Quarterly Report to Shareholders

American AgCredit

Your future grows here

as of June 30, 2025

Management's Discussion and Analysis

The following discussion summarizes the financial position and results of operations of American AgCredit, ACA and its subsidiaries (collectively "the Association") as of the second quarter of 2025. This commentary should be read with the accompanying consolidated financial statements and the related notes appearing in this report along with our 2024 Annual Report. The discussion includes significant known trends, commitments, events, or uncertainties that have impacted or are reasonably likely to impact our financial condition and results of operations. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of our Board of Directors.

Our annual and quarterly reports to shareholders are available on our website, www.agloan.com, or can be obtained free of charge by calling our corporate headquarters at (800) 800-4865. Additionally, the financial condition and results of operations of CoBank, ACB (CoBank), our funding bank, materially affect the risk associated with shareholder investments in American AgCredit. Shareholders of American AgCredit may obtain copies of CoBank's Quarterly or Annual Report to Shareholders free of charge by accessing CoBank's website, www.CoBank.com, calling (800) 542-8072, or mailing CoBank at 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111.

As a cooperative, the voting stock of American AgCredit is owned by the members we serve. Our territory extends across a diverse agricultural region that includes parts of California, Kansas, Oklahoma, and Colorado, as well as the states of Nevada, Hawaii, and New Mexico.

Forward Looking Statements

Any forward-looking statements in this report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2024 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Economic Overview

Mid-way through 2025, the United States economy has shown mixed signs of slower growth, a sustained labor market, and sticky inflation causing caution in consumer spending. The U.S. continues to add jobs in 2025, but at a slower pace compared to 2024. In June, the U.S. added 147,000 jobs which was slightly above the 12-month average, but much lower than the 206,000 jobs added during the same period last year, which may reflect changing demographic trends and job needs. Job gains occurred in state government and healthcare, while the Federal government has continued to lose jobs since January 2025. The unemployment rate was 4.1% in June, unchanged from May, and has remained in a comfortable range of 4–4.2% over the past year. Core CPI, which excludes more volatile components like food and energy, was 2.9% in June, a slight increase from the 2.8% seen in March, and just above the Federal Reserve's 2% target rate. This reflects a moderate uptick in underlying inflation, influenced in part by rising shelter costs and potentially tariff-driven price pressures in certain industries. Ongoing trade negotiations, highlighted by targeted tariffs, has marked a major shift in U.S. trade policy and likely signals a future of a much higher import tariff rate on goods coming into the U.S. During the July Federal Open Market Committee (FOMC) meeting, and in support of its goals, the federal funds rate remained unchanged at 4.25%–4.50% and the Federal Reserve continued its policy of reducing its balance sheet. Inflation trends, labor market shifts, tariff impacts, and the overall health of the U.S. economy are factors that will determine future rate cuts. The 10-year U.S. Treasury yield averaged 4.3% for June 2025 and was moderately high relative to the last two decades, the 10-year average was 3.4% from 2000–2019, but was still well below the highs around 6.8% over the last two decades. The Treasury market is also a key driver influencing mortgage rates, the 30-year mortgage is currently elevated at a 6–7% range and constraining home affordability and impacting housing market activity. The S&P 500 has cooled from 2024's blistering 23% gain but remains positive in 2025 after a volatile first half. The index is up approximately 5.5% year to date as of June and climbed to record highs in early July. Driving the market are AI-fueled optimism, tariffs and geopolitical volatility, tax policy, and expectations for rate cuts later in the year to support valuation sentiment. While inflation has made great progress towards the Federal Reserve's 2% target, upward pressures persist and could slow the path of interest rate cuts. The labor and wage markets have also remained resilient despite some concern over softening, future job growth and real wage growth will be important to monitor moving forward.

On July 4, 2025, the One Big Beautiful Bill Act was signed into law and incorporated major Farm Bill provisions extending key program authorizations and funding through 2031. Updates included 10–41% increases in program statutory reference prices that brought certain prices to multi-year highs. The bill modified the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, added base acres, raised commodity loan rates, enhanced premium support for crop insurance, modified other programs such as the sugar program and dairy margin coverage, and kept benchmark prices for corn and soybeans: corn at $5.03/bu., soybean at $12.17/bu., respectively, while wheat increased to $6.98/bu. The changes represent the most expansive farm policy update since 2002. The 2018 Farm Bill, originally set to expire on September 30, 2023, was extended twice: first through September 30, 2024, and then again through September 30, 2025, named the American Relief Act of December 21, 2024. Without another update, this extension will lapse at the end of September 2025.

Early spring brought mostly favorable growing conditions to the western half of the U.S. supported by adequate snowpack, reservoir levels, and groundwater in most areas, with early summer demonstrating some developing levels of drought, primarily in western Colorado and New Mexico. In recent months the U.S. has also faced multiple catastrophic weather events including wildfires and devastating floods, ranging from the Madrid fire in California (burning almost 80,000 acres to date in Luis Obispo County) to the devastating floods in Texas and New Mexico in June. Recent weather models are predicting a weak La Niña pattern to bring drier weather to the southern regions of the U.S., more precipitation to the northern regions, and the potential for colder winter patterns due to changes in the polar jet stream.

Commodity Review and Outlook

The Association's commodity portfolio remains well-diversified. Vineyards/wineries lead our commodity portfolio at 15.25%, followed by beef at 13.50%, tree fruits/nuts at 13.22%, field crops at 11.93%, dairies at 10.50%, and forest products at 7.01%. The top six commodities make up 71.41% of the total portfolio with the remaining 28.59% spread over multiple additional categories.

Following is a summary of economic conditions among the Association's significant commodities:

- **Vineyards and wineries:** After the first half of 2025, wine sales are continuing to decline, extending a multi-year trend that has affected all price segments and distribution channels. Persistent challenges continue to weigh down the market including shifting demographics, evolving customer preferences, and a wide range of economic headwinds. The heightened economic uncertainty and weakness in wine sales have also weighed on demand for grapes and bulk wine. High inventories, driven by years of overproduction, are compounding the issue, leading farmers to continue removing vineyards and leaving fruit unharvested. On the upside, U.S. bulk wine exports increased substantially during the first five months of 2025 versus the same period last year, due mainly to lower prices and a softening dollar. Conversely, packaged wine exports contracted by a third. The decline was largely attributable to a backlash against American wines in Canada, our top export market by value, and China. Overall, high inventories are expected to exert downward pressure on wine prices. Combined with shifting consumer preferences, elevating alcohol moderation, and evolving economic policies and tariffs, the wine industry is expected to continue facing significant headwinds.

- **Beef:** In the second quarter of 2025, the U.S. beef market remained firmly supply driven, with ongoing herd reduction keeping production tight. Carcass weight gains and elevated imports provided limited relief. Widespread drought persists in key regions like the central plains and Texas, continuing to hamper pasture availability and grazing conditions. Beginning in May 2025, Mexico, a vital source of feeder cattle imports to the U.S., suspended all live cattle imports due to advancing outbreaks of New World screwworm. The United States Department of Agriculture (USDA) is awaiting sustained suppression of screwworm in certain Mexican regions before reopening imports to the U.S., which would likely begin in phases. The second quarter of 2025 saw prices that continued to set new records for all classes of cattle. Retail prices have increased for the 16th consecutive month for steaks and the 14th for ground beef. Retail and wholesale beef prices are likely to remain elevated primarily from continued strong customer demand – barring a herd rebuild. Replacement heifer inventory is at a historic low and ranchers continue to offer heifers for sale into the beef supply chain. U.S. beef cow numbers as of January 2025 totaled 27.9 million head and were the smallest reported by the USDA since 1961. The beef market continues to show resilience heading into the latter half of 2025, boosted by strong consumer demand, but international trade, shifting policy changes and tariffs, and a contraction in consumer spending may introduce volatility across pricing and supply chains.

- **Tree fruits and nuts:** Uncertainty continues in the almond market. Prices have mostly been increasing over the past year but those gains were erased entirely over the last couple weeks after the release of USDA's July estimate which put the 2025 crop at a somewhat unexpected 3 billion pounds, an increase from an actual crop of 2.7 billion in 2024. Meanwhile, shipment data through June shows stable demand around 2.4 billion pounds year-to-date which, if trends continue, should leave the industry with a manageable inventory heading into the new crop year. The combination of steady demand, and manageable inventories this season has generated continued optimism in the industry after many challenging years, but the USDA estimate has increased concern about oversupply once again. The industry will be watching crop receipts carefully as harvest starts throughout the valley in August. Walnut prices have improved due to tight supply and a significantly smaller 2024 crop, although there has been a slight decline in recent months. Walnut production dropped 27% year-over-year in 2024, totaling 605,288 short tons, the lowest since 2015. Year-to-date walnut shipments are down by a similar percentage, mostly due to limited availability. Pistachios have had robust demand, but there is ongoing concern over increasing volumes of non-producing acreage transitioning into production. The 2025 crop is expected to be large, though there is no USDA estimate for reference. Overall, tree nut farmers are still navigating several common challenges like low commodity prices, high interest rates, persistently high operational costs, and water availability which has continuously dampened land values specifically in California's Central Valley.

