Quarterly Report

June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Frontier Farm Credit, ACA, (Frontier Farm Credit) and its subsidiaries, Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA. The accompanying consolidated financial statements and notes also contain important information about our unaudited financial condition and results of operations. Refer to our 2024 Annual Report for a description of our organization, operations, and significant accounting policies.

Due to the nature of our financial relationship with CoBank, ACB (CoBank), the financial condition and results of operations of CoBank may materially affect our stockholders' investment in Frontier Farm Credit. To request a free copy of the CoBank financial reports or additional copies of our report, contact either:

Frontier Farm Credit, ACA
PO Box 2409
Omaha, NE 68103-2409
(800) 531-3905
www.frontierfarmcredit.com
$sr@frontierfarmcredit.com

CoBank, ACB
6340 S. Fiddlers Green Circle
Greenwood Village, CO 80111
(800) 542-8072
www.cobank.com

NOTICE OF SIGNIFICANT OR MATERIAL EVENTS

In 2024, Frontier Farm Credit, Farm Credit Services of America, ACA (FCSAmerica), and AgCountry Farm Credit Services, ACA (AgCountry) 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 Financial 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, 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 quarter, maintaining a target range of 4.25% to 4.50%, with the prime rate remaining at 7.50%. Although inflation is approaching the Fed's 2% goal, it has not yet been achieved. The Fed 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 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. Job openings per unemployed person was 1.1, well above the 2000 to 2020 pre-pandemic average of 0.6. 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.

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.

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 faced headwinds from strong international competition and ample global supply.

The second-quarter 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 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 quarter, 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 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.

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. U.S. pork stocks in cold storage totaled 450.9 million pounds in May, down 1.1% from April and 6.5% from the prior year—marking the lowest May level since 2010 and signaling a tight supply environment. In April 2025, U.S. pork exports totaled 582.9 million pounds, down 9% from March and down 11% year-over-year. Despite the monthly decline, cumulative exports from January through April were only 4% below last year’s strong pace, indicating continued steady demand.

Our appraisal team monitors real estate value trends through semi-annual appraisals of seven benchmark farms in eastern Kansas. The Appraisal team updates benchmark farm values based on the most recently reported real estate sales on January 1st and July 1st each year.

For the first six months of 2025, there was an overall increase of 4.1% in the benchmark values and in the twelve months ended June 30, 2025 there was a 4.8% increase. The major factors affecting the agricultural real estate market are lower commodity prices, profitability in the cattle market, and limited supply of real estate for sale. Farmers and ranchers continue to be the predominant buyers.

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

LOAN PORTFOLIO

Loan Portfolio

Total loans were $3.2 billion at June 30, 2025, an increase of $52.5 million, or 1.7% from December 31, 2024. The increase was primarily due to an increase in our long-term agricultural mortgage and production and intermediate term portfolios.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2024, and remained within Frontier Farm Credit's risk tolerance. Our adversely classified assets as a percentage of our portfolio increased during the first six months of 2025, ending the quarter at 3.4%, compared to 2.7% 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.

Nonperforming Assets

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

	June 30, 2025	December 31, 2024
Loans:		
Nonaccrual	$ 41,902	$ 48,828
Accruing loans 90 days or more past due	1,177	—
Total nonperforming loans	$ 43,079	$ 48,828
Nonperforming loans as a percentage of total loans	1.34%	1.54%
Nonaccrual loans as a percentage of total loans	1.30%	1.54%
Current nonaccrual loans as a percentage of total nonaccrual loans	22.5%	44.1%
Total delinquencies as a percentage of total loans*	1.21%	0.96%

*Total delinquencies include accrual and nonaccrual loans 30 days or more past due.

Total nonperforming assets have decreased from December 31, 2024 and have remained at acceptable levels. The decrease was primarily due to a decrease in nonaccrual loans in the long-term agricultural mortgage portfolio. This was partially offset by increases in the agribusiness, and rural residential real estate portfolios. Total nonperforming loans as a percentage of total loans were within our established risk management guidelines.

It is our practice to transfer accruing loans that are past due 90 days or more into nonaccrual unless they are adequately secured and in the process of collection.

The increase in total delinquencies as a percentage of total loans was primarily due to an increase in past due loans in the long-term agricultural mortgage and production and intermediate term portfolios.

