Quarterly Report
June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of AgCountry Farm Credit Services, ACA (AgCountry) and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA. This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2024 (2024 Annual Report).

Due to the nature of our financial relationship with AgriBank, FCB (AgriBank), the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports or additional copies of our report, contact us at:

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NOTICE OF SIGNIFICANT OR MATERIAL EVENTS

In 2024, AgCountry, Farm Credit Services of America, ACA (FCSAmerica), and Frontier Farm Credit, ACA (Frontier Farm Credit) entered into a collaboration agreement. The associations are operating under common management with separate Boards of Directors. The associations are deploying a unified business strategy for products and service development and delivery, which accommodates differences in local marketplace conditions, while utilizing common technology platforms. This rollout will continue throughout 2025. Refer to our 2024 Annual Report for additional information regarding this collaboration.

FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly 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.

COMMODITY REVIEW AND OUTLOOK UPDATE

The United States (U.S.) economy experienced mixed conditions during the second quarter of 2025. Inflation continued to hover near the Federal Reserve's 2% target, and the labor market remained resilient. However, tariff-related price pressures cast a shadow over the broader economic environment. In May 2025, the Consumer Price Index (CPI) for all items rose 2.4% year-over-year, while core CPI—which excludes volatile food and energy components—rose 2.8%. Inflation was primarily driven by higher food and shelter costs, while energy and both new and used vehicle prices declined.

The Federal Reserve held the federal funds rate steady during the second quarter of 2025, maintaining a target range of 4.25% to 4.50%, with the prime rate remaining at 7.50%. Although inflation is approaching the Federal Reserve's 2% goal, it has not yet been achieved. The Federal Reserve signaled a wait-and-see approach, citing a combination of economic uncertainty and policy caution—particularly regarding the effects of new tariffs and geopolitical tensions. According to the June 2025 Summary of Economic Projections, two 25-basis-point rate cuts are expected in 2025.

The U.S. unemployment rate remained flat at 4.1% through June 2025. Job openings per unemployed person was 1.1, well above the 2000 to 2020 pre-pandemic average of 0.56. Initial weekly unemployment claims remained below levels typically seen before past recessions, rising from 224 thousand at the beginning of the quarter to 233 thousand by quarter-end 2025.

The U.S. corn prices declined during the second quarter of 2025 as markets anticipated a large domestic crop. While the United States Department of Agriculture (USDA) lowered its 2025 corn planting estimate to 95.2 million acres, this still represents the third-largest planted acreage in the U.S. since 1944. Corn yields for 2025 are forecast at 181.0 bushels per acre, surpassing the 2024 record of 179.3 bushels per acre. In addition, combined corn production from Brazil and Argentina is expected to reach a record high for the 2024/2025 marketing year.

The U.S. soybean prices ended the second quarter of 2025 in decline. Similar to corn, the USDA reduced its 2025 soybean planting estimate to 83.4 million acres—approximately 2% below the 10-year average for soybean planted acreage in the U.S. The USDA projects increased total soybean usage for the 2024/2025 crop year. Domestic soybean crush remains historically strong, reflecting robust demand from processors. However, U.S. soybean exports are currently 7.5% below the 10-year average, as record production in Argentina and Brazil contributes to elevated global stocks relative to use. In summary, while U.S. crush demand remains a bright spot, the U.S. soybean market in the second quarter of 2025 faced headwinds from strong international competition and ample global supply.

September spring wheat futures in the U.S. began the second quarter of 2025 around $6.20 per bushel, peaked near $6.65 per bushel in mid-June 2025, and ended the quarter around $6.30 per bushel. By the end of June 2025, the U.S. spring wheat crop was 38% headed, slightly above the 2020–2024 average by 1%. In North Dakota, 32% of the crop was headed—1% above the recent average—while Minnesota lagged significantly, with only 38% headed, 12% behind its five-year average. Overall crop conditions declined across the U.S, with 53% of the spring wheat crop rated good to excellent, down 1% from the previous week and 19% below the same time last year. Total U.S. wheat acreage for 2025 was estimated at 45.5 million acres, up 100,000 acres from the March 2025 prospective plantings report but down 1% from 2024.

