ultimate liability, if any, would not have a material impact on our financial position.

Note 14 – Fair Value Measurement

The Financial Accounting Standards Board guidance on "Fair Value Measurements" 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 guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. See Note 2 for a more complete description of the three input levels.

We do not have any assets or liabilities measured at fair value on a recurring basis. We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis. The following tables provide information on assets measured at fair value on a nonrecurring basis (dollars in thousands):

As of December 31, 2024	**Fair Value Measurement**			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
Loans	**$ –**	**$ –**	**$72,890**	**$72,890**

As of December 31, 2023	Fair Value Measurement			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	$ –	$ –	$9,289	$9,289

As of December 31, 2022	Fair Value Measurement			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	$ –	$ –	$1,166	$1,166

The amount of loans in the previous tables represents the carrying amount of certain loans that were evaluated for credit losses and are deemed to be collateral dependent. The carrying-value amount is based on the estimated value of the underlying collateral, less costs to sell. When the fair value of the collateral, less costs to sell, is less than the amortized cost basis of the loan, a specific allowance for expected credit losses is established. Costs to sell represent transaction costs and are not included as a component of the collateral's estimated fair value. Typically, the evaluation process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters and, therefore, are classified as Level 3 fair value measurements.

Note 15 – Subsequent Events

We have evaluated subsequent events through March 3, 2025, which is the date the Consolidated Financial Statements were available to be issued and have determined that there are no other events requiring disclosure.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Description of Business

General information regarding the business is incorporated herein by reference from Note 1 to the accompanying Consolidated Financial Statements in this annual report.

The description of significant business developments, if any, is incorporated herein by reference from the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in this annual report to stockholders.

Description of Property

Our corporate office is located in Manhattan, Kansas, and is owned. The locations of our retail offices are incorporated herein by reference to the last page in this annual report to stockholders. All retail office locations are owned. No facility construction projects were undertaken in 2024.

Legal Proceedings

Information required to be disclosed in this section is incorporated herein by reference from Note 13 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders. We were not subject to any enforcement actions as of December 31, 2024.

Description of Capital Structure

Information required to be disclosed in this section is incorporated herein by reference from Note 9 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders.

Description of Liabilities

The description of debt outstanding required to be disclosed in this section is incorporated herein by reference from Note 8 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Note 13 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders.

Member Privacy

The Farm Credit Administration regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association to our members not normally contained in published reports or press releases.

Customer Privacy

Customer privacy is important to us. We hold customer financial and other personal information in strict confidence. We do not sell or trade customers' personal information to marketing companies or information brokers for their use. By Farm Credit Administration regulations, we are required to provide a list of current stockholders to any stockholder who requests such information for defined purposes. Additional information regarding this Farm Credit Administration rule governing the disclosure of customer information can be obtained by contacting the Farm Credit Administration or our Legal team at PO Box 2409, Omaha, NE 68103-2409.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Financial and Supervisory Relationship With the Association's Funding Bank

Information required to be disclosed in this section is incorporated herein by reference from the "Relationship With CoBank, ACB" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" and from Note 8 to the accompanying Consolidated Financial Statements.

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 "Consolidated Five-Year Summary of Selected Financial Data" included in this annual report to stockholders.

Management's Discussion and Analysis of Financial Condition and Results of Operations

"Management's Discussion and Analysis of Financial Condition and Results of Operations," which appears in this annual report to stockholders and is required to be disclosed in this section, is incorporated herein by reference.

Directors and Compensation of Directors

The listing of directors, term of office, business experience during the past five years, principal occupation and employment during the past five years, and any other business interests, which are required to be disclosed in this section, are incorporated herein by reference from the "Frontier Farm Credit, ACA Directors" section, included in this annual report to stockholders.

