
AgSouth Farm Credit, ACA

SECOND QUARTER 2025

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CERTIFICATION

The undersigned certify that we have reviewed the June 30, 2025 quarterly report of AgSouth Farm Credit, ACA, 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/ Vance C. Dalton, Jr.
Chief Executive Officer

/s/ Bo Fennell
Chief Financial Officer

/s/ H. Frank Ables, Jr.
Chairman of the Board

August 8, 2025

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 affected by its Board of Directors, management and other personnel. This process provides 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.

Internal control over financial reporting 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 weaknesses in the internal control over financial reporting as of June 30, 2025.

/s/ Vance C. Dalton, Jr.
Chief Executive Officer

/s/ Bo Fennell
Chief Financial Officer

August 8, 2025

AgSouth Farm Credit, ACA

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 AgSouth Farm Credit, ACA (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 is diversified over a wide range of agricultural commodities produced in our region, including timber, poultry (broilers, turkeys and eggs), sod, nursery and horticulture, cotton, feed grains, soybeans and hay, beef cattle, pastures, horses, peanuts, blueberries, fruits, and nuts. Loans to producers of these commodities total \$3,451,717 or 71.44 percent of the Association's portfolio. Farm size varies, and many of the Association's customers have diversified farming operations. These factors, along with the numerous opportunities for non-farm income in the area, reduce to some degree the level of income dependency on any given commodity.

The total loan volume of the Association as of June 30, 2025, was \$4,831,376 an increase of \$271,699 as compared to \$4,559,677 at December 31, 2024. The increase is due to the funding of operating lines of credit and term loans during the busiest time of the growing season. Advances on most operating lines are now funded and additional anticipated growth in the portfolio is being realized.

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 \$34,987 at June 30, 2025 from \$20,163 at December 31, 2024. As a percent of total loans, nonaccrual loans were less than one percent 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 (ACL). The ACL at June 30, 2025, was \$30,100 or less than one percent of total loans compared to \$23,100 or less than one percent 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 \$19,028, a decrease of \$10,091 as compared to net income of \$29,119 for the same period ended in 2024. The commentary presented below will explain the change.

For the three months ended June 30, 2025, net interest income was \$41,879, an increase of \$299, and the net interest margin was 3.59 percent, a decrease of 36 basis points as compared to the same period ended in 2024. The increase in net interest income is attributable to an increase in loan volume between the two comparative periods.

The provision for credit losses for the three months ended June 30, 2025, was \$6,282, an increase of \$5,418 from the provision for credit losses of \$864 for the same period ended during the prior year. The Asset/Liability Committee increased the provision for credit losses to ensure adequate coverage for potential losses based on Association growth and credit quality.

Noninterest income decreased \$2,290 to \$11,540 during the three months ended June 30, 2025 compared to the same period ended during the prior year primarily due to the change in the construction to permanent product offered by the Association's home loan department. This change has extended the time in which these loans are sold in the secondary markets therefore delaying the time in which the Association recognizes a gain on sales of rural home loans.

For the three months ended June 30, 2025, noninterest expense increased \$2,682 to \$28,109 compared to the same period ended in 2024 primarily due to the increase in core services provided to the Association by AgFirst Farm Credit Bank.

For the six months ended June 30, 2025

Net income for the six months ended June 30, 2025, was \$41,641, a decrease of \$13,639 as compared to net income of \$55,280 for the same period ended in 2024. The commentary presented below will explain the change.

For the six months ended June 30, 2025, net interest income was \$83,264, an increase of \$308, and the net interest margin was 3.65 percent, a decrease of 35 basis points as compared to the same period ended in 2024. The increase in the net interest income is tied to the increase in loan volume for the period.

The provision for credit losses for the six months ended June 30, 2025, was \$8,154, an increase of \$6,193 from the provision for credit losses of \$1,961 for the same period ended during the prior year. The Asset/Liability Committee increased the provision for credit losses to ensure adequate coverage for potential losses based on Association growth and credit quality.

Noninterest income decreased \$3,569 to \$22,410 during the first six months of 2025 compared with the first six months of 2024 primarily due to the change in the construction to permanent product offered by the Association's home loan department. This change has extended the time in which these loans are sold in the secondary markets therefore delaying the time in which the Association recognizes a gain on sales of rural home loans.

For the six months ended June 30, 2025, noninterest expense increased \$4,185 to \$55,879 compared to the same period ended in 2024 primarily due to the increase in core services provided to the Association by AgFirst Farm Credit Bank.

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 \$4,123,628 as compared to \$3,832,367 at December 31, 2024.