Allowance for Credit Losses on Loans

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

The following table shows allowance for credit losses on loans and coverage ratios (dollars in thousands):

	June 30, 2025	December 31, 2024
Allowance for credit losses on loans	$ 10,800	$ 9,400
Allowance for credit losses on loans as a percentage of:		
Total loans	0.33 %	0.30 %
Nonaccrual loans	25.77 %	19.25 %
Total nonperforming loans	25.07 %	19.25 %

The increase in the allowance for credit losses on loans from December 31, 2024 was primarily related to increased loan volume and more adverse economic forecasts. This was partially offset by a reduction in special reserves for the second quarter.

RESULTS OF OPERATIONS

The following table presents profitability information (dollars in thousands):

	For the six months ended June 30,	
	2025	2024
Net income	**$27,544**	$29,099
Return on average assets	**1.61%**	1.89%
Return on average members' equity	**8.92%**	9.90%

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, and
- Changes in capital discussed in the Funding, Liquidity, and Capital section.

Major components of the changes in net income for the six months ended June 30, 2025 compared to the same period in 2024 are outlined in the following table (dollars in thousands):

For the six months ended June 30,	**2025**	2024	**Increase (decrease) in net income**
Net interest income	**$ 42,530**	$ 39,711	**$ 2,819**
Provision for credit losses	**2,489**	(4,531)	**(7,020)**
Noninterest income	**10,559**	9,678	**881**
Noninterest expense	**23,056**	24,821	**1,765**
Net income	**$ 27,544**	$ 29,099	**$ (1,555)**

Net Interest Income

The effects on net interest income from changes in average volumes and rates are quantified in the following table for the six months ended June 30, (dollars in thousands):

	2025 vs. 2024
Change in volume	**$ 3,314**
Change in rates	**(624)**
Change in nonaccrual income	**129**
Net change	**$ 2,819**

The increase in net interest income is 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 Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. We recorded a $2.5 million provision for credit losses on loans and no provision for credit losses on unfunded commitments for the first six months of 2025. In comparison, we recorded a $(4.3) million provision for credit losses on loans and $(200) thousand provision for credit losses on unfunded commitments during the first six months of 2024. The increase in provision was driven by a higher allowance required due to the growth in loan volume. Net charge-offs for the first six months of 2025 were $1.1 million compared with net charge-offs of $769 thousand in the same period a year ago. The change in the provision for credit losses on loans and unfunded commitments reflects our assessment of risk in the loan portfolio.

Noninterest Income

The increase in noninterest income was primarily due to a net increase in patronage income, insurance income, and Rural 1st program fees. This was partially offset by a reduction in the Allocated Insurance Reserve Accounts (AIRA) distribution received from the Farm Credit System Insurance Corporation (FCSIC). The AIRA was established by FCSIC when premiums collected increased the level of the Farm Credit Insurance Fund beyond the required 2.0% of insured debt. Refer to our 2024 Annual Report for additional information about the AIRA and FCSIC.

We may receive patronage from CoBank and other Farm Credit institutions. Patronage distributions from CoBank and other Farm Credit institutions are declared solely at the discretion of each institution's Board of Directors. Patronage from CoBank primarily includes wholesale patronage. CoBank usually distributes patronage in the form of cash or stock. All other patronage from other Farm Credit institutions is typically distributed in cash. A breakdown of patronage income received is shown in the following table (dollars in thousands):

	For the six months ended June 30,	
	2025	2024
Patronage from CoBank	**$ 6,461**	$ 5,648
AgDirect patronage distribution	**653**	702
Other patronage	**30**	20
Total patronage income	**$ 7,144**	$ 6,370

Noninterest Expense

The decrease in noninterest expense was primarily driven by the sharing of net income and losses under our collaboration agreement with FCSAmerica and AgCountry. Refer to our Notice of Significant or Material Events earlier in this Quarterly Report for more information.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from CoBank under a note payable, in the form of a line of credit. The note payable is collateralized by a pledge of substantially all our assets and is governed by a General Financing Agreement (GFA), which provides for an open-ended revolving line of credit. The line of credit was renegotiated as of April 2, 2025 and was renewed for $3.4 billion with a maturity of May 31, 2026 at which time the note will be renegotiated, if not sooner. 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 Frontier Farm Credit is a stockholder of CoBank, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from equity.

The interest rate may periodically be adjusted by CoBank based on the terms and conditions of the borrowing. CoBank has established limitations on our ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At June 30, 2025 and at December 31, 2024 we were within the specified limitations.