- **Field crops:** Through the second quarter of 2025, U.S. corn saw old-crop ending stocks tighten alongside robust export demand. Export sales commitments for the 2024/2025 marketing year were up 28% compared to last year at the end of the quarter, with the U.S. gaining traction in global markets due to reduced competition particularly from Brazil where recent strong growth in domestic consumption has limited growth in exports, and increased exports to Mexico due to the country experiencing significant drought in recent years. Demand remains firm across most sectors, including feed and ethanol, the latter continuing to consume roughly 35% of the corn crop. USDA projects a 4% increase in planted acres and a national yield over 180 bu./acre, which if realized, could increase 2025/2026 ending stocks and pressure prices toward \$3.80–\$4.00 per bushel. However, weather risks, ongoing global tightness, and uncertainty around U.S. biofuel policy, leave room for continued volatility. Second quarter soybean fundamentals are positive, driven by strong crush demand and tightening stocks, but prices depend on acreage decisions, trade developments, and global competition. Soybean ending stocks for the upcoming 2025/2026 marketing year are projected at 310 million bushels, only slightly above the five-year average of 298 million bushels but below the ten-year average of 389 million bushels, setting the 2025/2026 marketing year off with tighter stocks relative to total use than in the past two marketing years. A reduction in planted acreage, which has declined from 87.1 million acres last year to 83.5 million acres this year, is contributing to the overall smaller supplies compared to last year. Wheat production costs are squeezing profitability, with new-crop pricing insufficient to maintain healthy margins. Domestic demand remains stable, but 2024/2025 exports ended the year higher than the previous year, fueled by tighter global competitor supplies, creating some upside potential. Exports continue to recover from their low in 2023/2024 and export commitments at the end of the 2024/2025 marketing year for new-crop 2025/2026 wheat were 50%, or 27 million bushels, higher than the 10-year average for hard red winter wheat and 34% higher for soft red winter wheat. While global competition and trade uncertainties remain critical factors for field crops, the underlying supply and demand fundamentals for corn and soybeans continue to show resilience, whereas wheat margins remain tight due to elevated production costs and lower prices.

- **Dairies:** As of June 2025, the dairy sector showed moderate strength, driven primarily by solid cheese export momentum and significant butter export volumes, though rising milk supply could introduce volatility. U.S. cheese and butter prices remain competitive on global markets, positioning exports, especially to Mexico (which have more than doubled since 2020), for another strong year. Class III milk averaged \$18.29/cwt in the second quarter, with Class IV at \$18.12/cwt. Changes in Federal Milk Marketing Order formulas (effective in June) will influence pricing in the second half of the year. The impact for most milk producers' pay prices should be near neutral, but the published Class III and IV milk prices will likely decrease from what they would have been under the previous calculations. While total U.S. milk output for 2024 was slightly below 2023 levels, states like Texas, South Dakota, Kansas, and Colorado expanded production by the middle of the year, partially offsetting ongoing declines in California and Arizona due to H5N1 avian flu. Expansion in cheese processing led to an oversupply of whey, pushing dry-whey spot prices down from \$0.75 to below \$0.50/lb. and contributed to an approximate \$1.50/cwt drop in Class III value. Similarly, surplus cream – due to higher milk-fat content in farm milk is pressuring cream multiples (the price of cream relative to the value of butterfat in the federal milk pricing system) and limiting upside in butter prices. Export gains support ongoing strength, but lingering trade negotiation risks could bring volatility. Lower feed costs, as well as strong additional revenue streams from breeding to beef have helped protect margins even when milk prices dip. In summary, the second quarter brought firm cheese and butter exports, stable milk prices, and rising production in several key states. However, oversupplied whey and cream markets, increasing milk production and trade policy uncertainty suggest the remainder of the year could bring ups and downs.

- **Forest products:** Lumber prices are stabilizing in 2025 and while demand plays a role, much of the strength stems from constrained supply. According to the National Association of Home Builders, U.S. framing lumber imports declined 5.1% in the first quarter of 2025 compared to a year earlier, with Canadian shipments dropping significantly and domestic production lower. In the second quarter, framing lumber prices were 3% higher than the first quarter and 13% higher than year ago levels. However, prices in June were much softer than previous months. Prices for other construction materials such as plywood, structural panels and oriented strand board are 5%, 20%, and 39% below year ago levels, respectively. The sharp decline is representative of slower new home construction, as new single-family units were down 9% from 2024 in the second quarter. Log prices appreciated in 2024 and have remained resilient in 2025. Prices for Douglas-Fir logs increased 2% in the second quarter and 12% from year ago levels. On March 1, 2025, the U.S. executive order called the "Immediate Expansion of American Timber Production" has initiated a significant policy shift toward ramping up domestic timber production. Despite the order to open federal lands, log supply remains constrained due to limited agency capacity, legal challenges, workforce shortages, and mill closures, which severely restrict log volumes reaching the market. While this executive order has the potential to lower material costs and revive rural timber economies, its impact has been limited thus far. Housing construction has cooled compared to 2024, with fewer permits and starts, and softening completions. Inventory of new homes is still limited, which coupled with persistently high mortgage rates, continue to impact home availability and affordability.

Loan Portfolio

The total loan and lease balance was $21.6 billion at June 30, 2025, a decrease of $187.9 million from $21.8 billion at December 31, 2024. This decrease was due to anticipated loan repayments and additional unscheduled paydowns resulting from dairy-related settlement payments, partially offset by new loan originations. On a year-over-year basis, loans increased by $858.3 million when compared to June 30, 2024, resulting in a growth rate of 4.35%. Credit quality was 94.09% as of June 30, 2025, compared to 95.06% as of December 31, 2024. The slight decrease was primarily driven by the negative impact of ongoing inflationary influences (i.e. elevated input costs and interest rates, etc.), along with the market headwinds being experienced within the vineyards/wineries portion of the portfolio. Credit quality is a measurement of loans classified as either "Acceptable" or "Other Assets Especially Mentioned" divided by total loans under Farm Credit Administration's Uniform Classification System.

In addition to the $21.6 billion of loans and leases reported on our balance sheet, we serviced an additional $12.4 billion of loans and syndicated balances for other institutions as of June 30, 2025, as compared to $9.9 billion at June 30, 2024.

Nonearning Assets

Nonaccrual loans increased by $23.9 million to $469.3 million at June 30, 2025, compared to $445.3 million at December 31, 2024. The net increase in nonaccrual loans was primarily due to transfers to nonaccrual status of $189.6 million and disbursements on nonaccrual loans of $6.8 million. Much of this increase was driven by the profitability challenges and resulting elevated adversity, as noted above, within the Association's portfolio, primarily in wine grapes and wine, nursery, and agricultural services sectors. This was offset by $120.3 million year-to-date repayments on nonaccrual loans, and charge-offs of nonaccrual loans of $33.1 million primarily related to corporate and commercial loan complexes within the nursery sector. Nonaccrual loans represented 2.17% of total loan volume at the end of June 30, 2025, compared to 1.71% at June 30, 2024, and 2.05% at December 31, 2024.

Allowance for Credit Losses

The allowance for credit losses (ACL) is composed of the allowance for credit losses on loans (ACLL) and the reserve for unfunded commitments. The ACLL is an estimate of expected credit losses on loans in our portfolio as of the financial statement date. Beginning January 1, 2023, the ACL represents an estimate of current expected credit losses over the remaining estimated life of loans in our portfolio and certain off-balance sheet credit exposures. Management evaluates the appropriate level of allowance for loan losses on a quarterly basis based on periodic evaluation of factors such as loan loss history, portfolio quality, estimated collateral values, current market conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The total allowance for credit losses was $61.7 million at June 30, 2025, which included a $60.5 million allowance for loan losses and a $1.2 million reserve for unfunded commitments. Total allowance for credit losses at December 31, 2024, was $39.4 million, which included $38.2 million allowance for loan losses and $1.2 million reserve for unfunded commitments.

Financial Condition and Results of Operations

Net income for the six months ended June 30, 2025, was $213.6 million compared to $213.7 million for the same period last year, a decrease of $0.1 million. The change in net income was primarily due to the following reasons:

- Net interest income increased by $16.6 million year-over-year primarily due to a decrease in operating line interest expense of $20.0 million caused by lower note payable balances with CoBank, and a $1.2 million decrease in Funds Held interest expense, which more than offset the $5.1 million decrease in interest income from accrual loan volume, and interest income from investment activities of $368.8 thousand, beginning April 28, 2025. The Association's weighted average interest rate on interest-bearing liabilities was 3.85% and 4.28% as of June 30, 2025, and 2024, respectively. Net interest margin was unchanged at 2.82% as of June 30, 2025, and June 30, 2024.