According to the June 2025 acreage report, total area planted to sugar beets in 2025 in the U.S. is expected to fall just below 1.1 million acres, down 2% from 2024 and 45 thousand acres below the March 2025 prospective plantings estimate. The report also noted reductions in sugar beet acreage in Minnesota and North Dakota, down 7 thousand acres and 4 thousand acres, respectively, compared to March 2025 projections. Planting progress was ahead of schedule in both states. By the week ending May 18, 2025, planting was 100% complete in Minnesota and North Dakota—well ahead of their respective five-year averages of 75% and 71%. Old crop sugar beet production in the U.S. was revised downward slightly to just over 5.3 million short tons, raw value in June 2025. For the new crop, the USDA projects 5.3 million short tons, raw value as of the June 2025 World Agricultural Supply and Demand Estimates report. This represents a 30 thousand short ton (or 1%) reduction from May 2025, attributed to a slight decrease in projected national yield for the U.S.

The second quarter of 2025 cattle market in the U.S. was characterized by tight domestic supply, shifting trade dynamics, and steady consumer demand, all of which contributed to continued price strength for the U.S. cattle producers. Resilient consumer demand held firm despite elevated retail prices. The comprehensive beef cutout value rose from approximately $340 to $395 per hundredweight over the second quarter of 2025, reflecting continued strength in wholesale markets. Live cattle futures in the U.S. also gained momentum, increasing from $202 to over $224 per hundredweight over the quarter. Feeder cattle prices were also fueled by this momentum. However, U.S. beef exports through April 2025 were down more than 4% year-over-year, driven by limited exportable volumes, increased global competition, and reduced shipments to China. In contrast, U.S. beef imports surged, rising over 28% compared to the same period in 2024.

The U.S. milk production in May 2025 totaled more than 19.9 billion pounds, an increase of approximately 1.6% compared to the same month last year. As of May 2025, the number of milk cows on farms in the U.S. exceeded 9.4 million head, up 114 thousand from May 2024 and 5 thousand more than in April 2025. Milk per cow averaged 2,110 pounds in May 2025, up seven pounds year-over-year. The U.S. dairy producers experienced milk margins above feed costs holding near $10 per hundredweight throughout the second quarter of 2025. The all-milk price in May 2025 averaged $21.30 per hundredweight, down $0.70 from May 2024. While feed costs rose slightly from April to May 2025, they remained below 2024 levels. According to the Dairy Margin Coverage program, the farm milk margin above feed costs was estimated at $10.40 per hundredweight, exceeding the $9.50 Tier 1 coverage threshold, offering some financial cushion for U.S. dairy producers.

The U.S. pork producers experienced positive profit margins in the second quarter of 2025, supported by lower feed costs, constrained pork supplies, and firm demand. Lean hog futures in the U.S. averaged over $98 per hundredweight, up 6% from the same quarter in 2024. As of June 1, 2025, the U.S. hog and pig inventory stood at 75.1 million head, slightly above both the previous year and the March 2025 figure. The U.S. pork stocks in cold storage totaled 450.9 million pounds in May 2025, down 1.1% from April 2025 and 6.5% from the prior year—marking the lowest May 2025 level since 2010 and signaling a tight supply environment. In April 2025, the U.S. pork exports totaled 582.9 million pounds, down 9% from March 2025 and down 11% year-over-year. Despite the monthly decline, cumulative exports from January through April 2025 were only 4% below last year's strong pace, indicating continued steady demand.

Refer to www.agcountry.com/resources/terrain for valuable insights on economic factors, trends and agricultural markets.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $15.3 billion at June 30, 2025, an increase of $660.7 million from December 31, 2024.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2024, and remains within AgCountry's risk tolerance. Adversely classified loans increased to 3.1% of the portfolio at June 30, 2025, from 2.4% of the portfolio at December 31, 2024. Adversely classified loans are loans we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

In certain circumstances, the Federal Agricultural Mortgage Corporation and other government agency guarantee programs are used to reduce the risk of loss. At June 30, 2025, $331.8 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) As of:	June 30, 2025	December 31, 2024
Loans:		
Nonaccrual	$ 90,012	$ 64,173
Accruing loans 90 days or more past due	7,050	5,239
Total nonperforming loans	97,062	69,412
Other property owned	2,395	3,545
Total nonperforming assets	$ 99,457	$ 72,957
Total nonperforming loans as a percentage of total loans	0.6%	0.5%
Nonaccrual loans as a percentage of total loans	0.6%	0.4%
Current nonaccrual loans as a percentage of total nonaccrual loans	93.6%	52.6%
Total delinquencies as a percentage of total loans[1]	0.6%	0.4%

[1]Total delinquencies include accrual and nonaccrual loans 30 days or more past due.