Our bylaws permit compensation of directors for service on the Board. Compensation is provided for attendance at meetings, special assignments, training and development, and travel time associated with these responsibilities. The per diem rate for 2024 was $600. The monthly director retainer for January 1, 2024, through April 30, 2024, was $5,420. Beginning May 1, 2024, the monthly retainer for a director was $5,600. Additional monthly retainers paid for leadership positions as of May 1, 2024, included:

- Board Chairperson – $2,090
- Board Vice-Chairperson – $1,050
- Joint Executive Committee Chairperson – $630
- Joint Audit Committee Meeting Chairperson – $1,050
- Joint Committee Meeting Chairperson (who also is a Board Vice-Chairperson) – $420

Compensation information for each director who served in 2024 follows:

Director	Board Committee	Board Days	Other Days	Total 2024 Compensation
Kathy Brick[1]	Audit Committee	15.0	23.5	**$102,060**
Lee Mueller[2]	Governance Committee	15.5	34.0	**$113,700**
Marty Reichenberger[3]	Human Capital Committee	15.5	31.5	**$94,680**
Shane Tiffany[4]	Joint Executive Committee & Business Risk Committee	15.5	49.5	**$137,160**
			Total Compensation	**$447,600**

1) Board Committee Chairperson and Joint Audit Committee Meeting Chairperson
2) Board Vice-Chairperson, Committee Chairperson and Joint Committee Meeting Chairperson
3) Committee Chairperson
4) Board Chairperson, Joint Executive Committee Chairperson and Committee Chairperson

Total compensation is rounded to the nearest dollar and includes retainer and per diem paid in 2024.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Compensation of Chief Executive Officer and Senior Officers

Senior officers as of December 31, 2024, including business experience and other business affiliations, during the last five years. As of April 15, 2024, the senior officers provide joint management for Frontier Farm Credit, Farm Credit Services of America (FCSAmerica) and AgCountry Farm Credit Services (AgCountry):

Name	Current Position	Business Experience and Other Business Affiliations
Mark Jensen	President and Chief Executive Officer	Business experience: • President and Chief Executive Officer since November 2017* Other business affiliations: • Board member of Greater Omaha Chamber of Commerce • Member of Advisory Council of University of Nebraska Clayton Yeutter Institute of International Trade and Finance
Scott Coziahr	Executive Vice President – General Counsel	Business experience: • EVP General Counsel since January 2020* • SVP and General Counsel from January 2015 to December 2019 Other business affiliations: • Managing member of JDI Properties, LLC, a real estate management company
Jessica Fyre	Executive Vice President – Chief Administrative Officer	Business experience: • EVP Chief Administrative Officer since April 2024 • Chief Operations Officer and General Counsel from October 2020 to April 2024 • EVP General Counsel from January 2020 to September 2020 • SVP General Counsel from July 2015 to January 2020 Other business affiliations: • Board member of Grand Farm, a nonprofit focused on helping solve problems in agriculture through ag tech and innovation • Board of Directors and Plan Sponsor Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations
Craig Kinnison	Executive Vice President – Executive Collaboration Advisor	Business experience: • EVP Executive Collaboration Advisor since November 2024 • EVP Chief Financial Officer from January 2020 to November 2024* • SVP Chief Financial Officer from January 2015 to December 2019 Other business affiliations: • Board of Directors, Costa Blanca Condominium Owners Association
Marc Knisely	Executive Vice President – AgCountry Business Development	Business experience: • EVP AgCountry Business Development since April 2024 • President and CEO, AgCountry Farm Credit Services from January 2018 to April 2024 Other business affiliations: • Director for ProPartners Financial, a related alliance to provide producer financing through agribusinesses that sell crop inputs
Timothy Koch	Executive Vice President – Business Development	Business experience: • EVP Business Development since July 2022* • EVP Chief Credit Officer from January 2020 to June 2022 • SVP Chief Credit Officer from February 2017 to December 2019 Other business affiliations: • Trust Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations
Jackie Martinie	Executive Vice President – Chief Operations Officer	Business experience: • EVP Chief Operations Officer since April 2024 • EVP Chief Credit and Operations Officer from August 2022 to April 2024 • SVP Chief Credit Officer, Farm Credit Illinois from January 2019 to August 2022 Other business affiliations: • Managing member of MLIF, LLC, a residential real estate holding company

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Compensation of Chief Executive Officer and Senior Officers (cont.)