CAPITAL RESOURCES

Total members' equity at June 30, 2025, was \$832,103, an increase of \$15,493 from a total of \$816,610 at December 31, 2024. The increase is a result of retaining year to date earnings. Total capital stock and participation certificates were \$23,533 on June 30, 2025, compared to \$22,853 on December 31, 2024. The increase is attributed to the purchase of new stock and participation certificates for new borrowing entities offset by the retirement of stock and participation certificates on loan liquidated in the normal course of business.

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%	15.28%	16.29%	17.17%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	14.64%	14.97%	15.70%
Tier 1 Capital Ratio	8.50%	14.64%	14.97%	15.70%
Total Regulatory Capital Ratio	10.50%	15.76%	16.76%	17.53%
Tier 1 Leverage Ratio**	5.00%	14.85%	15.02%	15.66%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	14.36%	14.52%	15.13%

*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.

OTHER MATTERS

On July 28, 2025 the Board of Directors announced the appointment of Chad Puryear as the new Chief Executive Officer of the Association effective September 1, 2025. The current Chief Executive Officer, Vance Dalton, Jr., will retire later this year as the Association transitions.

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's Annual and Quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's Annual and Quarterly reports are also available upon request free of charge by calling 1-800-633-9091, ext. 2674, writing Bo Fennell, CFO, AgSouth Farm Credit, ACA, P.O. Box 718, Statesboro, GA 30459, or accessing the Association's website www.agsouthfc.com. The Association prepares an electronic version of the Annual Report which is available on the Association's web site within 75 days after the end of the fiscal year and distributes the Annual report to Shareholders within 90 days after the end of the fiscal year. 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 institution.

Reports of suspected or actual wrongdoings involving the Association, its employees and/or Directors, can be made anonymously and confidentially through the Association's Whistleblower Hotline (NAVEX Global) at 1-833-220-9744 or www.agsouth.ethicspoint.com.

AgSouth Farm Credit, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	June 30, 2025 <i>(unaudited)</i>	December 31, 2024 <i>(audited)</i>
Assets		
Cash	\$ 86	\$ 91
Investments in debt securities:		
Held to maturity	15,705	617
Loans	4,831,376	4,559,677
Allowance for credit losses on loans	(30,100)	(23,100)
Net loans	4,801,276	4,536,577
Loans held for sale	2,614	2,339
Other investments	1,749	1,117
Accrued interest receivable	46,002	44,184
Equity investments in other Farm Credit institutions	77,531	77,269
Premises and equipment, net	43,453	43,275
Other property owned	21	120
Accounts receivable	14,860	33,028
Other assets	10,047	9,246
Total assets	\$ 5,013,344	\$ 4,747,863
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 4,123,628	\$ 3,832,367
Accrued interest payable	15,249	14,204
Patronage refunds payable	494	35,509
Accounts payable	3,910	5,428
Other liabilities	37,960	43,745
Total liabilities	4,181,241	3,931,253
Commitments and contingencies (Note 6)		
Members' Equity		
Capital stock and participation certificates	23,533	22,853
Additional paid-in-capital	96,458	96,458
Retained earnings		
Allocated	27,957	54,814
Unallocated	684,093	642,452
Accumulated other comprehensive income	62	33
Total members' equity	832,103	816,610
Total liabilities and members' equity	\$ 5,013,344	\$ 4,747,863

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

AgSouth Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(dollars in thousands)</i>				
Interest Income				
Loans	\$ 90,778	\$ 83,240	\$ 177,681	\$ 162,922
Investments	61	10	70	19
Total interest income	90,839	83,250	177,751	162,941
Interest Expense	48,960	41,670	94,487	79,985
Net interest income	41,879	41,580	83,264	82,956
Provision for credit losses	6,282	864	8,154	1,961
Net interest income after provision for credit losses	35,597	40,716	75,110	80,995
Noninterest Income				
Loan fees	2,851	2,440	5,292	4,337
Fees for financially related services	416	377	848	1,011
Patronage refunds from other Farm Credit institutions	7,654	8,078	14,661	16,028
Gains (losses) on sales of rural home loans, net	191	1,350	254	2,305
Gains (losses) on sales of premises and equipment, net	322	157	407	448
Gains (losses) on other transactions	45	160	2	393
Insurance Fund refunds	—	1,098	726	1,098
Other noninterest income	61	170	220	359
Total noninterest income	11,540	13,830	22,410	25,979
Noninterest Expense				
Salaries and employee benefits	15,801	16,151	31,934	32,711
Occupancy and equipment	1,476	1,225	2,724	2,377
Insurance Fund premiums	996	877	1,948	1,714
Purchased services	5,795	3,510	11,206	7,410
Data processing	319	287	634	719
Other operating expenses	3,827	3,371	7,532	6,757
(Gains) losses on other property owned, net	(105)	6	(99)	6
Total noninterest expense	28,109	25,427	55,879	51,694
Net income	\$ 19,028	\$ 29,119	\$ 41,641	\$ 55,280
Other comprehensive income net of tax				
Employee benefit plans adjustments	15	15	29	30
Comprehensive income	\$ 19,043	\$ 29,134	\$ 41,670	\$ 55,310

