AgCredit Agricultural Credit Association

SECOND QUARTER 2025

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CERTIFICATION

The undersigned certify that we have reviewed the June 30, 2025 quarterly report of AgCredit Agricultural Credit Association, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

/s/ Brian J. Ricker
Chief Executive Officer

/s/ Daniel J. Lucke
Chief Financial Officer

/s/ Dustin J. Sonnenberg
Chairman of the Board

August 8, 2025

AgCredit Agricultural Credit Association

Report on Internal Control Over Financial Reporting

The Association's principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association,

2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and

3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of June 30, 2025. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association's management concluded that as of June 30, 2025, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association's management determined that there were no material changes to or weaknesses in the internal control over financial reporting as of June 30, 2025.

/s/ Brian J. Ricker
Chief Executive Officer

/s/ Daniel J. Lucke
Chief Financial Officer

August 8, 2025

AgCredit Agricultural Credit Association

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

(dollars in thousands)

The following commentary reviews the financial condition and results of operations of AgCredit Agricultural Credit Association (Association) for the period ended June 30, 2025, with comparisons to prior periods. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements, and the 2024 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners, and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio consists predominantly of grains (primarily soybeans, corn, and wheat), livestock, and landlords, which constitute 68 percent of the entire portfolio as of June 30, 2025. The Association recognizes the commodity concentration risk exceeds normally accepted industry standards. This risk, along with the risk associated with large loans, is reduced by members' off-farm income, utilization of crop insurance, and the use of FSA, USDA, Business and Industry, SBA, and Farmer Mac loan guarantees. As of June 30, 2025, the Association had $1,009,801 of guaranteed loan volume, which is 28.77 percent of loans as compared to $948,029 of guaranteed volume or 29.81 percent of the portfolio at June 30, 2024. Loan guarantees reduce the potential of loss in the Association's loan portfolio and help to leverage the Association's capital.

The total loan volume of the Association as of June 30, 2025, was $3,510,500, a decrease of $31,879 as compared to $3,542,379 at December 31, 2024. The decrease in loan value primarily relates to decreases in production and intermediate and cooperative partially offset by increases in real estate mortgage and processing & marketing.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans increased to $18,694 at June 30, 2025 from $11,471 at December 31, 2024. As a percent of total loans, nonaccrual loans were 0.53% and 0.32% at June 30, 2025 and December 31, 2024, respectively.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACLL). The ACLL at June 30, 2025, was $11,012 or 0.31% of total loans compared to $8,942 or 0.25% of total loans at December 31, 2024, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. See further detail on the Association's ACL within the Association's Annual Report and discussion of significant provision for credit loss within the *Results of Operations* below.

RESULTS OF OPERATIONS

For the three months ended June 30, 2025

Net income for the three months ended June 30, 2025, was $16,937, a decrease of $1,727 as compared to net income of $18,664 for the same period ended in 2024. Major changes in the components of net income when comparing Q2 2025 to Q2 2024 are identified below in the commentary for net interest income, provision for credit losses, noninterest income, and noninterest expense.

Net interest income for the three months ended June 30, 2025, was $22,250, an increase of $2,008 as compared to net interest income of $20,542 for the same period ended in 2024. The increase in net interest income was primarily the result of the change in the rate applied to notes payable, increased rates earned on our own funds, and loan growth.

The provision for credit losses for the three months ended June 30, 2025, was $1,310, an increase of $1,073 from the provision for credit losses of $237 for the same period ended during the prior year. This is primarily related to a significant change in economic factors, specifically around BBB spreads and unemployment rates.

Noninterest income decreased $1,050 to $6,347 during the three months ended June 30, 2025 compared to the same period ended during the prior year primarily due to a decrease in the patronage rate paid out by AgFirst and impairment losses on investments as well as a FCS Insurance Corporation refund in the prior year.

For the three months ended June 30, 2025, noninterest expense increased $1,601 to $10,639 compared to the same period ended in 2024 primarily due to an increase in purchased service fees charged by AgFirst from 34 bps to 50 bps.