Name	Current Position	Business Experience and Other Business Affiliations
Krista McDonald	Executive Vice President – Chief Strategy Officer	Business experience: • EVP Chief Strategy Officer since January 2020* • VP Sales Enablement from August 2019 to January 2020 • VP Innovation and Strategy from July 2016 to August 2019 Other business affiliations: • Board of Visitors, Wheaton College (IL), an advisory board for the college's board of trustees • Board of Directors, Humble & Kind Nebraska, a nonprofit providing short-term aid to families in crisis
Jon Peterson	Executive Vice President – Chief Financial Officer	Business experience: • EVP Chief Financial Officer since November 2024 • SVP Financial Planning and Analysis from June 2023 to November 2024 • SVP Corporate Finance, HealthEquity from February 2022 to May 2023 • Chief Financial Officer, Hudl from April 2021 to November 2021 • VP Central Planning, Charles Schwab from October 2020 to April 2021 • Interim CFO, TD Ameritrade from November 2019 to October 2020 • Managing Director FP&A, TD Ameritrade from October 2016 to November 2019 Other business affiliations: • Board of Directors, Papillion La Vista Community Schools Foundation
Greg Salton	Executive Vice President – Chief Risk and Credit Officer	Business experience: • EVP Chief Risk and Credit Officer since April 2024 • SVP Chief Risk Officer from January 2018 to April 2024 Other business affiliations: • Managing Member, Boji Lakecation LLC, a short-term rental real estate management company
Russell Wagner	Executive Vice President – Chief Information Officer	Business experience: • EVP Chief Information Officer since January 2020* • SVP Chief Technology Officer from January 2017 to January 2020 Other business affiliations: • Board of Directors, Food Bank for the Heartland, a nonprofit organization focused on food insecurity for 93 counties across Nebraska and western Iowa

** Effective April 15, 2024, these positions include all three Associations in the collaboration agreement.*

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Compensation Overview: The Association's compensation programs are market-based and designed to provide competitive compensation, including base salary, incentives and benefits that attract, retain, motivate and reward an engaged and talented workforce while achieving business results aligned with the best interests of our stockholders.

The design and governance of our chief executive officer and senior officer compensation program are consistent with prudent risk management standards and provide total compensation that promotes our mission to ensure a safe, sound and dependable source of credit and related services for agriculture and rural America. The design of the compensation program supports our risk management goals and includes (1) a competitive mix of base salary and variable pay, (2) a pay-for-performance process that allocates individual awards based on individual performance and contributions, (3) a balanced use of short-term variable pay performance measures that are risk-adjusted where appropriate and (4) a long-term portion of variable pay to align with the strategic direction of the Association, which provide for competitive market-based compensation and align with stockholder interests.

Compensation for the chief executive officer and senior officers includes base salary, short-term incentive-plan opportunity and long-term incentive-plan opportunity. Compensation for all other employees includes base salary and short-term incentive-plan opportunity, with the addition of the long-term incentive-plan opportunity for senior vice presidents. The chief executive officer and senior officers participate in benefit plans generally available to all employees. Prior to the collaboration effective date, under the alliance agreement described in Note 1 to the accompanying Consolidated Financial Statements, the 2024 compensation and benefits expense for the chief executive officer, senior officers, and all Association and Frontier Farm Credit employees was shared between the Association and Frontier Farm Credit on a 94.0 percent and 6.0 percent basis, respectively (under the alliance agreement described in Note 1 to the accompanying Consolidated Financial Statements), excluding any Frontier Farm Credit pension plans expense in excess of the Association's retirement programs. Effective April 15, 2024 (the collaboration effective date), the strategic alliance was replaced by the collaboration agreement with Frontier Farm Credit and AgCountry; see "Relationship With Farm Credit Services of America, ACA and AgCountry Farm Credit Services, ACA," in Note 1.

The chief executive officer, Mr. Mark Jensen, does not have an employment agreement. A chief executive officer employment agreement is at the discretion of the Board of Directors.