Nonperforming assets have increased from December 31, 2024, and remained at acceptable levels. The increase was primarily due to an increase in nonaccrual loans. Despite the increase in nonperforming assets, nonperforming loans as a percentage of total loans were well within our established risk management guidelines.

The increase in nonaccrual loans was primarily due to a few large production and intermediate-term loans that transferred into nonaccrual during the second quarter of 2025. Nonaccrual loans remained at an acceptable level at June 30, 2025, and December 31, 2024.

The increase in accruing loans 90 days or more past due was primarily due to an increase in the production and intermediate-term loan portfolio, partially offset by the decrease in the real estate mortgage portfolio. Our accounting procedure requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection.

The decrease in other property owned since December 31, 2024, was due to payments received on acquired property during the first quarter of 2025.

The increase in total delinquencies as a percentage of total loans was primarily due to an increase in the delinquencies in the agribusiness portfolio.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is an estimate of expected credit losses in our portfolio. We determine the appropriate level of allowance for credit losses on loans based on a disciplined process and methodology that incorporates an estimate of expected probabilities of default and loss given default based on historical portfolio performance, forecasts of future economic conditions, and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions.

Allowance for Credit Losses on Loans and Coverage Ratios

(dollars in thousands) As of:	June 30, 2025	December 31, 2024
Allowance for credit losses on loans	$ 43,000	$ 31,155
Allowance for credit losses on loans as a percentage of:		
Loans	0.3%	0.2%
Nonaccrual loans	47.8%	48.5%
Total nonperforming loans	44.3%	44.9%

The increase in allowance for credit losses on loans from December 31, 2024, was primarily related to an increase in general reserve as a result of increased loan volume and specific reserves established on a small number of loans in the capital markets portfolio during the second quarter of 2025. No systemic causes or industry concentrations have been identified.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the six months ended June 30,	2025	2024
Net income	$ 119,734	$ 143,615
Return on average assets	1.5%	2.0%
Return on average members' equity	8.3%	10.7%

Changes presented in the profitability information table relate directly to:

- Changes in net income discussed in this section
- Changes in assets discussed in the Loan Portfolio section
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income

(in thousands) For the six months ended June 30,	2025	2024	Increase (decrease) in net income
Net interest income	$ 201,596	$ 192,798	$ 8,798
Provision for credit losses	15,750	(2,023)	(17,773)
Non-interest income	41,402	49,214	(7,812)
Non-interest expense	106,176	100,145	(6,031)
Provision for income taxes	1,338	275	(1,063)
Net income	$ 119,734	$ 143,615	$ (23,881)

Net Interest Income

Changes in Net Interest Income

(in thousands) For the six months ended June 30,	2025 vs 2024
Changes in volume	$ 8,732
Changes in interest rates	(1,012)
Changes in nonaccrual interest income and other	1,078
Net change	$ 8,798

The increase in net interest income was due to higher loan volume and an increase in income earned on earning assets funded by our non-interest-bearing source (capital), partially offset by compressed spreads.

Provision for Credit Losses

The "Provision for credit losses" in the Consolidated Statements of Comprehensive Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. The increase in the provision for credit losses on loans was primarily due to specific reserves established on a small number of loans in the capital markets portfolio during the second quarter of 2025.

Non-Interest Income

The change in non-interest income was primarily due to a decrease in fee income and reductions in patronage from AgriBank.

We may receive patronage from AgriBank and other Farm Credit institutions. Patronage distributions from AgriBank and other Farm Credit institutions are declared solely at the discretion of each institution's Board of Directors. AgriBank may distribute patronage in the form of cash or stock. All other patronage from other Farm Credit institutions is typically distributed in cash.

Patronage Income

(in thousands) For the six months ended June 30,	2025	2024
Patronage from AgriBank	$ 20,257	$ 22,721
AgDirect partnership distribution	882	817
Other patronage	347	195
Total patronage income	$ 21,486	$ 23,733

Patronage from AgriBank primarily includes wholesale patronage and pool program patronage based on the net earnings of loan participation interests sold. The decrease in patronage income was primarily due to a lower patronage rate earned on the average daily balance of our wholesale note payable to AgriBank. The patronage rate was 13.2 basis points in 2025, down from 23.7 basis points in 2024.

Non-Interest Expense

The increase in non-interest expense was primarily driven by the sharing of net income and losses based on our collaboration agreement with FCSAmerica and Frontier Farm Credit. Refer to our Notice of Significant or Material Events earlier in the report for more information.