- The Association recorded a provision for credit losses of $53.3 million through June 30, 2025, as compared to $25.3 million a year ago. The $28.0 million year-over-year increase is primarily the result of credit quality decline, an increase in charge-offs during 2025, and new CECL qualitative overlays and quantitative reserve changes to the allowance calculation.

- Non-interest income increased by $6.2 million year-over-year. The increase was primarily due to a $7.8 million increase in patronage income from Farm Credit institutions, a $4.1 million Farm Credit Insurance Corporation (FCSIC) premium refund (a decrease of $2.1 million compared to the $6.2 million received last year), a $2.5 million gain on the sale of the Greeley, CO office building, $1.4 million gain on the sale of the Garden City, KS office building, a $1.2 million increase in loan origination fees, and a slight increase in loan servicing fees and late charges, offset by a $3.5 million write down of the Albuquerque, NM office building when it was moved to assets held for sale in March 2025.

- Overall, non-interest operating expenses decreased by $5.0 million compared to the same period last year, primarily due to a decrease in occupancy and equipment expense from the disposal of certain owned properties and related assets in 2025, and a decrease in third party professional and consulting fees, offset by an increase in salaries and employee benefits.

- FCSIC insurance, a component of non-interest operating expense, increased by $360.9 thousand when compared to June 2024 primarily due to additional surcharges assessed on the increase in nonaccrual loan volume and less total non-government guaranteed loan volume. The FCSIC board voted to leave the insurance premium assessment accrual rate on adjusted insured debt at 10 basis points for 2025, the same premium rate as in 2024.

The major components of change in net income are summarized as follows (dollars in thousands):

	For the Six Months Ended		Increase (Decrease) in
	June 30, 2025	June 30, 2024	Net Income
Net interest income	$304,642	$288,015	$16,627
Provision for credit losses	(53,277)	(25,320)	(27,957)
Patronage income	82,903	75,057	7,846
Other income, net	24,689	26,300	(1,611)
Non-interest expenses	(145,371)	(150,326)	4,955
Provision for income taxes	(8)	(2)	(6)
Net income	**$213,578**	**$213,724**	**$(146)**

Management's Discussion and Analysis

The following table shows the Association's year-to-date annualized return on average assets, return on equity, and net interest margin:

	June 30,	
	2025	**2024**
Return on average assets	1.88%	1.98%
Return on common equity	12.34%	12.97%
Return on total equity	11.35%	11.89%
Net interest margin	2.82%	2.81%

Liquidity and Funding

Liquidity is necessary to meet our financial obligations, such as paying our note with CoBank, funding loans and other commitments, and funding operations in a low-cost manner. Our liquidity policy is intended to manage short-term cash flow, maximize debt reductions, and liquidate nonearning assets. Our direct loan with CoBank, cash on hand, and borrower loan repayments provide adequate liquidity to fund our ongoing operations and other commitments. The Association also received funding from preferred stock, subordinated debt, and funds held accounts. The direct note with CoBank is governed by a General Financing Agreement which was renewed June 1, 2023, as amended, for an additional five-year term.

The Association manages an investment portfolio which currently holds U.S. Small Business Association (SBA) debt securities primarily to diversify assets. As of June 30, 2025, the investment portfolio totaled $51.6 million and was comprised exclusively of held-to-maturity securities, which are not intended to serve as a source of liquidity or funding. More information can be found in Note 3 to the Consolidated Financial Statements.

Shareholders' Equity

The Association's capital position remains strong. Total shareholders' equity was $3.9 billion at the end of the second quarter, an increase of $205.8 million from $3.6 billion at December 31, 2024. The increase in capital is primarily the result of the Association's year-to-date net income. The Association was in compliance with all capital ratio requirements at June 30, 2025. The Association's strong earnings and capital position enable us to effectively serve our mission and our customers and support our ability to maintain our cash patronage distribution program and pay preferred stock dividends.

Certification

The undersigned certify that they have reviewed this report and that it has been prepared in accordance with all applicable statutory and/or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of his knowledge and belief.

Joe Alamo Board Chair	Curt Hudnutt Chief Executive Officer	Maryam Ghazi Chief Financial Officer

August 8, 2025

Consolidated Statements of Condition *(dollars in thousands)*

	June 30, 2025	December 31, 2024
	(Unaudited)	*(Audited)*
ASSETS		
Loans	$21,591,219	$21,779,107
Less: allowance for credit losses on loans	(60,508)	(38,213)
Net loans	21,530,711	21,740,894
Cash	48,511	98,450
Accrued interest receivable	242,515	269,643
Investment in CoBank	585,129	581,570
Investment securities	51,644	-
Investment in AgDirect	36,530	35,741
Premises and equipment, net	52,636	59,942
Other property owned	13,150	14,503
Assets held for sale	59,015	54,417
Other assets	246,584	319,195
Total assets	**$22,866,425**	**$23,174,355**
LIABILITIES		
Notes payable to CoBank	$18,306,270	$18,580,448
Subordinated debt	198,173	198,090
Funds Held accounts	260,247	228,148
Accrued interest payable	94,310	95,028
Cash patronage and preferred stock dividends payable	-	237,660
Reserve for unfunded commitments	1,228	1,159
Other liabilities	150,738	184,164
Total liabilities	**19,010,966**	**19,524,697**
SHAREHOLDERS' EQUITY		
Preferred stock	300,000	300,000
Common stock and participation certificates	11,617	11,687
Additional paid-in capital	935,386	935,386
Allocated retained surplus	239,507	239,507
Unallocated retained surplus	2,379,394	2,176,398
Accumulated other comprehensive loss	(10,445)	(13,320)
Total shareholders' equity	**3,855,459**	**3,649,658**
Total liabilities and shareholders' equity	**$22,866,425**	**$23,174,355**

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

Consolidated Statements of Comprehensive Income *(dollars in thousands)*

(Unaudited)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
INTEREST INCOME				
Loans	$354,517	$356,105	$701,706	$706,756
Investment securities	369	-	369	-
Total interest income	**354,886**	**356,105**	**702,075**	**706,756**
INTEREST EXPENSE				
Notes payable to CoBank	194,864	206,142	389,411	409,428
Subordinated notes	1,729	1,729	3,458	3,458
Funds Held and other interest	2,210	2,855	4,564	5,855
Total interest expense	**198,803**	**210,726**	**397,433**	**418,741**
Net interest income	**156,083**	**145,379**	**304,642**	**288,015**
Provision for credit losses	(22,473)	(4,559)	(53,277)	(25,320)
Net interest income after provision for credit losses	**133,610**	**140,820**	**251,365**	**262,695**
NON-INTEREST INCOME				
Patronage income from CoBank	24,423	22,818	48,825	45,967
Patronage income from other Farm Credit institutions	17,923	15,289	31,819	26,898
Patronage income from AgDirect	1,113	1,047	2,259	2,192
Loan origination fees	4,860	5,839	10,128	8,933
Servicing fees and late charges	3,541	2,977	4,412	3,811
Financially-related services	534	917	1,823	1,782
Miscellaneous	4,388	8,036	8,326	11,774
Total non-interest income	**56,782**	**56,923**	**107,592**	**101,357**
NON-INTEREST EXPENSES				
Salaries and employee benefits	52,665	51,588	103,289	101,664
Occupancy and equipment expense	1,120	2,828	2,439	5,184
Insurance fund premiums	4,517	4,217	9,087	8,726
Supervisory and examination expense	1,018	910	2,035	1,828
Other operating expenses	13,001	16,734	28,521	32,924
Total non-interest expenses	**72,321**	**76,277**	**145,371**	**150,326**
Income before income taxes	118,071	121,466	213,586	213,726
Provision for income taxes	(7)	(2)	(8)	(2)
Net income	**$118,064**	**$121,464**	**$213,578**	**$213,724**
COMPREHENSIVE INCOME				
Actuarial gain in retirement obligation	1,438	1,376	2,875	2,752
Total comprehensive income	**$119,502**	**$122,840**	**$216,453**	**$216,476**

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

Consolidated Statements of Changes in Shareholders' Equity *(dollars in thousands)*

(Unaudited)	Common Stock and Participation Certificates	Preferred Stock	Additional Paid-in Capital	Allocated Retained Surplus	Unallocated Retained Surplus	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2023	**$11,707**	**$300,000**	**$935,386**	**$239,507**	**$2,259,128**	**$(16,565)**	**$3,489,656**
Comprehensive income					213,724	2,752	216,476
Stock/participation certificates issued	402						402
Stock/participation certificates retired	(403)						(403)
Preferred stock dividends					(7,875)		(7,875)
Adjustment to prior period patronage accrual					1,528		1,528
Balance at June 30, 2024	**$11,706**	**$300,000**	**$935,386**	**$239,507**	**$2,466,505**	**$(13,813)**	**$3,699,784**
Balance at December 31, 2024	**$11,687**	**$300,000**	**$935,386**	**$239,507**	**$2,176,398**	**$(13,320)**	**$3,649,658**
Comprehensive income					213,578	2,875	216,453
Stock/participation certificates issued	395						395
Stock/participation certificates retired	(465)						(465)
Preferred stock dividends					(7,875)		(7,875)
Adjustment to prior period patronage accrual					(2,707)		(2,707)
Balance at June 30, 2025	**$11,617**	**$300,000**	**$935,386**	**$239,507**	**$2,379,394**	**$(10,445)**	**$3,855,459**

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

(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of American AgCredit, ACA (Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2024, are contained in the 2024 Annual Report to Shareholders (2024 Annual Report). The financial statements were prepared under the oversight of the audit committee of the board of directors.