Base Salaries: Base salaries for all employees, including the chief executive officer and senior officers, are based on position, experience and responsibilities, performance and market-based compensation data. The chief executive officer base salary is reviewed and approved by the Board of Directors. The Board of Directors approves the merit and market-adjustment pools available for senior officers' and senior vice presidents' base salaries. Employer expense for base salaries is included in "Salaries and employee benefits" in the Consolidated Statements of Income, which was shared by the Association and Frontier Farm Credit as part of the overall allocation of salaries and benefits.

Short-Term Incentive: The Board of Directors approves the annual short-term incentive plan, including the performance measures. The 2024 short-term incentive plan performance measures included combined results for the Association and FCSAmerica. Eligible Association employees participate in the annual short-term incentive plan. The chief executive officer, senior officers and one senior vice president participated in an annual short-term incentive plan that combines results for the three collaborating Associations in the collaboration agreement. Select employees must sign an assignment, nonsolicitation and nondisclosure agreement to participate in the short-term incentive plan. Payouts under the short-term incentive plan are based on financial and business results, and credit performance measures and are approved by the Board of Directors. Payouts are not provided unless specific levels of performance are achieved.

No more than one-half of the short-term incentive-plan opportunity may be paid in the fourth quarter of the plan year (first award payout), and the remainder of the award payout (final award payout) is paid no later than March 15 after the end of the plan year. The first award payout is based on the results achieved as of September 30 for select performance measures. The final award payout is based on the year-end results net of the first award payout. The first payout under the 2024 short-term incentive plan occurred in November 2024. The second and final payout occurred in February 2025 and was net of the November 2024 payout.

The chief executive officer's short-term incentive opportunity is established by the Board of Directors. The Board has full discretion as to the amount of any payout to the chief executive officer under the short-term incentive plan and has historically and for 2024 used the results from the short-term incentive plan to determine the payout amount.

The accrued expense for the annual short-term incentive plan was $69.1 million plus accrued benefit costs of $9.6 million for a total of $78.7 million for 2024, which was shared by the Association and FCSAmerica as part of the overall allocation of salaries and benefits.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Long-Term Incentive: The chief executive officer, senior officers and senior vice presidents are eligible for long-term incentive plans. The long-term incentive plans were approved by the Board of Directors to align chief executive officer, senior officer and senior vice president compensation with the strategic business plan and the goals of the Association while providing the opportunity for competitive market-based compensation at a level that will attract, retain and reward key staff for the accomplishment of Association goals. The chief executive officer, senior officers and senior vice presidents must sign an assignment, nonsolicitation and nondisclosure agreement to participate. The plans are nonqualified performance unit plans that are effective January 1, 2022, through December 31, 2024; January 1, 2023, through December 31, 2025; and January 1, 2024, through December 31, 2026. Two senior officers were in the existing AgCountry long-term incentive plan.

The plans have independent performance goals measured over the three-year term of the plans that include core return on assets, customer-experience index, employee engagement, loan growth, adverse assets to risk funds and nonaccrual loans to total classified assets. The results included in the 2022–2024 plan were combined results for the Association and FCSAmerica. For the two senior officers in the AgCountry plan, their results were based on AgCountry performance.

The Board of Directors approves the total dollars available for the long-term incentive plans, which are then converted into units. The value of each unit is determined by the results achieved toward the established goals. The chief executive officer has discretion as to the distribution of the units to the senior officers and senior vice presidents for each three-year plan, which is based on consideration of market compensation and individual contributions and performance. The chief executive officer's long-term incentive opportunity is established by the Board of Directors. The Board has full discretion as to the amount of any payout to the chief executive officer under the long-term incentive plan and has historically used the results from the long-term senior officer incentive plan to determine the unit value for the payout amount.