Provision for Income Taxes

The increase in provision for income taxes was related to our estimate of taxes based on taxable income.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable was scheduled to mature on June 30, 2026. However, it was renewed early for $17.0 billion with an origination date of July 1, 2025, and a maturity date of June 30, 2028. We intend to renegotiate the note payable no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. We also fund our portfolio from equity.

The components of cost of funds associated with our note payable include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

We were not subject to a risk premium at June 30, 2025, or December 31, 2024.

On May 16, 2025, Moody's Ratings lowered the U.S. sovereign's long-term issuer rating to Aa1 from Aaa. The outlook on the long-term debt rating of the U.S. was revised to stable from negative. On May 19, 2025, Moody's Ratings lowered long-term senior unsecured debt rating for the Farm Credit System to Aa1 from Aaa; the Prime-1 short-term rating was affirmed. The outlook on the long-term debt rating was revised to stable from negative. As a government-sponsored entity, the Farm Credit System benefits from the implicit government support and, therefore, the ratings are directly linked to the U.S. sovereign rating.

Moody's Ratings also affirmed AgriBank's long-term issuer rating of Aa3, and affirmed the stable long-term issuer rating outlook.

The reduction in the credit rating by Moody's Ratings for the Farm Credit System, could result in higher funding costs or disruptions in our access to the capital markets. However, to date we have noticed no significant impact as a result of this rating change.

Total members' equity increased $120.6 million from December 31, 2024, primarily due to net income for the period.

In the fourth quarter of 2024, the Board adopted our patronage program for 2025. The 2025 patronage program will be based on each customer's average daily balance of eligible loans outstanding during 2025, to be paid in 2026, on eligible originations, participations purchased, and participations sold volume.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 8 in our 2024 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	**June 30, 2025**	December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**13.5%**	13.8%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**13.5%**	13.8%	6.0%	2.5%	8.5%
Total capital ratio	**13.8%**	14.2%	8.0%	2.5%	10.5%
Permanent capital ratio	**13.6%**	13.9%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**15.3%**	15.8%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.3%**	15.8%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 12 in our 2024 Annual Report.

CERTIFICATION

The undersigned have reviewed the June 30, 2025, Quarterly Report of AgCountry Farm Credit Services, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Lynn Pietig
Chairperson, Board of Directors
AgCountry Farm Credit Services, ACA

Mark Jensen
President and CEO
AgCountry Farm Credit Services, ACA

Jon C. Peterson
Executive Vice-President CFO
AgCountry Farm Credit Services, ACA

August 8, 2025

CONSOLIDATED STATEMENTS OF CONDITION

AgCountry Farm Credit Services, ACA
(in thousands)

As of:		June 30, 2025		December 31, 2024
		(Unaudited)		
ASSETS				
Loans	**$**	**15,345,155**	$	14,684,491
Allowance for credit losses on loans		**43,000**		31,155
Net loans		**15,302,155**		14,653,336
Investment in AgriBank, FCB		**495,540**		489,970
Investment securities		**390,687**		313,604
Accrued interest receivable		**198,569**		219,573
Premises and equipment, net		**53,573**		53,127
Other assets		**135,439**		164,115
Total assets	**$**	**16,575,963**	$	15,893,725
LIABILITIES				
Note payable to AgriBank, FCB	**$**	**13,464,118**	$	12,734,981
Accrued interest payable		**139,209**		136,752
Patronage distribution payable		**--**		104,500
Other liabilities		**49,203**		114,634
Total liabilities		**13,652,530**		13,090,867
Contingencies and commitments (Note 5)				
MEMBERS' EQUITY				
Capital stock and participation certificates		**13,627**		13,354
Capital stock and participation certificates receivable		**(13,627)**		(13,354)
Additional paid-in capital		**662,638**		662,638
Unallocated retained earnings		**2,266,661**		2,147,265
Accumulated other comprehensive loss		**(5,866)**		(7,045)
Total members' equity		**2,923,433**		2,802,858
Total liabilities and members' equity	**$**	**16,575,963**	$	15,893,725