The accompanying unaudited second quarter 2025 financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under U.S. GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2024, as contained in the 2024 Annual Report.

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

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2025. Descriptions of the significant accounting policies are included in the 2024 Annual Report. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Issued or Adopted Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities**,** and require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e).
- Include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Association is currently assessing the potential impact of this standard on its disclosures.

Improvements to Income Tax Disclosures (ASC 740)

In December 2023, the FASB issued ASU 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The enhanced rate reconciliation will require tabular reporting by amount and percentage for specifically defined reconciling items as well as additional information for reconciling items that meet a quantitative threshold of greater than 5% of the amount computed by multiplying pre-tax income by the applicable statutory income tax rate. The guidance will also eliminate the requirement to disclose an estimate of the range of the reasonably possible change in the unrecognized tax benefits balances in the next 12 months. The amendments in this guidance are effective for public business entities for annual periods beginning after December 15, 2024, and should be applied on a prospective basis, although retrospective application is permitted. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations or cash flows but could result in additional disclosures.

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

Improvements to Reportable Segment Disclosures (ASC 280)

In November 2023, the FASB issued ASU 2023-07-Segment Reporting: Improvements to Reportable Segment Disclosures. The amendments in this ASU improve reportable segment disclosure, but do not change the definition of the segment, method of determining a segment, or the criteria for aggregating operating segments. The standard requires a public entity to disclose, on an annual and interim basis, the following:

- Significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss,
- composition and aggregate amount of other segment items, which represent the difference between profit or loss and segment revenues less significant segment expenses,
- the title and position of the CODM, and
- an explanation of how the CODM uses the reported segment measures in assessing segment performance and deciding how to allocate resources.

Even if a public entity has a single reportable segment, it is required to provide all disclosures set forth in the standard and all existing segment disclosures.

This ASU became effective for the annual financial statement period ended December 31, 2024, and interim financial statements period ended March 31, 2025, under a modified retrospective approach. The adoption of this guidance did not have an impact on the Association's financial condition, results of operations, or cash flows, but impacted segment disclosures.

Accounting Policy for Investment Securities

In April 2025, the Association began investing in U.S. Small Business Administration (SBA) securities. These securities consist of pools of loans unconditionally guaranteed by SBA and classified as held-to-maturity in the Association's financial statements. The Association's investments are recorded at amortized cost, representing the original purchase price adjusted for the amortization of premiums or accretion of discounts over the life of the securities using the straight-line interest method. Investment income is recorded in "Interest income" in the Consolidated Statements of Comprehensive Income. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

NOTE 2 – LOANS AND ALLOWANCE FOR LOAN LOSSES

Components of loans in the Consolidated Statements of Condition are as follows:

	June 30, 2025		December 31, 2024	
	Amount	**Percentage**	**Amount**	**Percentage**
Real estate mortgage	$10,936,066	50.7%	$11,010,982	50.6%
Production and intermediate-term	4,560,817	21.1%	4,949,831	22.7%
Agribusiness	5,053,315	23.4%	4,854,001	22.3%
Rural infrastructure	926,206	4.3%	861,991	3.9%
Other	114,815	0.5%	102,302	0.5%
Total loans	**$21,591,219**	**100.0%**	**$21,779,107**	**100.0%**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

Note: The Association's financials include agricultural export finance and rural residential real estate loans combined in Other.

Participation Interests

The Association, in the normal course of business, purchases and sells participation interests with other parties in order to diversify risk, manage loan volume, and comply with Farm Credit Administration regulations. All loans sold to other parties are sold without recourse. The following table presents information regarding participations purchased and sold at June 30, 2025.

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations		Participations		Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$749,069	$1,999,865	$-	$-	$749,069	$1,999,865
Production and intermediate-term	1,139,542	2,542,468	11,105	21,849	1,150,647	2,564,317
Agribusiness	2,897,786	4,966,154	-	26,302	2,897,786	4,992,456
Rural infrastructure	897,251	162,005	-	-	897,251	162,005
Other	110,488	-	-	-	110,488	-
Total	**$5,794,136**	**$9,670,492**	**$11,105**	**$48,151**	**$5,805,241**	**$9,718,643**

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The Association manages credit risk associated with its lending activities on an individual and portfolio basis through the application of sound lending and underwriting standards and policies, approved by its 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 real estate (collateral). As required by Farm Credit Administration 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% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The Association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance and actual Association loss history 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 next twelve months. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The institution reviews, at least on an annual basis, or when a credit action is taken, both the probability of default and loss given default ratings.

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

The categories are defined as follows:

- **Acceptable:** Assets are expected to be fully collectible and represent the highest quality,
- **Other Assets Especially Mentioned (OAEM):** Assets are currently collectible but exhibit some potential weakness,
- **Substandard:** Assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan,
- **Doubtful:** Assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable, and
- **Loss:** Assets are considered uncollectible.

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral dependent loans are primarily real estate mortgage and rural residential real estate loans. The extent to which collateral secures certain loans is primarily based on the calculated Loan-to-Value ratio.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table presents year-to-date gross charge-offs by year of origination as well as credit quality indicators by loan type and the related principal balance by year of origination as of June 30, 2025:

	Term Loans Amortized Cost by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
	2025	2024	2023	2022	2021	Prior			
Real estate mortgage:									
Acceptable	$503,745	$1,004,297	$802,743	$1,231,579	$1,455,346	$4,092,544	$630,701	$78,508	$9,799,463
OAEM	3,272	5,225	16,766	104,648	41,476	185,780	16,368	9,488	383,023
Substandard/Doubtful	13,686	17,546	85,914	85,449	85,517	408,083	36,798	20,587	753,580
Total	**520,703**	**1,027,068**	**905,423**	**1,421,676**	**1,582,339**	**4,686,407**	**683,867**	**108,583**	**10,936,066**
Current period gross charge-offs	-	-	392	54	51	2,125	4,402	-	7,024
Production and intermediate-term:									
Acceptable	338,581	542,183	271,661	198,911	173,225	273,776	2,290,324	3,153	4,091,814
OAEM	9,701	14,581	4,782	30,679	11,029	990	113,496	-	185,258
Substandard/Doubtful	15,390	25,896	21,678	32,024	16,631	33,538	131,623	6,965	283,745
Total	**363,672**	**582,660**	**298,121**	**261,614**	**200,885**	**308,304**	**2,535,443**	**10,118**	**4,560,817**
Current period gross charge-offs	10,553	2,298	2,791	1,479	487	4,362	1,025	76	23,071
Agribusiness:									
Acceptable	469,821	875,743	898,220	791,938	435,152	567,766	561,214	28,232	4,628,086
OAEM	14,316	31,679	17,579	36,780	6,299	19,034	34,769	3,300	163,756
Substandard/Doubtful	28,449	7,582	59,538	18,248	48,068	63,647	35,011	930	261,473
Total	**512,586**	**915,004**	**975,337**	**846,966**	**489,519**	**650,447**	**630,994**	**32,462**	**5,053,315**
Current period gross charge-offs	-	-	2,993	-	1	8	-	-	3,002
Rural infrastructure:									
Acceptable	90,701	216,129	309,950	106,397	111,038	49,445	15,493	-	899,153
OAEM	1,712	9,496	-	-	-	15,845	-	-	27,053
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	**92,413**	**225,625**	**309,950**	**106,397**	**111,038**	**65,290**	**15,493**	**-**	**926,206**
Other:									
Acceptable	2,698	18,337	46,005	-	12,253	16,080	-	19,416	114,789
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	26	-	-	26
Total	**2,698**	**18,337**	**46,005**	**-**	**12,253**	**16,106**	**-**	**19,416**	**114,815**
Total loans:									
Acceptable	1,405,546	2,656,689	2,328,579	2,328,825	2,187,014	4,999,611	3,497,732	129,309	19,533,305
OAEM	29,001	60,981	39,127	172,107	58,804	221,649	164,633	12,788	759,090
Substandard/Doubtful	57,525	51,024	167,130	135,721	150,216	505,294	203,432	28,482	1,298,824
Total loans	**$1,492,072**	**$2,768,694**	**$2,534,836**	**$2,636,653**	**$2,396,034**	**$5,726,554**	**$3,865,797**	**$170,579**	**$21,591,219**
Total gross charge-offs for the period ended June 30, 2025:	**$10,553**	**$2,298**	**$6,176**	**$1,533**	**$539**	**$6,495**	**$5,427**	**$76**	**$33,097**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table presents year-to-date gross charge-offs by year of origination as well as credit quality indicators by loan type and the related principal balance by year of origination as of December 31, 2024:

	Term Loans Amortized Cost by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
	2024	2023	2022	2021	2020	Prior			
Real estate mortgage:									
Acceptable	$1,079,410	$867,697	$1,338,671	$1,530,516	$1,233,023	$3,158,710	$632,777	$78,777	$9,919,581
OAEM	6,738	26,300	89,192	70,612	70,056	131,332	25,860	8,602	428,692
Substandard/Doubtful	16,851	66,963	83,535	81,370	111,900	249,413	45,557	7,120	662,709
Total	**1,102,999**	**960,960**	**1,511,398**	**1,682,498**	**1,414,979**	**3,539,455**	**704,194**	**94,499**	**11,010,982**
Current period gross charge-offs	-	238	5,177	134	184	6,188	89	-	12,010
Production and intermediate-term:									
Acceptable	579,519	342,219	274,962	187,825	152,444	203,156	2,735,418	7,917	4,483,460
OAEM	7,096	6,798	25,719	16,363	10,518	950	147,483	1,436	216,363
Substandard/Doubtful	30,366	19,416	19,389	14,827	2,855	14,578	141,683	6,894	250,008
Total	**616,981**	**368,433**	**320,070**	**219,015**	**165,817**	**218,684**	**3,024,584**	**16,247**	**4,949,831**
Current period gross charge-offs	4,466	2,107	3,146	941	937	456	3,599	675	16,327
Agribusiness:									
Acceptable	938,262	957,290	851,450	523,772	262,967	400,797	519,256	20,804	4,474,598
OAEM	26,602	58,238	45,075	102	5,329	26,161	36,182	-	197,689
Substandard/Doubtful	15,532	24,612	8,546	49,369	54,013	9,069	20,573	-	181,714
Total	**980,396**	**1,040,140**	**905,071**	**573,243**	**322,309**	**436,027**	**576,011**	**20,804**	**4,854,001**
Current period gross charge-offs	-	11,774	-	475	3,492	(178)	(487)	8,457	23,533
Rural infrastructure:									
Acceptable	212,579	305,071	124,019	132,217	18,743	32,876	13,983	-	839,488
OAEM	3,563	-	1,337	-	15,847	1,756	-	-	22,503
Total	**216,142**	**305,071**	**125,356**	**132,217**	**34,590**	**34,632**	**13,983**	**-**	**861,991**
Other:									
Acceptable	18,353	29,999	-	12,260	231	15,984	6,052	19,389	102,268
Substandard/Doubtful	-	-	-	-	-	34	-	-	34
Total	**18,353**	**29,999**	**-**	**12,260**	**231**	**16,018**	**6,052**	**19,389**	**102,302**
Total loans:									
Acceptable	2,828,123	2,502,276	2,589,102	2,386,590	1,667,408	3,811,523	3,907,486	126,887	19,819,395
OAEM	43,999	91,336	161,323	87,077	101,750	160,199	209,525	10,038	865,247
Substandard/Doubtful	62,749	110,991	111,470	145,566	168,768	273,094	207,813	14,014	1,094,465
Total loans	**$2,934,871**	**$2,704,603**	**$2,861,895**	**$2,619,233**	**$1,937,926**	**$4,244,816**	**$4,324,824**	**$150,939**	**$21,779,10**
Total gross charge-offs for the year ended December 31, 2024:	**$4,466**	**$14,119**	**$8,323**	**$1,550**	**$4,613**	**$6,466**	**$3,201**	**$9,132**	**$51,870**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

Accrued interest receivable on loans of $242.0 million and $269.6 million at June 30, 2025, and December 31, 2024, have been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition. The Association reversed accrued interest receivable of $4.3 million and $12.5 million for the six months ended June 30, 2025, and 2024.

NONPERFORMING ASSETS

The following table reflects nonperforming assets on an amortized cost basis, which consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned and related credit quality statistics:

	June 30, 2025	December 31, 2024
Nonaccrual loans:		
Real estate mortgage	$306,549	$284,132
Production and intermediate-term	81,124	77,689
Agribusiness	81,563	83,467
Other	26	34
Total nonaccrual loans	**469,262**	**445,322**
Accruing loans 90 days or more past due:		
Real estate mortgage	13,742	260
Production and intermediate-term	5,266	-
Total accruing loans 90 days or more past due	**19,008**	**260**
Total nonperforming loans	**$488,270**	**$445,582**
Other property owned	13,150	14,503
Total nonperforming assets	**$501,420**	**$460,085**

	Jun. 30, 2025	Dec. 31, 2024
Nonaccrual loans as a percentage of total loans	2.17%	2.05%
Nonperforming assets as a percentage of total loans and other property owned	2.32%	2.11%
Nonperforming assets as a percentage of capital	13.01%	12.61%

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

	At June 30, 2025			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
Nonaccrual loans:					
Real estate mortgage	$19,228	$287,320	$306,548	$1,695	$2,173
Production and intermediate-term	9,016	72,109	81,125	1,736	2,218
Agribusiness	20,558	61,005	81,563	-	-
Rural infrastructure	-	-	-	2,560	2,745
Other	-	26	26	-	1
Total nonaccrual loans	**$48,802**	**$420,460**	**$469,262**	**$5,991**	**$7,137**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

	At June 30, 2024			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Nonaccrual loans:					
Real estate mortgage	$18,488	$235,314	$253,802	$1,558	$1,838
Production and intermediate-term	12,590	59,906	72,496	735	2,556
Agribusiness	4,318	23,918	28,236	-	220
Other	-	58	58	-	-
Total nonaccrual loans	**$35,396**	**$319,196**	**$354,592**	**$2,293**	**$4,614**

DELINQUENCY

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

June 30, 2025	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
Real estate mortgage	$8,387	$163,329	$171,716	$10,764,350	$10,936,066	$13,742
Production and intermediate-term	8,852	54,191	63,043	4,497,774	4,560,817	5,266
Agribusiness	12,908	22,036	34,944	5,018,371	5,053,315	-
Rural infrastructure	-	-	-	926,206	926,206	-
Other	-	-	-	114,815	114,815	-
Total	**$30,147**	**$239,556**	**$269,703**	**$21,321,516**	**$21,591,219**	**$19,008**

December 31, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$20,031	$116,482	$136,513	$10,874,469	$11,010,982	$260
Production and intermediate-term	34,052	17,793	51,845	4,897,986	4,949,831	-
Agribusiness	10,224	34,683	44,907	4,809,094	4,854,001	-
Rural infrastructure	-	-	-	861,991	861,991	-
Other	-	-	-	102,302	102,302	-
Total	**$64,307**	**$168,958**	**$233,265**	**$21,545,842**	**$21,779,107**	**$260**

LOAN MODIFICATIONS TO BORROWERS EXPERIENCING FINANCIAL DIFFICULTIES

Loan modifications may be granted to borrowers experiencing financial difficulty. Qualifying disclosable modifications are one or a combination of principal forgiveness, interest rate reduction, forbearance, or term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Also included in the following disclosures are other-than-insignificant payment deferrals that may provide the borrower with a temporary payment deferral, which has been defined as cumulative or individual forbearance or payment delay greater than or equal to 6 months. These deferred payments may be capitalized into the principal balance of the loan and amortized with no extension of maturity or with the deferred payment due at the time of original maturity.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table shows the amortized cost basis at June 30, 2025, for loan modifications granted to borrowers experiencing financial difficulty during the three months ended June 30, 2025, and June 30, 2024, disaggregated by loan type and type of modification granted.