Our members' equity increased to $637.9 million at June 30, 2025 compared to $610.2 million at December 31, 2024. The increase was primarily due to the net income recorded for the first six months of 2025.

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.

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.

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.

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 9 in our 2024 Annual Report for a more complete description of these ratios. The capital adequacy ratios are directly impacted by the changes in capital, as more fully discussed in this section, changes in assets as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 13 in our 2024 Annual Report.

The following table shows the regulatory capital requirements and ratios:

	As of June 30, 2025	As of December 31, 2024	Regulatory Minimums	Minimum With Buffers
Risk-adjusted:				
Common equity tier 1 ratio	**14.56%**	14.99%	4.5%	7.0%
Tier 1 capital ratio	**14.56%**	14.99%	6.0%	8.5%
Total capital ratio	**14.86%**	15.13%	8.0%	10.5%
Permanent capital ratio	**14.60%**	15.01%	7.0%	7.0%
Non-risk-adjusted:				
Tier 1 leverage ratio	**16.20%**	16.78%	4.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**16.20%**	16.78%	1.5%	1.5%

CERTIFICATION

The undersigned have reviewed the June 30, 2025, Quarterly Report of Frontier Farm Credit, 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 their knowledge and belief.

Mark Jensen President and CEO August 7, 2025	Shane Tiffany Chairperson, Board of Directors August 7, 2025	Jon C. Peterson Executive Vice President CFO August 7, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Frontier Farm Credit, ACA
(dollars in thousands)

As of:	June 30, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Loans	**$ 3,225,197**	$ 3,172,655
Allowance for credit losses on loans	**10,800**	9,400
Net loans	**3,214,397**	3,163,255
Accrued interest receivable	**50,094**	47,625
Investment securities	**83,054**	80,846
Investment in CoBank, ACB	**77,727**	77,716
Investment in AgDirect, LLP	**10,421**	11,307
Investment in RBIC	**10,243**	9,346
Premises and equipment, net	**19,486**	19,963
Prepaid benefit expense	**7,385**	7,498
Other assets	**10,610**	40,172
Total assets	**$ 3,483,417**	$ 3,457,728
LIABILITIES		
Notes payable to CoBank, ACB	**$ 2,828,641**	$ 2,791,452
Accrued interest payable	**9,031**	9,065
Patronage payable	**—**	26,100
Allowance for credit losses on unfunded commitments	**900**	900
Accrued benefits liability	**166**	171
Other liabilities	**6,813**	19,801
Total liabilities	**2,845,551**	2,847,489
Commitments and contingencies (Note 6)		
MEMBERS' EQUITY		
At-risk capital:		
Class B common stock	**9,491**	9,397
Class C common stock	**194**	198
Less capital stock receivable	**(9,685)**	(9,595)
Retained earnings	**637,866**	610,239
Total members' equity	**637,866**	610,239
Total liabilities and members' equity	**$ 3,483,417**	$ 3,457,728

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

CONSOLIDATED STATEMENTS OF INCOME

Frontier Farm Credit, ACA
(dollars in thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
For the period ended June 30,	**2025**	2024	**2025**	2024
NET INTEREST INCOME				
Interest income	**$ 48,983**	$ 45,526	**$ 96,018**	$ 90,522
Interest expense	**27,123**	25,602	**53,488**	50,811
Net interest income	**21,860**	19,924	**42,530**	39,711
Provision for credit losses	**1,808**	(4,937)	**2,489**	(4,531)
Net interest income after provision for credit losses	**20,052**	24,861	**40,041**	44,242
NONINTEREST INCOME				
Patronage income	**3,566**	3,152	**7,144**	6,370
Loan fees	**419**	385	**896**	840
Insurance services	**343**	135	**663**	520
Mineral income	**368**	281	**640**	598
Rural 1st program fees	**378**	339	**568**	487
Other noninterest income	**17**	845	**648**	863
Total noninterest income	**5,091**	5,137	**10,559**	9,678
NONINTEREST EXPENSE				
Salaries and employee benefits	**5,661**	5,479	**11,669**	11,386
Occupancy and equipment expense	**956**	839	**1,931**	1,653
Other operating expenses	**4,683**	7,141	**7,943**	10,481
Insurance fund premiums	**668**	605	**1,339**	1,228
Loss on RBIC	**139**	(101)	**174**	73
Total noninterest expense	**12,107**	13,963	**23,056**	24,821
Income before income taxes	**13,036**	16,035	**27,544**	29,099
Net income	**$ 13,036**	$ 16,035	**$ 27,544**	$ 29,099