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

AgCountry Farm Credit Services, ACA
(in thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
For the period ended June 30,	**2025**	2024	**2025**	2024
Interest income	**$ 243,662**	$ 226,449	**$ 475,168**	$ 440,892
Interest expense	**140,362**	130,134	**273,572**	248,094
Net interest income	**103,300**	96,315	**201,596**	192,798
Provision for credit losses	**12,675**	1,004	**15,750**	(2,023)
Net interest income after provision for credit losses	**90,625**	95,311	**185,846**	194,821
Non-interest income				
Patronage income	**8,700**	12,779	**21,486**	23,733
Financially related services income	**3,856**	4,097	**9,685**	9,041
Fee income	**3,377**	8,559	**7,861**	12,363
Other non-interest income	**1,059**	3,728	**2,370**	4,077
Total non-interest income	**16,992**	29,163	**41,402**	49,214
Non-interest expense				
Salaries and employee benefits	**30,264**	30,133	**55,689**	61,378
Other operating expense	**19,806**	18,306	**50,487**	35,818
Other non-interest expense	**--**	2,947	**--**	2,949
Total non-interest expense	**50,070**	51,386	**106,176**	100,145
Income before income taxes	**57,547**	73,088	**121,072**	143,890
Provision for income taxes	**881**	244	**1,338**	275
Net income	**$ 56,666**	$ 72,844	**$ 119,734**	$ 143,615
Other comprehensive income				
Employee benefit plans activity	**$ 180**	$ 199	**$ 1,179**	$ 397
Total other comprehensive income	**180**	199	**1,179**	397
Comprehensive income	**$ 56,846**	$ 73,043	**$ 120,913**	$ 144,012

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

AgCountry Farm Credit Services, ACA

(in thousands)

(Unaudited)

	Capital Stock and Participation Certificates and Receivable, Net	Additional Paid-in Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2023	$ --	$ 662,638	$ 1,987,117	$ (7,476)	$ 2,642,279
Net income	--	--	143,615	--	143,615
Other comprehensive income	--	--	--	397	397
Unallocated retained earnings designated for patronage distributions	--	--	(49,200)	--	(49,200)
Capital stock and participation certificates issued	517	--	--	--	517
Capital stock and participation certificates retired	(349)	--	--	--	(349)
Additions to capital stock and participation certificates receivable, net	(168)	--	--	--	(168)
Balance at June 30, 2024	$ --	$ 662,638	$ 2,081,532	$ (7,079)	$ 2,737,091
Balance at December 31, 2024	$ --	$ 662,638	$ 2,147,265	$ (7,045)	$ 2,802,858
Net income	**--**	**--**	**119,734**	**--**	**119,734**
Other comprehensive income	**--**	**--**	**--**	**1,179**	**1,179**
Unallocated retained earnings designated for patronage distributions	**--**	**--**	**(338)**	**--**	**(338)**
Capital stock and participation certificates issued	**529**	**--**	**--**	**--**	**529**
Capital stock and participation certificates retired	**(256)**	**--**	**--**	**--**	**(256)**
Additions to capital stock and participation certificates receivable, net	**(273)**	**--**	**--**	**--**	**(273)**
Balance at June 30, 2025	**$ --**	**$ 662,638**	**$ 2,266,661**	**$ (5,866)**	**$ 2,923,433**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial information and conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the six months ended June 30, 2025, are not necessarily indicative of the results to be expected for the year ending December 31, 2025. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2024 (2024 Annual Report).

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of AgCountry Farm Credit Services, ACA and its subsidiaries AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA. All material intercompany transactions and balances have been eliminated in consolidation.

Recently Issued or Adopted Accounting Pronouncements

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

Standard and effective date	Description	Adoption status and financial statement impact
In December 2023, the FASB issued Accounting Standards Update 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This guidance is effective for annual periods beginning after December 15, 2025. Early adoption is permitted.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding information by state jurisdiction to the rate reconciliation and income taxes paid disclosures.	We are early adopting this standard for the year ended December 31, 2025. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of:	**June 30, 2025**		December 31, 2024	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	**$ 5,790,288**	**37.7%**	$ 5,565,125	37.9%
Production and intermediate-term	**3,819,131**	**24.9%**	3,451,042	23.5%
Agribusiness	**3,732,758**	**24.3%**	3,710,169	25.3%
Other	**2,002,978**	**13.1%**	1,958,155	13.3%
Total	**$ 15,345,155**	**100.0%**	$ 14,684,491	100.0%

The other category is primarily composed of rural infrastructure related loans.

Credit Quality

Credit risk arises from the potential inability of a borrower to meet its payment obligation and exists in our outstanding loans, letters of credit, and unfunded loan commitments. We manage credit risk associated with our lending activities through an analysis of the credit risk profile of an individual borrower based on management established underwriting standards and board approved lending policies. The evaluation of the borrower’s credit risk profile may include analysis of several factors including, but not limited to, credit history, repayment capacity, financial position, and collateral. Real estate mortgage loans must be secured by first liens on the real estate. As required by the Farm Credit Administration (FCA) 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.