Payments are made no later than March 15 after the end of each three-year plan's term. The payout for the 2022–2024 plan occurred in February 2025 and is reflected in the Summary Compensation Table in the "Long-Term Incentive" column for the calendar year 2024. The payouts for the 2020–2022 and 2021–2023 plans were paid in the first quarter of 2023 and the first quarter of 2024, respectively, and are reflected in the Summary Compensation Table in the "Long-Term Incentive" column for the calendar years 2022 and 2023.

The accrued expense for salary and benefits of $10.1 million was recorded in 2024 for the long-term incentive plans. The expense was shared by the Association and FCSAmerica as part of the alliance allocation, until the collaboration effective date.

The following Summary Compensation Table includes compensation earned by the chief executive officer and senior officers during fiscal years 2024, 2023 and 2022. For the fiscal year 2024, earned compensation for senior officers reflects the effective date of the collaboration agreement.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

The charts below reflect consistent reporting across Frontier Farm Credit, AgCountry and FCSAmerica, which may result in adjusted numbers from prior years.

Name of CEO	Year (1)	Salary (2)	Short-Term Incentive (3)	Long-Term Incentive (4)	Deferred (5)	Other (6)	Total
Mark Jensen, CEO	**2024**	**$994,167**	**$2,200,091**	**$1,120,120**	**$465,668**	**$10,954**	**$4,791,000**
Mark Jensen, CEO	2023	$965,000	$1,737,000	$1,107,106	$464,663	$11,151	$4,284,920
Mark Jensen, CEO	2022	$825,000	$733,532	$946,270	$286,589	$5,147	$2,796,538

Aggregate No. of Sr. Officers in Year Excluding CEO (7)	Year (1)	Salary (2)	Short-Term Incentive (3)	Long-Term Incentive (4)	Deferred (5)	Other (6)	Total
11	**2024**	**$3,654,643**	**$3,805,388**	**$2,244,023**	**$910,406**	**$3,117,126**	**$13,731,586**
8	2023	$2,914,867	$3,205,875	$1,887,976	$835,252	$112,286	$8,956,256
8	2022	$2,630,022	$1,937,168	$1,708,964	$661,772	$192,923	$7,130,849

(1) Up to the collaboration effective date in 2024, the Association paid 6.0 percent of the compensation expense. The Association paid 6.1 percent and 6.3 percent of the compensation expense for 2023 and 2022, respectively. Up to the collaboration date in 2024, FCSAmerica paid 94.0 percent of the compensation expense. In 2023 and 2022, FCSAmerica paid 93.9 percent and 93.7 percent, respectively. Effective April 15, 2024 (the collaboration effective date), the strategic alliance was replaced by the collaboration agreement with FCSAmerica and AgCountry Farm Credit Services. See "Relationship With Farm Credit Services of America, ACA and AgCountry Farm Credit Services, ACA" in Note 1.

(2) Salary earned in the fiscal year.

(3) Incentive earned in the fiscal year.

(4) Incentive earned at the end of the respective three-year, long-term incentive plan. Two senior officers were in the AgCountry 2022–2024 plan; their results were based on AgCountry performance.

(5) Association contributions to the Defined Contribution Plan and Nonqualified Deferred Compensation Plan during the fiscal year.

(6) Executive physicals, sign-on bonus, special recognition bonus, retirement gift, severance, taxable moving expense, vacation-leave payout, recognition and referral awards, health and fitness account payouts, health incentives, taxable vehicle use, long-term disability premiums, cell phone reimbursements and group life insurance imputed income incurred during the fiscal year. For 2024 and 2022, this number includes severance payouts for executive departure. Also included are the changes in the value of pension benefits for one senior officer that is part of the District-Wide Pension Plan and the Pension Restoration Plan, as applicable.

(7) Employees designated as senior officers during the fiscal year. In 2024, there were 10 senior officers at the end of the year and one senior officer position was eliminated earlier in 2024. As part of the collaboration, two senior officers were added on the collaboration effective date. The definition of senior officers was updated from including all executive and senior vice presidents previously to including only executive vice presidents. The table for 2023 and 2022 was updated to reflect the new definition of senior officers.