	For the Three Months Ended June 30, 2025						
	Interest Rate Reduction	Term Extension	Payment Deferral	Combination – Interest Rate Reduction & Payment Deferral	Combination – Term Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Real estate mortgage	$19,981	$592	$51,106	$275	$2,548	$74,502	0.68%
Production and intermediate-term	5,474	8,043	3,253	1,882	20,696	39,348	0.86%
Agribusiness	-	3,332	9,989	-	10,988	24,309	0.48%
Total	**$25,455**	**$11,967**	**$64,348**	**$2,157**	**$34,232**	**$138,159**	0.64%

	For the Three Months Ended June 30, 2024						
	Interest Rate Reduction	Term Extension	Payment Deferral	Combination – Interest Rate Reduction & Payment Deferral	Combination – Term Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Real estate mortgage	$11,495	$403	$24,076	$1,717	$-	$37,691	0.35%
Production and intermediate-term	1,778	10,219	2,846	188	2	15,033	0.34%
Agribusiness	5,462	-	-	-	-	5,461	0.12%
Total	**$18,735**	**$10,622**	**$26,922**	**$1,905**	**$2**	**$58,185**	0.28%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended June 30, 2025, and June 30, 2024, was $1.6 million and $1.6 million.

	For the Six Months Ended June 30, 2025						
	Interest Rate Reduction	Term Extension	Payment Deferral	Combination – Interest Rate Reduction & Payment Deferral	Combination – Term Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Real estate mortgage	$40,308	$592	$203,609	$3,126	$3,126	$250,761	2.29%
Production and intermediate-term	5,528	17,141	14,011	1,981	26,883	65,544	1.44%
Agribusiness	-	5,666	8,653	-	12,324	26,643	0.53%
Total	**$45,836**	**$23,399**	**$226,273**	**$5,107**	**$42,333**	**$342,948**	1.59%

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

	For the Six Months Ended June 30, 2024							
	Interest Rate Reduction	Term Extension	Payment Deferral	Combination – Interest Rate Reduction & Term Extension	Combination – Interest Rate Reduction & Payment Deferral	Combination – Term Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Real estate mortgage	$17,877	$2,775	$118,083	$-	$4,895	$-	$143,630	1.33%
Production and intermediate-term	8,632	15,543	4,479	974	432	3,808	33,869	0.76%
Agribusiness	15,385	-	3,569	-	-	-	18,954	0.41%
Rural infrastructure	53	-	-	-	-	-	53	0.01%
Total	**$41,947**	**$18,318**	**$126,131**	**$974**	**$5,327**	**$3,808**	**$196,506**	0.95%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the six months ended June 30, 2025, and June 30, 2024, was $4.5 million and $3.3 million.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2025:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 12.11% to 7.22%
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 9.93% to 8.19%

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities on loans by 181 days
Production and intermediate-term	Increased weighted average maturities on loans by 292 days
Agribusiness	Increased weighted average maturities on loans by 364 days

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 325 days payment deferral
Production and intermediate-term	Provided a weighted average 353 days payment deferral
Agribusiness	Provided a weighted average 2.0 years payment deferral

	Combination - Interest Rate Reduction and Payment Deferral
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 8.85% to 7.85%
Real estate mortgage	Provided a weighted average 1.5 years payment deferral
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 10.99% to 8.16%
Production and intermediate-term	Provided a weighted average 1.5 years payment deferral

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

	Combination - Term Extension and Payment Deferral
	Financial Effect
Real estate mortgage	Increased weighted average maturities on loans by 183 days
Real estate mortgage	Provided a weighted average 1.2 years payment deferral
Production and intermediate-term	Increased weighted average maturities on loans by 1.0 years
Production and intermediate-term	Provided a weighted average 3.3 years payment deferral
Agribusiness	Increased weighted average maturities on loans by 2.1 years
Agribusiness	Provided a weighted average 3.8 years payment deferral

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2024:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 12.37% to 8.34%
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 15.04% to 10.04%
Agribusiness	Reduced weighted average contractual interest rate on loans from 9.95% to 8.88%

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities on loans by 4.1 years
Production and intermediate-term	Increased weighted average maturities on loans by 285 days

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 310 days payment deferral
Production and intermediate-term	Provided a weighted average 330 days payment deferral
Agribusiness	Provided a weighted average 183 days payment deferral

	Principal Forgiveness (*in thousands)*
	Financial Effect
Production and intermediate-term	$218

	Combination - Interest Rate Reduction and Payment Deferral
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 10.76% to 7.79%
Real estate mortgage	Provided a weighted average 1.0 years payment deferral
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 12.37% to 6.53%
Production and intermediate-term	Provided a weighted average 286 days payment deferral

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

	Combination - Term Extension and Payment Deferral
	Financial Effect
Production and intermediate-term	Increased weighted average maturities on loans by 3.1 years
Production and intermediate-term	Provided a weighted average 1.2 years payment deferral

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2025:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 9.64% to 6.96%
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 10.02% to 8.29%

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities on loans by 181 days
Production and intermediate-term	Increased weighted average maturities on loans by 342 days
Agribusiness	Increased weighted average maturities on loans by 1.3 years

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 359 days payment deferral
Production and intermediate-term	Provided a weighted average 364 days payment deferral
Agribusiness	Provided a weighted average 1.9 years payment deferral

	Combination - Interest Rate Reduction and Payment Deferral
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 12.87% to 8.19%
Real estate mortgage	Provided a weighted average 340 days payment deferral
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 11.06% to 8.22%
Production and intermediate-term	Provided a weighted average 1.5 years payment deferral

	Combination - Term Extension and Payment Deferral
	Financial Effect
Real estate mortgage	Increased weighted average maturities on loans by 183 days
Real estate mortgage	Provided a weighted average 1.2 years payment deferral
Production and intermediate-term	Increased weighted average maturities on loans by 1.0 years
Production and intermediate-term	Provided a weighted average 3.8 years payment deferral
Agribusiness	Increased weighted average maturities on loans by 2.0 years
Agribusiness	Provided a weighted average 3.6 years payment deferral

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2024:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 10.33% to 8.31%
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 9.89% to 8.75%
Agribusiness	Reduced weighted average contractual interest rate on loans from 9.95% to 9.42%
Rural residential real estate	Reduced weighted average contractual interest rate on loans from 13.78% to 8.78%

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities on loans by 8.7 years
Production and intermediate-term	Increased weighted average maturities on loans by 1.9 years

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 353 days payment deferral
Production and intermediate-term	Provided a weighted average 291 days payment deferral
Agribusiness	Provided a weighted average 3.3 years payment deferral

	Principal Forgiveness (*in thousands)*
	Financial Effect
Production and intermediate-term	$218

	Combination - Interest Rate Reduction and Term Extension
	Financial Effect
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 16.4% to 11.4%
Production and intermediate-term	Increased weighted average maturities on loans by 270 days

	Combination - Interest Rate Reduction and Payment Deferral
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate on loans from 12.12% to 8.82%
Real estate mortgage	Provided a weighted average 1.0 years payment deferral
Production and intermediate-term	Reduced weighted average contractual interest rate on loans from 14.29% to 8.86%
Production and intermediate-term	Provided a weighted average 329 days payment deferral

	Combination - Term Extension and Payment Deferral
	Financial Effect
Production and intermediate-term	Increased weighted average maturities on loans by 1.2 years
Production and intermediate-term	Provided a weighted average 1.9 years payment deferral

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended June 30, 2025, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted
	Payment Deferral
Real estate mortgage	$3,994
Production and intermediate-term	248
Total	**$4,242**

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended June 30, 2024, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted		
	Interest Rate Reduction	Payment Deferral	Combination - Interest Rate Reduction & Payment Deferral
Real estate mortgage	$4,442	$87	$1,717
Production and intermediate-term	-	2	-
Total	**$4,442**	**$89**	**$1,717**

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2025, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted		
	Interest Rate Reduction	Payment Deferral	Combination - Interest Rate Reduction & Payment Deferral
Real estate mortgage	$317	$20,798	$707
Production and intermediate-term	-	6,447	-
Total	**$317**	**$27,245**	**$707**

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2024, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted				
	Interest Rate Reduction	Payment Deferral	Combination - Interest Rate Reduction & Term Extension	Combination - Interest Rate Reduction & Payment Deferral	Combination - Term Extension & Payment Deferral
Real estate mortgage	$4,970	$18,782	$-	$3,542	$-
Production and intermediate-term	-	163	946	197	262
Other	53	-	-	-	-
Total	**$5,023**	**$18,945**	**$946**	**$3,739**	**$262**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2025:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$201,349	$4,741	$44,671
Production and intermediate-term	56,612	706	8,226
Agribusiness	24,673	-	1,970
Total	**$282,634**	**$5,447**	**$54,867**

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2024:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$107,428	$8,173	$28,028
Production and intermediate-term	32,097	178	1,594
Agribusiness	19,018	-	(63)
Other	-	-	53
Total	**$158,543**	**$8,351**	**$29,612**

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2025, were $18.3 million and during the year ended December 31, 2024, were $13.6 million.