For the six months ended June 30, 2025

Net income for the six months ended June 30, 2025, was $34,237, a decrease of $2,914 as compared to net income of $37,151 for the same period ended in 2024. Major changes in the components of net income when comparing year to date Q2 2025 to year to date Q2 2024 are identified below in the commentary for net interest income, provision for credit losses, noninterest income, and noninterest expense.

For the six months ended June 30, 2025, net interest income was $45,285, an increase of $2,983 as compared to net interest income of $42,302 for the same period ended in 2024. The increase in net interest income was primarily the result of the change in the rate applied to notes payable, increased rates earned on our own funds, and loan growth.

The provision for credit losses for the six months ended June 30, 2025, was $2,260, an increase of $1,378 from the provision for credit losses of $882 for the same period ended during the prior year. This is primarily related to a significant change in economic factors, specifically around BBB spreads and unemployment rates.

Noninterest income decreased $1,369 to $13,175 during the first six months of 2025 compared with the first six months of 2024 primarily due to a decrease in the patronage rate paid out by AgFirst and impairment losses on investments as well as a decrease in the FCS Insurance Corporation refund in the current year as compared to the prior year.

For the six months ended June 30, 2025, noninterest expense increased $3,127 to $21,940 compared to the same period ended in 2024 primarily due to an increase in purchased service fees charged by AgFirst from 34 bps to 50 bps.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at June 30, 2025, was $3,098,422 as compared to $3,146,165 at December 31, 2024.

CAPITAL RESOURCES

Total members' equity at June 30, 2025, was $586,054, an increase of $34,036 from a total of $552,018 at December 31, 2024. The increase is due primarily to 2025 year-to-date earnings. Total capital stock and participation certificates were $13,788 on June 30, 2025, compared to $13,945 on December 31, 2024.

FCA sets minimum regulatory capital requirements with a capital conservation buffer for System banks and associations. Capital adequacy is evaluated using a number of regulatory ratios.

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	6/30/25	12/31/24	6/30/24
Permanent Capital Ratio	7.00%	19.18%	18.48%	18.96%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	18.92%	18.22%	18.67%
Tier 1 Capital Ratio	8.50%	18.92%	18.22%	18.67%
Total Regulatory Capital Ratio	10.50%	19.31%	18.54%	19.00%
Tier 1 Leverage Ratio**	5.00%	14.03%	13.99%	14.43%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	13.80%	13.75%	14.17%

**Include full capital conservation buffers.*
***The Tier 1 Leverage Ratio must include a minimum of 1.50% of URE and URE equivalents.*

If the capital ratios fall below the minimum regulatory requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. For all periods presented, the Association exceeded minimum regulatory requirements for all of the ratios.

REGULATORY MATTERS

On November 29, 2024, the Farm Credit Administration (FCA) published a proposed rule on internal control over financial reporting (ICFR) in the Federal Register. The proposed rule would amend the financial reporting regulations to require System Associations that meet certain asset thresholds or conditions, as well as the Banks, to obtain annual attestation reports from their external auditors that express an opinion on the effectiveness of ICFR (also known as integrated audit). Associations would meet the requirement for an integrated audit if it represents 1% or more of total System assets; 15% or more of its' District Bank's direct loans to Associations or if the FCA's Office of Examination determines that a material weakness in the Association's ICFR exists. The comment period ended on March 31, 2025.

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) exposures by assigning a 150% risk-weighting to such exposures, instead of the current 100% to reflect their increased risk characteristics. The rule further ensures comparability between the FCA's risk-weightings and the federal banking regulators, with deviations as appropriate to accommodate the different regulatory, operational and credit considerations of the System. The final rule excludes certain acquisition, development and construction loans that do not present as much risk and therefore do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated for less than $500,000. On October 16, 2024, the FCA extended the implementation date of this rule from January 1, 2025 to January 1, 2026.