Disclosure of the total compensation paid during 2024 to any senior officer included in the Summary Compensation Table is available to our stockholders upon written request to Frontier Farm Credit, PO Box 2409, Omaha, NE 68103-2409.

Details of the benefit plans are described in Note 10 to the accompanying Consolidated Financial Statements.

Travel, Subsistence and Other Related Expenses

Director and employee reimbursements for travel, subsistence and other related expenses are set forth in the Board's Governance Guidelines and Human Resources Manual, respectively. Each provides authority for and control over reimbursement of travel and subsistence expenses for authorized individuals traveling on official business. Copies of the related Governance Guidelines and Human Resources Manual provisions are available to our stockholders upon written request to Frontier Farm Credit, PO Box 2409, Omaha, NE 68103-2409.

The aggregate amount of reimbursement for travel, subsistence and other related expenses for all our directors was $73 thousand in 2024, $79 thousand in 2023 and $61 thousand in 2022.

Transactions With Directors, Senior Officers and Employees

Directors and certain employees may obtain loans from us, provided they meet all eligibility requirements and provided that such loans are made on the same terms available to other customers. Approval of CoBank, ACB is required for loans to our directors and employees, and for loans to any customer if a director or employee is to receive more than $50 thousand of the loan proceeds, has a significant personal interest in the loan or its security, may exercise control over the customer, or guarantees or cosigns a loan in excess of $50 thousand. Further, directors and employees are required to refrain from taking any part in the consideration or decision on any loan in which they or their family members have an interest.

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Our bylaws and policies require that directors' loans be maintained at a high level of credit quality. Any director whose loan is classified "substandard" must prepare and obtain approval of a plan to improve and upgrade the loan within a specified period of time. For directors, failure to comply with our bylaws and policies would result in the director's position being vacated. Directors whose loans are classified "doubtful" or "loss," or have any portion of a loan charged off, must resign immediately.

The Farm Credit Act and Farm Credit Administration regulations require certain disclosures to stockholders concerning loans to directors and employees, their family members, organizations with which they are affiliated or entities that they may control. Disclosure is required where such loans were made on terms other than those available to other customers, or where such loans are considered to have more than a normal risk of collectability. None of our loans made to directors or employees, their family members, affiliated organizations or entities they may control were made on terms other than those available to all customers, nor were any such loans considered to have more than a normal risk of collectability.

Director, senior officer and employee non-loan transactions with us are regulated by our policy.

Concerning property that was mortgaged or pledged as security for Farm Credit System debt within the preceding 12 months, the policy requires that senior officers and employees obtain approval from the Standards of Conduct officer for purchase of the property. Concerning property acquired within the preceding 12 months in satisfaction of Farm Credit System debt, this policy:

- prohibits lease, purchase or acquisition except through inheritance by senior officers and employees; and
- prohibits lease, purchase or acquisition except through inheritance, public auction or other open competitive bidding process by directors.

The policy does permit directors, senior officers and employees to purchase furniture and equipment owned by us provided that any item having a value of greater than $5 thousand must be purchased through an open, competitive bidding process.

The Farm Credit Act and Farm Credit Administration regulations also require certain disclosures to stockholders concerning non-loan transactions a director or senior officer, or any of his or her family members, affiliated organizations or entities he or she may control, have with us. Such disclosure is required if such transactions did not involve competitive bidding, involved amounts in excess of $5 thousand or provided a special benefit to the director or senior officer. No such transactions took place during 2024.

Involvement in Certain Legal Proceedings

There were no material legal proceedings or enforcement actions involving Frontier Farm Credit, our directors or senior officers that require disclosure in this section.

Relationship With Qualified Public Accountant

PricewaterhouseCoopers LLP serves as our qualified public accountant. There were no changes in our qualified public accountant since the prior annual report to stockholders, and there were no material disagreements on any matter of accounting principles or financial-statement disclosures during this period. Expenses recognized in the 2024 Consolidated Financial Statements for services provided by PricewaterhouseCoopers LLP were approved by the Board Audit Committee and include $114 thousand for audit services and $6 thousand for tax-review services. Our engagement letter commits to reimbursing the external auditor for reasonable out-of-pocket expenses incurred.