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Frontier Farm Credit, ACA
(dollars in thousands)
(Unaudited)

	At-risk Capital		
	Capital Stock	**Retained Earnings**	**Total Members' Equity**
Balance at December 31, 2023	$ —	$ 579,321	$ 579,321
Net income		29,099	29,099
Patronage accrual adjustment		76	76
Capital stock:			
Capital stock issued	340		340
Capital stock retired	(239)		(239)
Capital stock receivable, net	(101)		(101)
Balance at June 30, 2024	$ —	$ 608,496	$ 608,496
Balance at December 31, 2024	$ —	$ 610,239	$ 610,239
Net income		**27,544**	**27,544**
Patronage accrual adjustment		**83**	**83**
Capital stock:			
Capital stock issued	**349**		**349**
Capital stock retired	**(259)**		**(259)**
Capital stock receivable, net	**(90)**		**(90)**
Balance at June 30, 2025	**$ —**	**$ 637,866**	**$ 637,866**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1: ORGANIZATION

The accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. While our accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and the prevailing practices within the financial services industry, this interim Quarterly Financial Report is prepared based upon statutory and regulatory requirements and, accordingly, does not include all disclosures required by U.S. GAAP. 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 2024 Annual Report.

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of Frontier Farm Credit, ACA (the parent) and Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA (the subsidiaries). 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 standards to be applicable to our business. While we are a nonpublic entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other Farm Credit System institutions.

Standard and Effective Date	Description	Financial Statement Impact
In December 2023, the 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.	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 ending 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

The following table shows loans by type at amortized cost (dollars in thousands):

	June 30, 2025		December 31, 2024	
	Amount	**%**	Amount	%
Long-term agricultural mortgage	**$ 1,712,395**	**53.1 %**	$ 1,653,440	52.1 %
Production and intermediate term	**807,622**	**25.1**	796,534	25.1
Agribusiness	**445,449**	**13.8**	449,631	14.2
Rural infrastructure	**187,571**	**5.8**	196,664	6.2
Rural residential real estate	**38,980**	**1.2**	41,446	1.3
Agricultural export finance	**33,180**	**1.0**	34,940	1.1
Total loans	**$ 3,225,197**	**100.0 %**	$ 3,172,655	100.0 %

Credit Quality

One credit quality indicator we utilize is the Farm Credit Administration (FCA) Uniform Loan Classification System which categorizes loans into five categories:

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

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

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

	As of June 30, 2025						
	Acceptable		**OAEM**		**Substandard/Doubtful**		**Total**
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**
Long-term agricultural mortgage	**$1,634,530**	**95.45 %**	**$ 23,714**	**1.39 %**	**$ 54,151**	**3.16 %**	**$1,712,395**
Production and intermediate term	**751,830**	**93.09 %**	**20,466**	**2.54 %**	**35,326**	**4.37 %**	**807,622**
Agribusiness	**411,927**	**92.48 %**	**16,133**	**3.62 %**	**17,389**	**3.90 %**	**445,449**
Rural infrastructure	**182,723**	**97.42 %**	**2,744**	**1.46 %**	**2,104**	**1.12 %**	**187,571**
Rural residential real estate	**38,319**	**98.30 %**	**452**	**1.16 %**	**209**	**0.54 %**	**38,980**
Agricultural export finance	**33,180**	**100.00 %**	**—**	**—**	**—**	**—**	**33,180**
Total	**$3,052,509**	**94.65 %**	**$ 63,509**	**1.97 %**	**$ 109,179**	**3.39 %**	**$3,225,197**

	As of December 31, 2024						
	Acceptable		OAEM		Substandard/Doubtful		Total
	Amount	%	Amount	%	Amount	%	Amount
Long-term agricultural mortgage	$1,583,057	95.74 %	$ 18,625	1.13 %	$ 51,758	3.13 %	$1,653,440
Production and intermediate term	753,427	94.59 %	23,805	2.99 %	19,302	2.42 %	796,534
Agribusiness	409,748	91.13 %	25,503	5.67 %	14,380	3.20 %	449,631
Rural infrastructure	193,008	98.14 %	3,308	1.68 %	348	0.18 %	196,664
Rural residential real estate	40,894	98.67 %	339	0.82 %	213	0.51 %	41,446
Agricultural export finance	34,940	100.00 %	—	—	—	—	34,940
Total	$3,015,074	95.03 %	$ 71,580	2.26 %	$ 86,001	2.71 %	$3,172,655