On October 5, 2023, the FCA approved a final rule on cyber risk management that requires each System institution to develop and implement a comprehensive, written cyber risk management program. Each institution's cyber risk plan must require the institution to take the necessary actions to assess internal and external risk factors, identify potential system and software vulnerabilities, establish a risk management program for the risks identified, develop a cyber risk training program, set policies for managing third-party relationships, maintain robust internal controls and establish institution board reporting requirements. The final rule became effective on January 1, 2025.

Note: The Association obtains funding from AgFirst Farm Credit Bank (the Bank). The Association is materially affected and shareholder investment could be materially affected by the financial condition and results of operations of the Bank. Copies of the Bank's Annual and Quarterly Reports are on the AgFirst website, *www.agfirst.com* or may be obtained at no charge by calling 1-800-845-1745, extension 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202.

Copies of the Association's Quarterly and Annual Reports are available on the Association's website, www.agcredit.net, or may be obtained upon request free of charge by calling 1-800-837-3678, extension 2206, or writing Dan Lucke, Chief Financial Officer, AgCredit, ACA, 610 W Lytle Street, Fostoria, OH 44830. The Association prepares an electronic version of the Quarterly Report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the Association.

AgCredit Agricultural Credit Association

Consolidated Balance Sheets

(dollars in thousands)	June 30, 2025 *(unaudited)*	December 31, 2024 *(audited)*
Assets		
Cash	**$ 39**	$ 47
Investments in debt securities:		
Held to maturity	**66,773**	63,681
Loans	**3,510,500**	3,542,379
Allowance for credit losses on loans	**(11,012)**	(8,942)
Net loans	**3,499,488**	3,533,437
Other investments	**10,022**	7,921
Accrued interest receivable	**55,598**	52,651
Equity investments in other Farm Credit institutions	**59,760**	57,598
Premises and equipment, net	**7,129**	7,223
Other property owned	**362**	486
Accounts receivable	**12,773**	26,242
Other assets	**3,849**	3,779
Total assets	**$ 3,715,793**	$ 3,753,065
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 3,098,422**	$ 3,146,165
Accrued interest payable	**10,114**	9,972
Patronage refunds payable	**127**	26,106
Accounts payable	**4,420**	6,125
Advanced conditional payments	**1,718**	1,564
Other liabilities	**14,938**	11,115
Total liabilities	**3,129,739**	3,201,047
Commitments and contingencies (Note 5)		
Members' Equity		
Capital stock and participation certificates	**13,788**	13,945
Retained earnings		
Allocated	**397,143**	396,760
Unallocated	**175,123**	141,313
Total members' equity	**586,054**	552,018
Total liabilities and members' equity	**$ 3,715,793**	$ 3,753,065

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

AgCredit Agricultural Credit Association

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Interest Income				
Loans	**$ 52,260**	$ 46,486	**$ 103,495**	$ 93,268
Investments	**778**	391	**1,485**	702
Total interest income	**53,038**	46,877	**104,980**	93,970
Interest Expense	**30,488**	26,335	**59,695**	51,668
Net interest income	**22,550**	20,542	**45,285**	42,302
Provision for credit losses	**1,310**	237	**2,260**	882
Net interest income after provision for credit losses	**21,240**	20,305	**43,025**	41,420
Noninterest Income				
Loan fees	**321**	227	**972**	529
Fees for financially related services	**34**	45	**73**	76
Patronage refunds from other Farm Credit institutions	**6,140**	6,363	**11,827**	12,907
Gains (losses) on other transactions	**(224)**	66	**(246)**	257
Insurance Fund refunds	**—**	616	**399**	616
Other noninterest income	**76**	80	**150**	159
Total noninterest income	**6,347**	7,397	**13,175**	14,544
Noninterest Expense				
Salaries and employee benefits	**4,575**	4,584	**9,663**	9,606
Occupancy and equipment	**373**	298	**712**	653
Insurance Fund premiums	**546**	476	**1,091**	949
Guarantee fees	**200**	286	**525**	664
Purchased services	**3,541**	2,242	**6,972**	4,412
Data processing	**345**	142	**491**	223
Other operating expenses	**1,059**	1,010	**2,477**	2,306
(Gains) losses on other property owned, net	**—**	—	**9**	—
Total noninterest expense	**10,639**	9,038	**21,940**	18,813
Income before income taxes	**16,948**	18,664	**34,260**	37,151
Provision for income taxes	**11**	—	**23**	—
Net income	**$ 16,937**	$ 18,664	**$ 34,237**	$ 37,151
Other comprehensive income	**—**	—	**—**	—
Comprehensive income	**$ 16,937**	$ 18,664	**$ 34,237**	$ 37,151