Financial Statements

The "Consolidated Financial Statements," "Notes to Consolidated Financial Statements," "Report of Management," "Report on Internal Control Over Financial Reporting," "Report of Audit Committee" and "Report of Independent Auditors" required to be disclosed in this section are incorporated herein by reference from this annual report to stockholders.

Credit and Services to Young, Beginning and Small Producers

Effective January 1, 2024, the annual gross-sales threshold for a small farmer, rancher, or producer or harvester of aquatic products increased from $250,000 to $350,000 and changed from measuring gross sales to gross-cash farm income. Effective February 1, 2024, the Farm Credit Administration amended certain young, beginning and small (YBS) regulations to clarify the responsibilities of funding banks in the review and approval of direct-lender-association YBS programs, strengthen funding-bank internal controls and bolster YBS business planning.

We have specific programs in place to serve the credit and related needs of young, beginning and small producers in our territory. Programs focus on providing sound financial services, education and networking opportunities. The definitions of young, beginning and small producers follow:

Definitions

- Young – farmer, rancher, or producer or harvester of aquatic products who is 35 or younger as of the date the loan is originally made.
- Beginning – farmer, rancher, or producer or harvester of aquatic products who has 10 years or less of experience in farming, ranching, or producing or harvesting aquatic products as of the date the loan is originally made.
- Small – farmer, rancher, or producer or harvester of aquatic products who normally generates less than $350,000 in annual gross-cash farm income of agricultural or aquatic products at the date the loan is originally made.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Program Elements

Our program for serving young, beginning and small producers includes the following:

Conventional Loans: Producers 35 or younger, or with 10 years or less of farming or ranching experience, may have sufficient capacity, credit history or financial backing to meet our traditional loan-approval standards.

AgStart Loans: Producers 35 or younger, or with 10 years or less of farming or ranching experience, can benefit from modified credit-approval standards to help them gain access to debt capital. It is the goal of the program to help facilitate the financial growth of the customer and graduate participating producers from the AgStart program into conventional product offerings over time.

Development Fund: This program assists young, beginning and small producers who are beginning, growing or enhancing an agricultural-based operation by providing them business-planning assistance and includes three loan products: Working Capital Loan, Breeding Livestock Loan and Contract Finish Loan. As of December 31, 2024, we had three customers enrolled in the program with a total commitment of $308 thousand in Development Fund lending.

Youth in Agriculture Loans for Breeding Livestock: The Breeding Livestock Loan program for youth provides loans for terms of one to five years, up to $10,000, for the purpose of purchasing breeding livestock. These loans require a cosigner of legal age and are approved based on the strength and credit scores of the cosigner.

Education and Finance Sponsorships: We provide donations and sponsor state and local FFA activities and conventions, state 4-H activities and conventions, and agricultural leadership programs.

Scholarships: In 2024, we funded $2,500 scholarships to eight qualified students studying agriculture at Kansas State University. Additionally, we funded the following scholarships to qualified students studying agriculture at selected educational institutes: $2,000 scholarships to four students at community colleges; $2,000 scholarships to eight FFA students in high school.

Small Producer Financing: Small producers are served primarily through three loan programs: Rural 1st Home Loans, AgDirect and the full line of products and services offered through our retail marketplaces. All these programs are designed to meet the needs of small producers, part-time farmers or rural residents with a convenient and efficient delivery of financial services. Small producers who also meet the definition of young or beginning are eligible for our young and beginning program.

Credit Underwriting Standards

Young and beginning producers who do not meet traditional credit standards are considered under an outreach loan program called AgStart. Through this program, applicants' requests are analyzed and assessed based primarily on character and capacity credit factors. Farm Service Agency guarantees are used as deemed necessary, with additional support provided by our payment of the first $2,500 of external fees.

As of December 31, 2024, AgStart customers accounted for 296 loans to 174 customers with an outstanding commitment of $47.3 million. AgStart loan volume decreased by 7.2 percent in 2024.