We use a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate 6-point scale addressing loss given default. Probability of default is our assumption of the probability that a borrower will experience a default during the next twelve months. Each of the 14 probability of default rating categories carries a distinct percentage of default probability and is associated with a FCA Uniform Classification System credit quality category. The loss given default is our assumption 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 as nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. We review the probability of default category periodically in accordance with our policy, or when a credit action is taken.

We utilize the FCA Uniform Classification System, which categorizes loans into five credit quality categories:

- Acceptable – loans are non-criticized loans representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- Other assets especially mentioned (special mention) – loans are currently collectible but exhibit some potential weakness. These loans involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – loans exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – loans exhibit similar weaknesses as substandard loans. Doubtful loans have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – loans are considered uncollectible.

We had no loans categorized as loss at June 30, 2025, or December 31, 2024.

The probability of default rate of the acceptable category reflects almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to special mention and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) or doubtful rating indicates that the probability of default is almost certain.

Credit Quality of Loans at Amortized Cost

(dollars in thousands)	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of June 30, 2025	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	**$ 5,591,682**	**96.6%**	**$ 93,710**	**1.6%**	**$ 104,896**	**1.8%**	**$ 5,790,288**	**100.0%**
Production and intermediate-term	**3,559,727**	**93.2%**	**187,604**	**4.9%**	**71,800**	**1.9%**	**3,819,131**	**100.0%**
Agribusiness	**3,248,396**	**87.0%**	**231,231**	**6.2%**	**253,131**	**6.8%**	**3,732,758**	**100.0%**
Other	**1,908,627**	**95.3%**	**46,704**	**2.3%**	**47,647**	**2.4%**	**2,002,978**	**100.0%**
Total	**$ 14,308,432**	**93.3%**	**$ 559,249**	**3.6%**	**$ 477,474**	**3.1%**	**$ 15,345,155**	**100.0%**

	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2024	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	$ 5,364,779	96.4%	$ 97,910	1.8%	$ 102,436	1.8%	$ 5,565,125	100.0%
Production and intermediate-term	3,316,271	96.1%	89,437	2.6%	45,334	1.3%	3,451,042	100.0%
Agribusiness	3,350,749	90.3%	185,658	5.0%	173,762	4.7%	3,710,169	100.0%
Other	1,891,549	96.6%	36,433	1.9%	30,173	1.5%	1,958,155	100.0%
Total	$ 13,923,348	94.8%	$ 409,438	2.8%	$ 351,705	2.4%	$ 14,684,491	100.0%

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands) **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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 4,524**	**$ 4,574**	**$ 9,098**	**$ 5,781,190**	**$ 5,790,288**	**$ 3,412**
Production and intermediate-term	**4,229**	**5,051**	**9,280**	**3,809,851**	**3,819,131**	**3,638**
Agribusiness	**71,572**	**645**	**72,217**	**3,660,541**	**3,732,758**	**--**
Other	**145**	**2,582**	**2,727**	**2,000,251**	**2,002,978**	**--**
Total	**$ 80,470**	**$ 12,852**	**$ 93,322**	**$ 15,251,833**	**$ 15,345,155**	**$ 7,050**

As of 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 7,420	$ 6,398	$ 13,818	$ 5,551,307	$ 5,565,125	$ 5,239
Production and intermediate-term	7,157	903	8,060	3,442,982	3,451,042	--
Agribusiness	26,688	14,882	41,570	3,668,599	3,710,169	--
Other	773	--	773	1,957,382	1,958,155	--
Total	$ 42,038	$ 22,183	$ 64,221	$ 14,620,270	$ 14,684,491	$ 5,239

Nonaccrual Loans

Nonaccrual Loans Information

(in thousands)	As of June 30, 2025 Amortized Cost	As of June 30, 2025 Amortized Cost Without Allowance	For the Six Months Ended June 30, 2025 Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	**$ 2,622**	**$ 2,622**	**$ --**
Production and intermediate-term	**27,379**	**13,712**	**1,435**
Agribusiness	**46,842**	**23,017**	**--**
Other	**13,169**	**--**	**--**
Total	**$ 90,012**	**$ 39,351**	**$ 1,435**

	As of December 31, 2024 Amortized Cost	As of December 31, 2024 Amortized Cost Without Allowance	For the Six Months Ended June 30, 2024 Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$ 5,013	$ 5,013	$ 288
Production and intermediate-term	1,053	416	53
Agribusiness	41,098	31,556	15
Other	17,009	--	1
Total	$ 64,173	$ 36,985	$ 357

Write-offs of accrued interest receivable, as a reversal of interest income, at the time loans were transferred to nonaccrual status were not material for the six months ended June 30, 2025, or 2024.