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

AgCredit Agricultural Credit Association

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings: Allocated	Retained Earnings: Unallocated	Total Members' Equity
Balance at December 31, 2023	$ 14,113	$ 363,983	$ 127,583	$ 505,679
Comprehensive income			37,151	37,151
Capital stock/participation certificates issued/(retired), net	(181)			(181)
Dividends declared/paid			(85)	(85)
Patronage distribution adjustment		2,093	(1,814)	279
Balance at June 30, 2024	$ 13,932	$ 366,076	$ 162,835	$ 542,843
Balance at December 31, 2024	**$ 13,945**	**$ 396,760**	**$ 141,313**	**$ 552,018**
Comprehensive income			**34,237**	**34,237**
Capital stock/participation certificates issued/(retired), net	**(157)**			**(157)**
Dividends declared/paid			**(68)**	**(68)**
Patronage distribution adjustment		**383**	**(359)**	**24**
Balance at June 30, 2025	**$ 13,788**	**$ 397,143**	**$ 175,123**	**$ 586,054**

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

AgCredit Agricultural Credit Association

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)
(unaudited)

Note 1 — Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements

Organization
The accompanying financial statements include the accounts of AgCredit Agricultural Credit Association and its Production Credit Association (PCA) and Federal Land Credit Association (FLCA) subsidiaries (collectively, the Association). Descriptions of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2024, are contained in the 2024 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation
In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

Certain amounts in the prior period's consolidated financial statements have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The results of any interim period are not necessarily indicative of those to be expected for a full year.

Significant Accounting Policies
The Association's accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period, and the related disclosures. Although these estimates contemplate current conditions and expectations of change in the future, it is reasonably possible that actual conditions may be different than anticipated, which could materially affect results of operations and financial condition.

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*) and financial instruments (Note 4, *Fair Value Measurement*). Actual results could differ from those estimates.

For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

Recently Issued or Adopted Accounting Pronouncements
In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations, or cash flows.

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	June 30, 2025	December 31, 2024
Real estate mortgage	$ 1,973,662	$ 1,949,163
Production and intermediate-term	678,072	760,341
Agribusiness:		
Loans to cooperatives	4,665	11,884
Processing and marketing	350,951	323,378
Farm-related business	38,379	40,017
Rural infrastructure:		
Communication	54,145	50,866
Power and water/waste disposal	17,507	14,166
Rural residential real estate	147,068	144,317
Other:		
International	–	1,035
Lease receivables	2,199	2,427
Other (including Mission Related)	243,852	244,785
Total loans	$ 3,510,500	$ 3,542,379

A substantial portion of the Association's lending activities is collateralized, and exposure to credit loss associated with lending activities is reduced accordingly. The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume, and comply with FCA regulations.

