AgCountry® Farm Credit Services®

2024

ANNUAL REPORT

YOUR MISSION-DRIVEN COOPERATIVE

A Message From The Board Chair & CEO

Lynn Pietig
2024 Board Chair

Mark Jensen
President and CEO

The pace of change in agriculture is matched only by the number of fronts on which it is happening. Business models grow more complex; efficiency gains require increasingly greater scale; technology both solves and adds to on-farm challenges; the labor squeeze forces tough decisions. The list goes on, impacting every aspect of agriculture—and in ways unique to each operation.

A conversation with a young and beginning producer stands out as increasingly commonplace in this environment of change. His family grows soybeans and corn, has a trucking company and invests in a feedlot. Then there is the grocery store they own for the benefit of their community, as well as the future of their family.
Agriculture today requires producers to do more of just about everything, including taking on more risk and investing more capital. This is where we fit in. Farm Credit exists to be the lender agriculture can depend on.
We have spent decades building financial strength to deliver on our mission, in good and tough times. We also are evolving to better serve a changing agricultural industry.
In 2024, AgCountry Farm Credit Services (AgCountry), Farm Credit Services of America (FCSAmerica) and Frontier Farm Credit entered a collaboration. Each Association entered the collaboration in a good financial position. We are even stronger together.

AgCountry's net income rose 4% to $264 million. Growth in earning assets across the portfolio was the primary driver for the increase in net income. Member equity increased to $2.8 billion.

Our success is your success. The most tangible example of this is our cash-back patronage program. AgCountry returned $104.5 million of our 2024 earnings to eligible stockholders. This represents 1% of a stockholder's eligible average daily balance.

The earnings we retain ensures we have the capital to meet your operation's financing needs. You can depend on your local AgCountry team to be trusted advisors as you manage the year ahead. The relationships we build with our customers are at the core of what we do. The knowledge and insights of our financial officers, insurance agents and business services specialists are a significant part of the value of doing business with AgCountry.

At the same time, how producers do business is changing, and we are making investments that give farmers and ranchers what they need to be financially successful. This includes expanding options for accessing capital, when and where it works for you, providing digital tools that help you make the right risk management decisions for your operation, building our educational programs to deliver additional insights from a team of agricultural analysts, and supporting the next generation with educational offerings and support specific to their needs.

Change brings opportunity. We look forward to serving you in the year ahead and thank you for entrusting us with your lending needs.

Lynn Pietig

Lynn Pietig, Board Chair
AgCountry Farm Credit Services, ACA

Mark Jensen

Mark Jensen, President and Chief Executive Officer
AgCountry Farm Credit Services, ACA, Farm Credit Services of America, ACA, Frontier Farm Credit, ACA

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AgCountry Farm Credit Services, ACA

CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

AgCountry Farm Credit Services, ACA

(dollars in thousands)

As of December 31,	2024	2023	2022	2021	2020
Condensed Consolidated Statement of Condition Data					
Loans	**$ 14,684,491**	$ 13,179,771	$ 11,644,302	$ 9,103,774	$ 8,472,145
Allowance for credit losses on loans	**31,155**	34,987	30,068	22,946	22,344
Net loans	**14,653,336**	13,144,784	11,614,234	9,080,828	8,449,801
Investment in AgriBank, FCB	**489,970**	414,736	336,682	227,709	212,294
Investment securities	**313,604**	--	--	--	--
Other assets	**436,815**	359,713	288,619	224,795	207,427
Total assets	**$ 15,893,725**	$ 13,919,233	$ 12,239,535	$ 9,533,332	$ 8,869,522
Obligations with maturities of one year or less	**$ 355,886**	$ 302,754	$ 221,083	$ 141,150	$ 135,630
Obligations with maturities greater than one year	**12,734,981**	10,974,200	9,521,014	7,379,556	6,830,857
Total liabilities	**13,090,867**	11,276,954	9,742,097	7,520,706	6,966,487
Capital stock and participation certificates	**13,354**	13,158	13,144	11,755	11,936
Capital stock and participation certificates receivable	**(13,354)**	(13,158)	(13,144)	(11,755)	(11,936)
Additional paid-in capital	**662,638**	662,638	662,638	304,385	304,385
Unallocated retained earnings	**2,147,265**	1,987,117	1,843,363	1,718,268	1,608,312
Accumulated other comprehensive loss	**(7,045)**	(7,476)	(8,563)	(10,027)	(9,662)
Total members' equity	**2,802,858**	2,642,279	2,497,438	2,012,626	1,903,035
Total liabilities and members' equity	**$ 15,893,725**	$ 13,919,233	$ 12,239,535	$ 9,533,332	$ 8,869,522