Delinquency

The following table provides an aging analysis of past due loans by loan type at amortized cost (dollars 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 Loans**	**Accruing Loans 90 Days or More Past Due**
Long-term agricultural mortgage	**$ 1,108**	**$ 29,088**	**$ 30,196**	**$ 1,682,199**	**$ 1,712,395**	**$ 1,083**
Production and intermediate term	**7,166**	**1,349**	**8,515**	**799,107**	**807,622**	**94**
Agribusiness	**234**	**—**	**234**	**445,215**	**445,449**	**—**
Rural infrastructure	**—**	**—**	**—**	**187,571**	**187,571**	**—**
Rural residential real estate	**20**	**—**	**20**	**38,960**	**38,980**	**—**
Agricultural export finance	**—**	**—**	**—**	**33,180**	**33,180**	**—**
Total	**$ 8,528**	**$ 30,437**	**$ 38,965**	**$ 3,186,232**	**$ 3,225,197**	**$ 1,177**

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 Loans	Accruing Loans 90 Days or More Past Due
Long-term agricultural mortgage	$ 26,123	$ —	$ 26,123	$ 1,627,317	$ 1,653,440	$ —
Production and intermediate term	2,859	198	3,057	793,477	796,534	—
Agribusiness	—	—	—	449,631	449,631	—
Rural infrastructure	—	—	—	196,664	196,664	—
Rural residential real estate	1,223	—	1,223	40,223	41,446	—
Agricultural export finance	—	—	—	34,940	34,940	—
Total	$ 30,205	$ 198	$ 30,403	$ 3,142,252	$ 3,172,655	$ —

Nonperforming Loans

The following table provides the amortized cost for nonperforming loans for credit losses on loans, as well as interest income recognized on nonaccrual during the period (dollars in thousands):

	As of June 30, 2025		**For the six months ended June 30, 2025**
	Amount	**Amount without Specific Allowance**	**Interest Income Recognized (Reversed)**
Nonaccrual loans:			
Long-term agricultural mortgage	**$ 30,024**	**$ 3,094**	**$ (10)**
Production and intermediate term	**8,767**	**8,353**	**(129)**
Agribusiness	**1,929**	**—**	**260**
Rural residential real estate	**1,182**	**388**	**4**
Total nonaccrual loans	**$ 41,902**	**$ 11,835**	**$ 125**
Accruing loans 90 days or more past due:			
Long-term agricultural mortgage	**$ 1,083**	**$ 1,083**	**$ 3**
Production and intermediate term	**$ 94**	**$ 94**	**$ 1**
Total accruing loans 90 days or more past due	**$ 1,177**	**$ 1,177**	**$ 4**

	As of December 31, 2024		For the six months ended June 30, 2024
	Amount	Amount without Specific Allowance	Interest Income Recognized (Reversed)
Nonaccrual loans:			
Long-term agricultural mortgage	$ 40,747	$ 13,809	$ (4)
Production and intermediate term	8,080	6,150	—
Agribusiness	—	—	—
Rural residential real estate	1	1	—
Total nonaccrual loans	$ 48,828	$ 19,960	$ (4)
Accruing loans 90 days or more past due:			
Long-term agricultural mortgage	$ —	$ —	$ —
Production and intermediate term	—	—	—
Total accruing loans 90 days or more past due	$ —	$ —	$ —

Reversals of interest income on loans that moved 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 were both modified and 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 disclosures below. Our loans classified as modified loans in 2024, and activity on these loans during 2024, were not material. We did not have any material commitments at December 31, 2024, to lend to borrowers whose loans were modified during the year ended December 31, 2024.