The following table shows loans, classified under the FCA Uniform Loan Classification System, as a percentage of total loans by loan type as of:

	June 30, 2025	December 31, 2024
Real estate mortgage:		
Acceptable	96.42%	97.29%
OAEM	1.59	0.98
Substandard/doubtful/loss	1.99	1.73
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	89.21%	92.79%
OAEM	6.20	4.15
Substandard/doubtful/loss	4.59	3.06
	100.00%	100.00%
Agribusiness:		
Acceptable	91.44%	91.76%
OAEM	3.37	5.91
Substandard/doubtful/loss	5.19	2.33
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	98.01%	98.11%
OAEM	1.46	1.32
Substandard/doubtful/loss	0.53	0.57
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Total loans:		
Acceptable	94.86%	96.01%
OAEM	2.53	2.11
Substandard/doubtful/loss	2.61	1.88
	100.00%	100.00%

Accrued interest receivable on loans of $54,734 and $51,333 at June 30, 2025 and December 31, 2024, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

The following tables provide an aging analysis of past due loans as of:

	June 30, 2025					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	$ 5,786	$ 4,203	$ 9,989	$ 1,963,673	$ 1,973,662	$ 615
Production and intermediate-term	12,974	1,936	14,910	663,162	678,072	505
Agribusiness	854	–	854	393,141	393,995	–
Rural infrastructure	–	–	–	71,653	71,653	–
Rural residential real estate	367	132	499	146,569	147,068	–
Other	7,256	2,046	9,302	236,748	246,050	2,046
Total	$ 27,237	$ 8,317	$ 35,554	$ 3,474,946	$ 3,510,500	$ 3,166

	December 31, 2024					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	$ 16,047	$ 2,007	$ 18,054	$ 1,931,109	$ 1,949,163	$ –
Production and intermediate-term	3,650	585	4,235	756,106	760,341	43
Agribusiness	49	–	49	375,230	375,279	–
Rural infrastructure	–	–	–	65,032	65,032	–
Rural residential real estate	630	89	719	143,598	144,317	–
Other	16,055	–	16,055	232,192	248,247	–
Total	$ 36,431	$ 2,681	$ 39,112	$ 3,503,267	$ 3,542,379	$ 43

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for credit losses on loans as of:

	June 30, 2025		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ –	$ 10,371	$ 10,371
Production and intermediate-term	2,040	5,981	8,021
Agribusiness	–	106	106
Rural residential real estate	49	147	196
Total	$ 2,089	$ 16,605	$ 18,694

	December 31, 2024		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ 285	$ 6,749	$ 7,034
Production and intermediate-term	1,984	2,240	4,224
Rural residential real estate	49	164	213
Total	$ 2,318	$ 9,153	$ 11,471

The Association recognized $70 and $186 of interest income on nonaccrual loans during the three months ended June 30, 2025 and June 30, 2024, respectively. The Association recognized $131 and $209 of interest income on nonaccrual loans during the six months ended June 30, 2025 and June 30, 2024, respectively.

Reversals of interest income on loans that moved to nonaccrual status were not material for the three and six months ended June 30, 2025 and 2024.

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

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	$ 9,891	$ 7,784
Charge-offs	–	(324)
Recoveries	1	–
Provision for credit losses on loans	1,120	174
Balance at end of period	$ 11,012	$ 7,634
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	$ 568	$ 453
Provision for unfunded commitments	190	64
Balance at end of period	$ 758	$ 517
Total allowance for credit losses	$ 11,770	$ 8,151

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	$ 8,942	$ 7,115
Charge-offs	(4)	(324)
Recoveries	1	–
Provision for credit losses on loans	2,073	843
Balance at end of period	$ 11,012	$ 7,634
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	$ 571	$ 476
Provision for unfunded commitments	187	41
Balance at end of period	$ 758	$ 517
Total allowance for credit losses	$ 11,770	$ 8,151

Loan modifications may be granted to borrowers experiencing financial difficulty. Qualifying disclosable modifications are one, or a combination of, principal forgiveness, interest rate reduction, or a term or payment extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the three and six months ended June 30, 2025 and 2024. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at June 30, 2025 and 2024. There were no material modifications to distressed borrowers that occurred during the previous twelve months and for which there was a subsequent payment default during the period.

The Association had no loans held for sale at June 30, 2025 and December 31, 2024.