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

AgSouth Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

<i>(dollars in thousands)</i>	Capital Stock and Participation Certificates	Additional Paid-in-Capital	Retained Earnings		Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
			Allocated	Unallocated		
Balance at December 31, 2023	\$ 22,602	\$ 96,458	\$ 78,658	\$ 601,081	\$ (135)	\$ 798,664
Comprehensive income				55,280	30	55,310
Capital stock/participation certificates issued/(retired), net	66					66
Retained earnings retired			(23,820)			(23,820)
Balance at June 30, 2024	\$ 22,668	\$ 96,458	\$ 54,838	\$ 656,361	\$ (105)	\$ 830,220
Balance at December 31, 2024	\$ 22,853	\$ 96,458	\$ 54,814	\$ 642,452	\$ 33	\$ 816,610
Comprehensive income				41,641	29	41,670
Capital stock/participation certificates issued/(retired), net	680					680
Retained earnings retired			(26,861)			(26,861)
Patronage distribution adjustment			4			4
Balance at June 30, 2025	\$ 23,533	\$ 96,458	\$ 27,957	\$ 684,093	\$ 62	\$ 832,103

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

AgSouth Farm Credit, ACA

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 AgSouth Farm Credit, ACA 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 US 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 5, *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	\$ 3,249,638	\$ 3,144,328
Production and intermediate-term	888,451	794,146
Agribusiness:		
Loans to cooperatives	10,683	6,572
Processing and marketing	311,556	297,433
Farm-related business	51,765	51,757
Rural infrastructure:		
Communication	31,710	29,343
Power and water/waste disposal	36,474	28,734
Rural residential real estate	235,392	194,659
Other:		
International	15,589	12,580
Other (including Mission Related)	118	125
Total loans	\$ 4,831,376	\$ 4,559,677

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	97.83%	98.15%
OAEM	1.06	1.10
Substandard/doubtful/loss	1.11	0.75
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	95.05%	94.86%
OAEM	1.36	3.04
Substandard/doubtful/loss	3.59	2.10
	100.00%	100.00%
Agribusiness:		
Acceptable	92.87%	93.90%
OAEM	3.78	3.92
Substandard/doubtful/loss	3.35	2.18
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	—	—
Substandard/doubtful/loss	—	—
	100.00%	100.00%
Rural residential real estate:		
Acceptable	97.21%	98.13%
OAEM	2.14	1.18
Substandard/doubtful/loss	0.65	0.69
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	—	—
Substandard/doubtful/loss	—	—
	100.00%	100.00%
Total loans:		
Acceptable	96.94%	97.28%
OAEM	1.36	1.64
Substandard/doubtful/loss	1.70	1.08
	100.00%	100.00%

Accrued interest receivable on loans of \$45,879 and \$44,180 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	\$ 26,367	\$ 10,736	\$ 37,103	\$ 3,212,535	\$ 3,249,638	\$ –
Production and intermediate-term	7,975	4,593	12,568	875,883	888,451	92
Agribusiness	5,135	765	5,900	368,104	374,004	–
Rural infrastructure	–	–	–	68,184	68,184	–
Rural residential real estate	3,208	600	3,808	231,584	235,392	–
Other	–	–	–	15,707	15,707	–
Total	\$ 42,685	\$ 16,694	\$ 59,379	\$ 4,771,997	\$ 4,831,376	\$ 92

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	\$ 18,184	\$ 9,089	\$ 27,273	\$ 3,117,055	\$ 3,144,328	\$ –
Production and intermediate-term	4,319	4,233	8,552	785,594	794,146	–
Agribusiness	397	462	859	354,903	355,762	–
Rural infrastructure	–	–	–	58,077	58,077	–
Rural residential real estate	1,944	612	2,556	192,103	194,659	–
Other	–	–	–	12,705	12,705	–
Total	\$ 24,844	\$ 14,396	\$ 39,240	\$ 4,520,437	\$ 4,559,677	\$ –