The following table provides the amortized cost for loan modifications during the period (dollars in thousands):

	For the six months ended June 30, 2025		
	Term Extension	**Total**	**Percentage of Total Loans**
Production and intermediate term	**$ 8,496**	**$ 8,496**	**0.26 %**
Total	**$ 8,496**	**$ 8,496**	**0.26 %**

The following table provides the financial effect of loan modifications during the period (dollars in thousands):

	For the six months ended June 30, 2025
	Weighted Average Term Extension (months)
Production and intermediate term	
Term extension	**11**

There were no loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2025, 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 (dollars in thousands):

	As of June 30, 2025		
	Payment Status of Modified Loans		
	Not Past Due or Less than 30 Days Past Due	**30-89 Days Past Due**	**90 Days or More Past Due**
Production and intermediate term	**$ 7,109**	**$ 1,386**	**$ —**
Total	**$ 7,109**	**$ 1,386**	**$ —**

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

Additional commitments were $1.3 million at June 30, 2025 to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2025.

Allowance for Credit Losses

We utilize multiple macroeconomic scenarios, including base, adverse, and optimistic, in the estimate of allowance for credit losses during a reasonable and supportable forecast period of two years. The adverse scenario includes macroeconomic factors reflecting downside potential relative to the base scenario. The optimistic scenario includes potential upside in the macroeconomic factors above the base scenario. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

An analysis of changes in the allowance for credit losses for the six months ended June 30, 2025 follows (dollars in thousands):

	For the six months ended June 30,	
	2025	2024
Allowance for credit losses on loans		
Balance at beginning of year	**$ 9,400**	$ 8,500
Provision for credit losses on loans	**2,489**	(4,331)
Recoveries	**161**	735
Charge-offs	**(1,250)**	(1,504)
Balance at end of period	**$ 10,800**	$ 3,400
Allowance for credit losses on unfunded commitments		
Balance at beginning of year	**$ 900**	$ 1,000
Provision for credit losses on unfunded commitments	**—**	(200)
Balance at end of period	**$ 900**	$ 800
Total allowance for credit losses	**$ 11,700**	$ 4,200

The change in the allowance for credit losses on loans from December 31, 2024, was primarily driven by the increase in loan volume and more adverse economic forecasts. This was partially offset by a reduction in specific reserves. There were fewer recoveries and charge-offs in the first half of 2025, compared to the same period in 2024.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $83.1 million at June 30, 2025 and $80.8 million at December 31, 2024. Our investment securities consisted of pools of loans guaranteed by the U.S. 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 investments 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).

A summary of the amortized cost of securities held-to-maturity is as follows (dollars in thousands):

As of:	**June 30, 2025**	December 31, 2024
Mortgage-backed securities	**$ —**	$ 74,645
Asset-backed securities	**83,054**	6,201
Total	**$ 83,054**	$ 80,846

Accrued interest receivable on investment securities is presented in “Accrued interest receivable” in the Consolidated Statements of Condition and was $895 thousand at June 30, 2025 and $924 thousand at December 31, 2024.

Investment income is recorded in “Interest income” in the Consolidated Statements of Income and totaled $2.1 million and $126 thousand for the six months ended June 30, 2025 and 2024, respectively.

A summary of the amortized cost of contractual maturities of investment securities is as follows (dollars in thousands):

As of June 30, 2025	**Amount**
Five to ten years	**$ 11,992**
More than ten years	**71,062**
Total	**$ 83,054**

NOTE 4: INVESTMENT IN RURAL BUSINESS INVESTMENT COMPANY

We and other Farm Credit System institutions are among the limited partners invested in multiple Rural Business Investment Companies (RBIC). The RBICs facilitate equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. As of June 30, 2025, our current total commitment is $24.0 million of which $13.1 million is unfunded with varying commitment end dates through April 2035. Certain commitments may have an option to extend under specific circumstances.

NOTE 5: 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 levels of inputs 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

We did not have any assets or liabilities measured at fair value on a recurring basis at June 30, 2025, or December 31, 2024.

Non-recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. Information on assets measured at fair value on a non-recurring basis is as follows (dollars in thousands):

	Fair Value Measurement Using			
As of June 30, 2025	Level 1	Level 2	Level 3	Total Fair Value
Loans	—	—	**$ 72,648**	**$ 72,648**

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

Valuation Techniques

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

NOTE 6: COMMITMENTS AND CONTINGENCIES

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 accompanying 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, we were not aware of any material actions. However, such actions or other contingencies could arise in the future.

Refer to Note 13 in our 2024 Annual Report for additional detail regarding commitments and contingencies.

NOTE 7: SUBSEQUENT EVENTS

We have evaluated subsequent events through August 7, 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.