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

Included within our loans are loan modifications; some of which are granted to borrowers experiencing financial difficulty. Modifications are one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant term extension, or other-than-insignificant payment deferrals. Other-than-insignificant term extensions are defined as those greater than or equal to six months. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Other-than-insignificant payment deferrals are defined as cumulative or individual payment delays greater than or equal to six months. Loans that both modify and are paid off or charged-off during the period, resulting in an amortized cost balance of zero at the end of the period, are not included in the modification disclosures.

Loan Modifications at Amortized Cost

(dollars in thousands) **For the six months ended June 30, 2025**	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
Real estate mortgage	**$ --**	**$ 1,701**	**$ 90**	**$ 5,065**	**$ 6,856**	**0.04%**
Production and intermediate-term	**11**	**18,461**	**--**	**813**	**19,285**	**0.13%**
Total	**$ 11**	**$ 20,162**	**$ 90**	**$ 5,878**	**$ 26,141**	**0.17%**
Loan modifications granted as a percentage of total loans	**0.00%**	**0.13%**	**0.00%**	**0.04%**	**0.17%**	

For the six months ended June 30, 2024	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
Real estate mortgage	$ --	$ 225	$ 5,852	$ 1,283	$ 7,360	0.05%
Production and intermediate-term	--	33,890	--	--	33,890	0.24%
Agribusiness	1,500	16,591	--	--	18,091	0.13%
Total	$ 1,500	$ 50,706	$ 5,852	$ 1,283	$ 59,341	0.42%
Loan modifications granted as a percentage of total loans	0.01%	0.36%	0.04%	0.01%	0.42%	

Financial Effect of Loan Modifications

For the six months ended June 30, 2025	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Term extension		**24**		
Payment deferral			**6**	
Combination - interest rate reduction and term extension	**0.5%**	**255**		
Production and intermediate-term				
Interest rate reduction	**0.5%**			
Term extension		**9**		
Combination - interest rate reduction and term extension	**0.3%**	**55**		

For the six months ended June 30, 2024	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Term extension		216		
Payment deferral			11	
Principal forgiveness				1
Combination - interest rate reduction and term extension	0.4%	349		
Production and intermediate-term				
Term extension		10		
Principal forgiveness				37
Agribusiness				
Interest rate reduction	0.5%			
Term extension		24		
Principal forgiveness				6,259
Combination - term extension and principal forgiveness		12		96

There were no loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2025, or 2024, in which the modifications were within twelve months preceding the default.

The following table presents the payment status at amortized cost of loans that have been modified for borrowers experiencing financial difficulty within twelve months of the respective reporting period.

Payment Status of Loan Modifications

(in thousands) **As of June 30, 2025**	Not Past Due or Less Than 30 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	**$ 7,446**	**$ --**	**$ 7,446**
Production and intermediate-term	**20,188**	**--**	**20,188**
Total	**$ 27,634**	**$ --**	**$ 27,634**

As of June 30, 2024	Not Past Due or Less Than 30 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	$ 7,454	$ --	$ 7,454
Production and intermediate-term	34,991	10	35,001
Agribusiness	33,483	--	33,483
Total	$ 75,928	$ 10	$ 75,938

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at June 30, 2025, or 2024.

There were no material commitments at June 30, 2025, to lend to borrowers experiencing financial difficulty whose loans were modified during the six months ended June 30, 2025. Additional commitments were $11.0 million at December 31, 2024, to lend to borrowers experiencing financial difficulty whose loans were modified during the year ended December 31, 2024.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type which are the categories used to estimate the allowance for credit losses. As our lending authorities limit the types of loans we can originate, our portfolio is concentrated in the agriculture sector. The credit risk associated with each of our portfolio segments includes a strong correlation to agricultural commodity prices and input costs. Specifically for our real estate mortgage segment, the value of agricultural land that serves as collateral is a key risk characteristic. Additionally, unemployment rates and gross domestic product levels are additional key risk characteristics attributable to our portfolio. We consider these characteristics, among others, in assigning internal risk ratings and forecasting credit losses on our loan portfolio and related unfunded commitments.