Note 3 — Investments

Investments in Debt Securities

The Association's investments consist of asset-backed securities (ABSs). These ABSs are issued through the Small Business Administration and are guaranteed by the full faith and credit of the United States government. They are held for managing overall risk including concentration through diversification. These securities meet the applicable FCA regulatory guidelines related to government agency guaranteed investments.

The Association's investments also consist of Rural America Bonds (RABs), which are private placement securities purchased under the Mission Related Investment (MRI) program approved by the FCA. In its Conditions of Approval for the program, the FCA generally considers a RAB ineligible if its investment rating, based on the internal 14-point probability of default scale used to also grade loans, falls below 9. The FCA requires System institutions to provide notification to FCA when a security becomes ineligible. Any other bonds purchased under the MRI program, approved on a case-by-case basis by FCA, may have different eligibility requirements. At June 30, 2025, the Association held no RABs whose credit quality had deteriorated beyond the program limits.

A summary of the amortized cost of investment securities held-to-maturity follows:

	June 30, 2025	December 31, 2024
	Amortized Cost	
RABs	$ 2,608	$ 5,213
ABSs	64,165	58,468
Total	$ 66,773	$ 63,681

A summary of the contractual maturity and amortized cost of investment securities follows:

	Amortized Cost
In one year or less	$ –
After one year through five years	8,492
After five years through ten years	23,951
After ten years	34,330
Total	$ 66,773

For the securities listed above, expected maturities can differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

The Association evaluates investment securities with unrealized losses for impairment on a quarterly basis. As part of this assessment, it was concluded that the Association does not intend to sell the security, and is not likely that the Association would be required to sell the security prior to recovery of the amortized cost basis. The Association also evaluates whether credit impairment exists by comparing the present value of expected cash flows to the amortized cost basis of the security. Credit impairment, if any, is recorded as an ACL for debt securities. At June 30, 2025 and December 31, 2024, the Association does not consider any credit-related unrealized losses to be material and an allowance for credit losses on investments is not necessary.

Equity Investments in Other Farm Credit System Institutions

Equity investments in other Farm Credit System institutions are generally nonmarketable investments consisting of stock and participation certificates, allocated surplus, and reciprocal investments in other institutions regulated by the FCA. These investments are carried at cost and evaluated for impairment based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value.

The Association is required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 9.71% of the issued stock and allocated retained earnings of the Bank as of June 30, 2025 net of any reciprocal investment. As of that date, the Bank's assets totaled $48.4 billion and shareholders' equity totaled $2.0 billion. The Bank's earnings were $129 million for the first six months of 2025. In addition, the Association held investments of $5,349 related to other Farm Credit institutions.

Note 4 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders for additional information.

Fair values are estimated at each period end date for assets and liabilities measured at fair value on a recurring basis. The following tables summarize assets measured at fair value at period end.

	June 30, 2025			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 3,230	$ –	$ –	$ 3,230
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 340	$ 340
Other property owned	$ –	$ –	$ 362	$ 362
Other investments	$ –	$ –	$ 10,022	$ 10,022

	December 31, 2024			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 3,086	$ –	$ –	$ 3,086
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 438	$ 438
Other property owned	$ –	$ –	$ 486	$ 486
Other investments	$ –	$ –	$ 7,921	$ 7,921

Valuation Techniques

As more fully discussed in Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, certain of the estimated fair values may not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction. The following represent a brief summary of the valuation techniques used by the System institution for assets and liabilities:

Assets held in trust funds
Assets held in trust funds, related to deferred compensation plans, are classified as Level 1. The trust funds include investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

Nonaccrual loans
For certain loans evaluated for credit loss 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.

Other investments
There are no observable market values for the Association's Rural Business Investment Company (RBIC) investments. These investments are measured at cost, adjusted for any observable sales and impairment.

Note 5 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association. Because it is remote that the Association will incur a loss or the loss is not estimable, no liability has been recorded for any claims that may be pending.

Note 6 — Subsequent Events

The Association evaluated subsequent events through August 8, 2025 which was the date the financial statements were issued and noted there were none requiring disclosure.