ALLOWANCE FOR CREDIT LOSSES

The credit risk rating methodology is a key component of the allowance for credit losses evaluation and is incorporated into loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the Association's lending and leasing limit base but the board of directors has established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities, and to the Banks' (other than CoBank) loan participations.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

A summary of changes in the allowance for credit losses by portfolio segment are as follows:

	Real Estate Mortgage	Production and Intermediate -term	Agri-business	Rural Infra-structure	Other	Total
Allowance for loan losses:						
Balance at March 31, 2025	$23,841	$9,470	$12,443	$780	$129	$46,663
Charge-offs	(2,859)	(6,800)	(5)	-	-	(9,664)
Recoveries	180	613	101	-	-	894
Provision for/(Reversal of) loan losses	4,584	8,490	9,502	42	(3)	22,615
Balance at June 30, 2025	**$25,746**	**$11,773**	**$22,041**	**$822**	**$126**	**$60,508**
Allowance for unfunded commitments:						
Balance at March 31, 2025	$247	$408	$702	$13	$-	$1,370
Provision for unfunded commitments	(39)	(13)	(110)	20	-	(142)
Balance at June 30, 2025	**$208**	**$395**	**$592**	**$33**	**$-**	**$1,228**
Total allowance for credit losses	**$25,954**	**$12,168**	**$22,633**	**$855**	**$126**	**$61,736**

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Rural Infra-structure	Other	Total
Allowance for loan losses:						
Balance at December 31, 2024	$20,449	$7,426	$9,574	$652	$112	$38,213
Charge-offs	(7,024)	(23,071)	(3,002)	-	-	(33,097)
Recoveries	212	1,872	100	-	-	2,184
Provision for loan losses	12,109	25,546	15,369	170	14	53,208
Balance at June 30, 2025	**$25,746**	**$11,773**	**$22,041**	**$822**	**$126**	**$60,508**
Allowance for unfunded commitments:						
Balance at December 31, 2024	$247	$316	$588	$8	$-	$1,159
Provision for unfunded commitments	(39)	79	4	25	-	69
Balance at June 30, 2025	**$208**	**$395**	**$592**	**$33**	**$-**	**$1,228**
Total allowance for credit losses	**$25,954**	**$12,168**	**$22,633**	**$855**	**$126**	**$61,736**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Rural Infra-structure	Other	Total
Allowance for loan losses:						
Balance at March 31, 2024	$7,257	$7,494	$2,219	$4	$-	$16,974
Charge-offs	(2,369)	(2,044)	(816)	-	-	(5,229)
Recoveries	4	804	1,418	-	-	2,226
Provision for/(Reversal of) loan losses	2,561	(107)	1,810	4	-	4,268
Balance at June 30, 2024	**$7,453**	**$6,147**	**$4,631**	**$8**	**$-**	**$18,239**
Allowance for unfunded commitments:						
Balance at March 31, 2024	$116	$420	$336	$-	$-	$872
Provision for unfunded commitments	4	(31)	318	-	-	291
Balance at June 30, 2024	**$120**	**$389**	**$654**	**$-**	**$-**	**$1,163**
Total allowance for credit losses	**$7,573**	**$6,536**	**$5,285**	**$8**	**$-**	**$19,402**

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Rural Infra-structure	Other	Total
Allowance for loan losses:						
Balance at December 31, 2023	$5,599	$7,839	$7,788	$1	$-	$21,227
Charge-offs	(6,151)	(6,162)	(20,414)	-	-	(32,727)
Recoveries	6	1,655	2,885	-	-	4,546
Provision for loan losses	7,999	2,815	14,372	7	-	25,193
Balance at June 30, 2024	**$7,453**	**$6,147**	**$4,631**	**$8**	**$-**	**$18,239**
Allowance for unfunded commitments:						
Balance at December 31, 2023	$136	$396	$504	$-	$-	$1,036
Provision for unfunded commitments	(16)	(7)	150	-	-	127
Balance at June 30, 2024	**$120**	**$389**	**$654**	**$-**	**$-**	**$1,163**
Total allowance for credit losses	**$7,573**	**$6,536**	**$5,285**	**$8**	**$-**	**$19,402**

DISCUSSION OF CHANGES IN ALLOWANCE FOR CREDIT LOSSES

The Allowance for Credit Losses (“Allowance”) using the Current Expected Credit Losses (“CECL”) Methodology was $61.7 million at June 30, 2025, an increase of $22.3 million, as compared to $39.4 million at December 31, 2024. In the third quarter of 2024, the Association adopted a new qualitative overlay methodology, in addition to a recalibration of the quantitative reserve. In the second quarter of 2025, the Association updated its qualitative overlay related to California Central Valley tree fruit and nut portfolio to capture enhancements to the overlay development process currently reflected in the wine and large loan overlays. This accounted for approximately 22% of the increase in the allowance for credit losses. Non-performing loan activity continues to increase. Net charge-offs of $8.8 million were recorded during the quarter. Additional loans converted to nonaccrual status contributed to the $6.3 million increase in the specific reserve.

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

The Association's CECL framework is significantly shaped by the internally assigned risk rating of each loan. By integrating the risk profile for each individual credit within the Association's portfolio, along with key macroeconomic variables (MEVs) listed in the following table, the Association's CECL framework provides an estimate of expected losses. This estimate is grounded in both the characteristics of each individual loan and broader economic factors. The following table provides the forecast variables for the first three years of the 10-year forecast period for the two most influential MEVs for the Association's five largest commodities within the CECL industry segments, which represent 64.40% of the portfolio at June 30, 2025.

Industry	Significant Macroeconomic Variable	Forecast Period		
		Year 1	Year 2	Year 3
Vineyards and wineries	Interest rate, long-term government bond yields, and	4.42%	4.22%	4.20%
	U.S. export value of wine	$5.65	$5.84	$6.00
Beef	Boneless beef, price % quarter-over-quarter, and	0.03%	0.15%	1.19%
	World food price % quarter-over-quarter	0.30%	0.85%	0.80%
Tree fruits and nuts	Exchange rate, effective real % year-over-year, and	2.32%	1.42%	0.64%
	Fruit and tree nut price received index % quarter-over-quarter	0.78%	-0.95%	-0.50%
Field crops	Corn price parity, and	0.21	0.18	0.20
	Net farm income % year-over-year	-4.21%	-2.84%	-0.50%
Dairies	Exchange rate, effective real % year-over-year, and	0.78%	-0.95%	-0.50%
	Total livestock crop cash receipts % quarter-over-quarter	1.03%	0.36%	0.08%

NOTE 3 – INVESTMENT SECURITIES

A summary of the amortized cost of securities held-to-maturity by type is as follows:

	As of June 30, 2025			
	Amortized Cost	Gross Unrealized Gains/(Losses)	Fair Value	Weighted Average Yield
Asset-backed securities	$51,644	(846)	$50,798	6.42%

As of June 30, 2025, the Association's investment portfolio included two securities issued by SBA, each with contractual maturities of 25 years. Accrued interest of $548.1 thousand as of June 30, 2025, has been excluded from the amortized cost basis of the total investment securities.

NOTE 4 – PREMISES, EQUIPMENT, AND LEASES

PREMISES AND EQUIPMENT

Premises and equipment consist of the following:

	June 30, 2025	December 31, 2024
Buildings and improvements	$58,307	$63,023
Furniture and equipment	10,494	11,030
Land	6,044	8,446
Construction in progress	505	3,718
Vehicles	382	548
Premises and equipment at cost	75,732	86,765
Less: accumulated depreciation	(29,533)	(31,862)
Premises and equipment, net	**$46,199**	**$54,903**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

LEASES

The balance sheet effect of operating leases for office space, and finance leases for vehicles, are included in premises and equipment and other liabilities on the balance sheet. Right-of-use assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease.

Future minimum lease payments under non-cancellable leases as of June 30, 2025, were as follows:

	Operating Leases	Finance Leases	Total
2025 (excluding the six months ended 6/30/25)	$561	$1,373	$1,934
2026	907	1,361	2,268
2027	535	658	1,193
2028	484	291	775
2029	294	163	457
Thereafter	1,247	28	1,275
Total lease payments	**4,028**	**3,874**	**7,902**
Less: interest	-	(808)	(808)
Total	**$4,028**	**$3,066**	**$7,094**

Right-of-use assets, net of accumulated amortization, amounted to $6.4 million for the period ended June 30, 2025.