We develop our reasonable and supportable forecast by considering a multitude of macroeconomic variables. Our forecasts of United States (U.S.) net farm income, U.S. real gross domestic product, and the U.S. unemployment rate represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and unfunded commitments.

We utilize a single macroeconomic scenario in the estimate of the allowance for credit losses on loans and unfunded commitments which represents the most probable forecasted outcome. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

Changes in Allowance for Credit Losses

(in thousands) Six months ended June 30,		**2025**		2024
Allowance for Credit Losses on Loans				
Balance at beginning of period	**$**	**31,155**	$	34,987
Provision for credit losses on loans		**14,925**		(5,595)
Loan recoveries		**2,771**		12
Loan charge-offs		**(5,851)**		(4,597)
Balance at end of period	**$**	**43,000**	$	24,807
Allowance for Credit Losses on Unfunded Commitments				
Balance at beginning of period	**$**	**4,175**	$	1,063
Provision for credit losses on unfunded commitments		**825**		3,572
Balance at end of period	**$**	**5,000**	$	4,635
Total allowance for credit losses	**$**	**48,000**	$	29,442

The change in the allowance for credit losses on loans from December 31, 2024, was primarily related to increased loan volume and specific reserves established on a small number of loans in the capital markets portfolio during the second quarter of 2025. No systemic causes or industry concentrations have been identified.

NOTE 3: LOANS HELD FOR SALE

Loans held for sale totaled $12.7 million at June 30, 2025, and $26.9 million at December 31, 2024. The decrease was primarily related to the sale of our participation interests in certain loans. Loans held for sale are included in “Other assets” on the Consolidated Statements of Condition. As a result of the reclassification to loans held for sale, we recognized a gain of $2.2 million for the six months ended June 30, 2025. There were no loans held for sale at June 30, 2024.

NOTE 4: INVESTMENT SECURITIES

We held investment securities of $390.7 million at June 30, 2025, and $313.6 million at December 31, 2024. Our investment securities consisted of pools of loans guaranteed by the Small Business Administration (SBA). All of our investment securities were fully guaranteed by the SBA at June 30, 2025, and December 31, 2024. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

The investment securities have been classified as held-to-maturity. There was no allowance for credit losses on investment securities at June 30, 2025, or December 31, 2024.

Prior to June 30, 2025, we classified a portion of our SBA pool investments as mortgage-backed securities (MBS) as these are longer-term investments. To conform to industry practice, as of June 30, 2025, we have changed the classification of these SBA pool investments to asset-backed securities (ABS).

Additional Investment Securities Information at Amortized Cost

(in thousands) As of:		**June 30, 2025**		December 31, 2024
MBS	**$**	**--**	$	198,927
ABS		**390,687**		114,677
Total	**$**	**390,687**	$	313,604

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $8.4 million for the six months ended June 30, 2025. No investment securities were held at June 30, 2024.

Contractual Maturities of Investment Securities

(in thousands) **As of June 30, 2025**		Amortized Cost
Five to ten years	$	**108,065**
More than ten years		**282,622**
Total	$	**390,687**

NOTE 5: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

Refer to Note 12 in our 2024 Annual Report for additional detail regarding contingencies and commitments.

NOTE 6: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 in our 2024 Annual Report for a more complete description of the three input levels.

Recurring Basis

The following represents a summary of the assets, valuation techniques, and inputs used to measure fair value on a recurring basis:

Loans Held for Sale: The loans held for sale are held at fair value. We had loans held for sale of $12.7 million and $26.9 million as of June 30, 2025, and December 31, 2024, respectively, which were valued using Level 3 inputs. Gains and losses related to these loans are recognized in “Other non-interest income” in the Consolidated Statements of Comprehensive Income.

Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands) **As of June 30, 2025**	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ **--**	$ **--**	$ **32,371**	$ **32,371**
Other property owned	**--**	**--**	**2,491**	**2,491**

As of December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$ 14,649	$ 14,649
Other property owned	--	--	3,687	3,687

Valuation Techniques

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

Other Property Owned: Represents the fair value of foreclosed assets measured based on the collateral value, which is generally determined using appraisals, or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset’s fair value. If the process uses observable market-based information, they are classified as Level 2. If the process requires significant input based on management’s knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, they are classified as Level 3.

NOTE 7: SUBSEQUENT EVENTS

We have evaluated subsequent events through August 8, 2025, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.