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			
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans:			
Real estate mortgage	\$ 3,645	\$ 17,079	\$ 20,724
Production and intermediate-term	2,998	3,110	6,108
Agribusiness	185	7,048	7,233
Rural residential real estate	10	912	922
Total	\$ 6,838	\$ 28,149	\$ 34,987

December 31, 2024			
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans:			
Real estate mortgage	\$ 1,836	\$ 11,761	\$ 13,597
Production and intermediate-term	2,319	2,923	5,242
Agribusiness	182	303	485
Rural residential real estate	–	839	839
Total	\$ 4,337	\$ 15,826	\$ 20,163

The Association recognized \$555 and \$428 of interest income on nonaccrual loans during the three months ended June 30, 2025 and June 30, 2024, respectively. The Association recognized \$1,127 and \$605 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	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 24,600	\$ 16,513
Charge-offs	(153)	(564)
Recoveries	71	99
Provision for credit losses on loans	5,582	1,153
Balance at end of period	<u>\$ 30,100</u>	<u>\$ 17,201</u>
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 2,200	\$ 2,252
Provision for unfunded commitments	700	(289)
Balance at end of period	<u>\$ 2,900</u>	<u>\$ 1,963</u>
Total allowance for credit losses	<u>\$ 33,000</u>	<u>\$ 19,164</u>

	Six Months Ended June 30,	
	2025	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 23,100	\$ 15,598
Charge-offs	(183)	(645)
Recoveries	129	133
Provision for credit losses on loans	7,054	2,115
Balance at end of period	<u>\$ 30,100</u>	<u>\$ 17,201</u>
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 1,800	\$ 2,117
Provision for unfunded commitments	1,100	(154)
Balance at end of period	<u>\$ 2,900</u>	<u>\$ 1,963</u>
Total allowance for credit losses	<u>\$ 33,000</u>	<u>\$ 19,164</u>

The Allowance for Credit Losses increased significantly between the two reporting periods due to the general economic outlook within the Association's territory.

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.

Loans held for sale were \$2,614 and \$2,339 at June 30, 2025 and December 31, 2024, respectively. Such loans are carried at the lower of cost or fair value.

Note 3 — Investments

Investments in Debt Securities

The Association's investments 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 risk rating scale used to also grade loans, falls below 9 and 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.

The Association's investments also 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 short-term surplus funds and reducing interest rate risk. These securities meet the applicable FCA regulatory guidelines related to government agency guaranteed investments.

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

	June 30, 2025	December 31, 2024
	Amortized Cost	
RABs	\$ 603	\$ 617
ABSs	15,102	—
Total	\$ 15,705	\$ 617

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	—
After five years through ten years	—
After ten years	15,705
Total	\$ 15,705

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, or it is not more likely than not 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 unrealized losses to be credit-related and an allowance for credit losses 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.

Associations are 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 12.80% 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 \$5,817 related to other Farm Credit institutions.

Note 4 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

	Changes in Accumulated Other Comprehensive Income by Component (a)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Employee Benefit Plans:				
Balance at beginning of period	\$ 47	\$ (120)	\$ 33	\$ (135)
Other comprehensive income before reclassifications	—	—	—	—
Amounts reclassified from AOCI	15	15	29	30
Net current period other comprehensive income	15	15	29	30
Balance at end of period	\$ 62	\$ (105)	\$ 62	\$ (105)

Reclassifications Out of Accumulated Other Comprehensive Income (b)

	Three Months Ended June 30,		Six Months Ended June 30,		Income Statement Line Item
	2025	2024	2025	2024	
Defined Benefit Pension Plans:					
Periodic pension costs	\$ (15)	\$ (15)	\$ (29)	\$ (30)	Salaries and employee benefits
Net amounts reclassified	\$ (15)	\$ (15)	\$ (29)	\$ (30)	

(a) Amounts in parentheses indicate debits to AOCI.

(b) Amounts in parentheses indicate debits to profit/loss.

Note 5 — 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 Value
	Level 1	Level 2	Level 3	
Recurring assets				
Assets held in trust funds	\$ 7,655	\$ —	\$ —	\$ 7,655
Nonrecurring assets				
Nonaccrual loans	\$ —	\$ —	\$ 4,681	\$ 4,681
Other property owned	\$ —	\$ —	\$ 24	\$ 24

	December 31, 2024			
	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Recurring assets				
Assets held in trust funds	\$ 7,829	\$ —	\$ —	\$ 7,829
Nonrecurring assets				
Nonaccrual loans	\$ —	\$ —	\$ 2,669	\$ 2,669
Other property owned	\$ —	\$ —	\$ 273	\$ 273

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.

Note 6 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for monetary 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 not probable 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 7 — Subsequent Events

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