Results and Goals

As of December 31, 2024, we had 2,534 unique young, beginning and small customers, with total loan volume of $508.5 million. These include:

- 255 customers who qualify as young, with total loan volume of $43.5 million.
- 668 customers who qualify as beginning, with total loan volume of $134.3 million.
- 2,376 customers who qualify as small, with total loan volume of $490.1 million.

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Young and Beginning: The 2017 U.S. Department of Agriculture Census of Agriculture reports operators who meet the criteria for young, beginning and small, as well as farms with any operators meeting the criteria, including farms with debt. A significant change to the 2017 Census of Agriculture is the elimination of the "principal operator," making it difficult to compare numbers to previous Census of Agriculture years. In our territory, there are 1,665 farms with debt with a young operator. There are 2,867 farms with debt with a beginning operator. As of December 31, 2024, we had 255 young customers and 668 beginning customers, some of whom are counted in both categories. This equates to a young market share of 15.3 percent and a beginning market share of 23.3 percent. Total loan volume to young and beginning customers was $149.1 million.

Small Producer: According to 2017 U.S. Department of Agriculture Census of Agriculture data, 25,550 farms representing 89.0 percent of all farms in our territory meet the definition of small (less than $250,000 in annual gross sales of agricultural products). The 2017 Census of Agriculture includes any operation with farm income in its definition of a farm.

	Potential Customers*	Frontier Farm Credit Customers	Market Share***
Young	1,665	255	15.3%
Beginning	2,867	668	23.3%
Small**	5,332	2,376	44.6%

** 2017 U.S. Department of Agriculture Census of Agriculture data of farms with debt.*

*** Potential customers in the small category are producers with debt who reported annual gross sales between $10,000 and $249,999. Frontier Farm Credit customers in the small category are producers who generate less than $350,000 in annual cash farm income.*

**** Market share was computed by comparing the number of producers in the young, beginning or small categories maintaining a loan relationship with Frontier Farm Credit to the total number of producers with debt in those categories.*

Young, Beginning and Small Producer New Customer Growth

	2025 Goals	2026 Goals	2027 Goals
Young	41	42	43
Beginning	62	64	66
Small	96	98	100

Special Program Goal (AgStart): This program will positively affect all three young, beginning and small producer categories. Use of this outreach loan program is seen as a critical component of long-term success in the marketplace.

Related Services

Young and Beginning Producer Conference: Frontier Farm Credit and Farm Credit Services of America held their annual Side by Side Conference in Omaha, Nebraska, on July 31–August 2, 2024. There were 14 Frontier Farm Credit customers in attendance. Additionally, a two-day Side by Side Conference was held in Des Moines, Iowa, on February 8–9, 2024. Moreover, webinars and podcasts were hosted throughout the year on topics tailored to young and beginning producers. These educational programs provide producers with the opportunity to network with one another, learn from speakers, learn more about Frontier Farm Credit and become better-informed business managers.

Education and Finance Sponsorships: We awarded $44,000 in college scholarships to 20 students in 2024. We donated more than $60,000 for state and local FFA and 4-H activities and provided additional funding and resources for young and beginning producer education, leadership programs and community grants.

Awareness

Young, Beginning and Small Producer Team: The Association implemented an enhanced strategy to serve young, beginning and small producers. This strategy includes specialized roles dedicated to directly serving our customers, as well as a program-management role for designing and implementing education and lending programs. A standing cross-functional team guides the ongoing focus on supporting the credit and related needs of young, beginning and small producers.

Frontier Farm Credit Retail Office Locations

1270 N 300 Road
Baldwin City, KS 66006

1808 Road G
Emporia, KS 66801

2219 Natchez Street
Hiawatha, KS 66434

2009 Vanesta Place
Manhattan, KS 66503

835 Pony Express Highway
Marysville, KS 66508

2005 Harding Drive
Parsons, KS 67357

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Frontier Farm Credit strives to be environmentally conscious. If you would like to receive an additional copy of our 2024 annual report, please contact us at 1-800-397-3191.

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