ASSETS HELD FOR SALE

As of June 30, 2025, assets held for sale totaled $59.0 million, compared to $54.4 million as of December 31, 2024. The balance primarily consisted of the Albuquerque, NM office building and land, with a carrying amount of $8.1 million, which was written down to the appraised value of $4.9 million less approximate selling costs of $293 thousand, and the former Santa Rosa headquarters building and land (along with other furniture and equipment) which were written down to its fair value of $56.1 million, less estimated selling costs of $1.7 million. During the period, certain assets previously classified as held for sale were disposed of, which included the Greeley, CO office building and land resulting in a gain of $2.4 million and was included in miscellaneous income in the accompanying statements of operations.

NOTE 5 – SHAREHOLDERS' EQUITY

The table below shows the Association's regulatory capital requirements and ratios as of June 30, 2025. The Association exceeded all regulatory minimum capital requirements as of June 30, 2025, and December 31, 2024.

	Regulatory Minimums	Capital Conservation Buffer	Total	Jun. 30, 2025	Dec. 31, 2024
Risk-adjusted:					
Common Equity Tier 1 capital	4.5%	2.5%	7.0%	**11.25%**	**11.53%**
Tier 1 capital	6.0%	2.5%	8.5%	**12.43%**	**12.73%**
Total capital	8.0%	2.5%	10.5%	**13.41%**	**13.66%**
Permanent capital	7.0%	0.0%	7.0%	**13.36%**	**13.68%**
Non-risk-adjusted:					
Tier 1 leverage	4.0%	1.0%	5.0%	**14.35%**	**14.56%**
URE and UREE leverage	1.5%	0.0%	1.5%	**12.93%**	**13.14%**

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

On June 14, 2021, the Association issued $300 million of Series A non-cumulative perpetual preferred stock at $1,000 par value per share. The issuance carries an annual dividend rate of 5.25% payable quarterly until the First Reset Date of June 15, 2026, thereafter, the amount equal to the sum of the Five-Year Treasury Rate as of the most recent Reset Dividend Determination Date plus 4.50%. The issuance will be callable June 15, 2026, and quarterly thereafter.

The Series A preferred stock is junior upon liquidation or dissolution to any subordinated debt, existing and future debt obligations, and to any series of preferred stock issued in the future with priority rights. Series A preferred stock has a preference as to dividends and is senior upon liquidation or dissolution to outstanding Class C common stock, Class F participation certificates, and patronage equities.

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

Balance at December 31, 2024	**Pension and Other Benefit Plans**	**Accumulated Other Comprehensive Loss**
Other comprehensive loss before reclassifications	$(13,320)	$(13,320)
Amounts reclassified from accumulated other comprehensive loss	2,875	2,875
Net current period other comprehensive income	2,875	2,875
Balance at June 30, 2025	**$(10,445)**	**$(10,445)**

Balance at December 31, 2023	**Pension and Other Benefit Plans**	**Accumulated Other Comprehensive Loss**
Other comprehensive loss before reclassifications	$(16,565)	$(16,565)
Amounts reclassified from accumulated other comprehensive loss	2,752	2,752
Net current period other comprehensive income	2,752	2,752
Balance at June 30, 2024	**$(13,813)**	**$(13,813)**

The following table represents reclassifications out of accumulated other comprehensive loss:

	For the Six Months Ended		**Location of Gain/(Loss) Recognized in Statement of Income**
	Jun. 30, 2025	**Jun. 30, 2024**	
Pension and other benefit plans:			
Net actuarial gain	$2,875	$2,752	Salaries & Benefits
Total amounts reclassified	**$2,875**	**$2,752**	

NOTE 6 – SUBORDINATED NOTES

In June 2021, the Association issued $200 million of Subordinated Notes (Notes), due in 2036, which may be redeemed all or in part on any interest payment date on or after June 2031. The Notes bear a fixed interest rate of 3.375% per annum, payable semi-annually until June 15, 2031, at which point the rate changes to a floating rate equal to the benchmark rate, expected to be three-month term SOFR, plus a spread of 212 basis points through maturity date or the date of earlier redemption. The Notes are subordinate to all other creditor debt, including general creditors, and senior to all classes of stock. The Notes are not considered System debt and are not an obligation of, nor guaranteed by any System entity. Further, payments on the Notes are not insured by the FCSIC. The notes are presented net of unamortized issuance costs of approximately $1.8 million on the Consolidated Statements of Condition at June 30, 2025.

NOTE 7 – FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2024 Annual Report.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

Assets and liabilities measured at fair value for each of the fair value hierarchy values are summarized below:

	June 30, 2025		December 31, 2024	
	Fair Value Measurement Using		Fair Value Measurement Using	
	Level 1	Level 3	Level 1	Level 3
Measured at fair value on a recurring basis:				
Assets held in nonqualified benefits trusts	$37,769		$43,307	
Measured at fair value on a non-recurring basis:				
Loans		$104,209		$32,176
Other property owned		$13,150		$14,503

During the reporting periods presented, the Association recorded no transfers in or out of Levels 1, 2, or 3. The Association had no liabilities measured at fair value on a recurring basis for the periods presented.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying amounts, estimated fair values, and the level within the fair value hierarchy of the Association's financial instruments not carried at fair value. Receivables and payables due in one year or less, equity securities without readily determinable fair values, and other financial assets or liabilities with no defined or contractual maturities are excluded. There were no significant changes in the valuation techniques during the period ending June 30, 2025.

June 30, 2025	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial assets:			
Loans, net of allowance (recorded at amortized cost)	$21,530,711	$20,934,336	Level 3
Cash	$48,511	$48,511	Level 1
Asset-backed securities held-to-maturity	$51,644	$50,798	Level 2
Financial liabilities (recorded at amortized cost):			
Notes payable to CoBank	$18,306,270	$18,067,693	Level 3
Subordinated debt	$198,173	$171,507	Level 3

December 31, 2024	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial assets:			
Loans, net of allowance (recorded at amortized cost)	$21,740,894	$21,013,200	Level 3
Cash	$98,450	$98,450	Level 1
Financial liabilities (recorded at amortized cost):			
Notes payable to CoBank	$18,580,448	$18,222,648	Level 3
Subordinated debt	$198,090	$166,872	Level 3

VALUATION TECHNIQUES

Accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used for the Associations' assets and liabilities.

Loans: Fair value is estimated by discounting the expected future principal and interest cash flows to present value. The discount rate is a spread over an applicable yield curve, based on interest rates at which similar loans would be made to borrowers with similar credit risk regarding recent loan origination rates and management's estimates of credit risk. Management has no basis to determine whether the estimated fair values presented would be indicative of the assumptions and adjustments that a purchaser of the Association's loans would seek in an actual sale.

Fair value of loans in nonaccrual status is estimated as described above, but cash flows are principal only, meaning no interest cash flows occur, and the maturity date is adjusted to assume resolution occurs within two to three years.

For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying collateral since the loans are collateral-dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

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

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

Cash: Fair value of cash approximates amortized cost.

Notes Payable to CoBank: Fair value is estimated by discounting the future expected principal and interest cash flows to present value. The discount rate is a spread over an applicable yield curve based on current market rates of similar securities with similar maturities and characteristics. The current market rates used were obtained from the Federal Farm Credit Banks Funding Corporation.

Subordinated Debt: Fair value is estimated by discounting the future expected principal and interest cash flows to present value. This discount rate is a spread over an applicable yield curve based on expected market rates of similar securities. The expected market rates are derived from current market interest rates and the change in applicable corporate BBB finance spread obtained from an independent third party since the trade date. Management has no basis to determine whether the estimated fair value presented would be indicative of the assumptions and adjustments that a purchaser of the subordinated debt would seek in an actual sale.

Investment Securities: The fair value of our asset-backed investment securities classified as Level 2 is determined by a third-party pricing service that uses valuation models to estimate current market prices. Inputs and assumptions related to these models are typically observable in the marketplace. If quoted prices are not available in an active market, the fair value of securities is estimated using quoted prices for similar securities received from pricing services or discounted cash flows.

NOTE 8 – SEGMENT REPORTING

The Association is engaged in a single line of business which, by regulation, provides, either directly or in participation with other lenders, credit, credit commitments and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, rural residents and farm-related businesses. The chief operating decision maker (CODM) is the Chief Executive Officer (CEO), who uses net interest income and net income, provision for credit losses, salaries and benefits, purchased services and technology expenses along with regulatory capital ratios reported in the accompanying Financial Statements, to evaluate the Association's performance, and make operational decisions such as whether to reinvest profits. The Association's operations constitute a single operating segment and therefore, a single reportable segment, as the CODM manages the business activities using information of the Association as a whole.

The accounting policies of the segment, including those used to measure the profit and loss of the segment, are the same as those disclosed in the summary of significant accounting policies disclosed in the Annual Report to Shareholders. The measure of segment assets is reported on the Statements of Condition as Total Assets. There is no separate segment financial information as the entity has only one segment.

NOTE 9 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 8, 2025, which is the date the financial statements were available to be issued.