For the year ended December 31,	2024	2023	2022	2021	2020
Condensed Consolidated Statement of Income Data					
Net interest income	**$ 383,013**	$ 346,333	$ 279,942	$ 210,704	$ 206,603
Provision for credit losses	**48,933**	33,841	4,946	974	(2,754)
Other expenses, net	**69,432**	58,154	66,487	32,274	25,695
Net income	**$ 264,648**	$ 254,338	$ 208,509	$ 177,456	$ 183,662
Key Financial Ratios					
For the Year					
Return on average assets	**1.8%**	2.0%	1.8%	2.0%	2.2%
Return on average members' equity	**9.7%**	9.8%	8.6%	9.1%	10.0%
Net interest income as a percentage of average earning assets	**2.7%**	2.8%	2.5%	2.4%	2.5%
Net charge-offs (recoveries) as a percentage of average loans	**0.4%**	0.1%	(0.0%)	(0.0%)	0.0%
At Year End					
Members' equity as a percentage of total assets	**17.6%**	19.0%	20.4%	21.1%	21.5%
Allowance for credit losses on loans as a percentage of loans	**0.2%**	0.3%	0.3%	0.3%	0.3%
Common equity tier 1 ratio	**13.8%**	15.1%	16.6%	17.6%	18.1%
Tier 1 capital ratio	**13.8%**	15.1%	16.6%	17.6%	18.1%
Total capital ratio	**14.2%**	15.3%	16.8%	17.9%	18.4%
Permanent capital ratio	**13.9%**	15.1%	16.6%	17.7%	18.1%
Tier 1 leverage ratio	**15.8%**	17.7%	19.2%	20.3%	20.4%
Net Income Distributed					
Patronage distributions payable to members[1]	**$ 104,500**	$ 125,000	$ 83,500	$ 67,500	$ 64,050

[1]The patronage distribution to members accrued for the year ended December 31, 2024, is distributed in cash during the first quarter of 2025. The patronage distribution accrued for the year ended December 31, 2023, was distributed in the first and second quarter of 2024. The patronage distributions accrued for the years ended December 31, 2022, 2021, and 2020, were distributed in cash during the first quarter of the subsequent year.

The merger between AgCountry Farm Credit Services, ACA (AgCountry) and Farm Credit Services of North Dakota, ACA (FCS ND) was effective January 1, 2022. The effects of the merger with FCS ND are included in our financial position and results of operations beginning January 1, 2022. Prior year results have not been restated to reflect the impact of the merger.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AgCountry Farm Credit Services, ACA

The following commentary reviews the consolidated financial condition and consolidated results of operations of AgCountry Farm Credit Services, ACA (the Association) and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA, and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2025, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 55 borrower-owned cooperative lending institutions (associations). The System serves all 50 states, Washington D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the customers the System serves.

The AgriBank Farm Credit District (AgriBank District or the District) is primarily comprised of AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations. We are an Association in the District.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System. The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

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

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Our Annual Report is available on our website no later than 75 days after the end of the calendar year and members are provided a copy of such report no later than 90 days after the end of the calendar year. The Quarterly Reports are available on our website no later than 40 days after the end of each calendar quarter. To request free copies of our Annual or Quarterly Reports, contact us as stated above.

MERGER ACTIVITY

The merger between AgCountry Farm Credit Services, ACA (AgCountry) and Farm Credit Services of North Dakota, ACA (FCS ND) was effective January 1, 2022. The merged entity, AgCountry Farm Credit Services, ACA, is headquartered in Fargo, ND. The effects of the merger with FCS ND are included in our financial position at December 31, 2024, 2023, and 2022. Results of operations, equity, and cash flows reflect the results of AgCountry prior to January 1, 2022, and the merged Association after January 1, 2022.

NOTICE OF SIGNIFICANT OR MATERIAL EVENTS

The Boards of Directors of AgCountry, Farm Credit Services of America, ACA (FSCAmerica), and Frontier Farm Credit, ACA (Frontier Farm Credit) entered into an agreement with an effective date of December 29, 2023. Beginning April 15, 2024, the three associations are jointly managed and share income and losses. The associations are deploying a common business approach to the development and delivery of products and services and use common technology platforms which accommodate differences in local marketplace conditions. While the associations are jointly managed and operate under jointly developed strategic business plans and support plans, they remain separate organizations with strong, local representation through independent boards of directors and distinct patronage programs. The collaboration is designed to benefit the farmers and ranchers who own and support the three financial services cooperatives by ensuring that all three associations have the strength and capacity to serve agricultural customers' needs for years to come.

Under the collaboration agreement, the three associations have agreed to share net income and losses based on a formula derived from the average net income/losses of each association from the previous five years including 2019 through 2023. Therefore, the income/losses will be allocated as follows: AgCountry (21.3 percent), FCSAmerica (73.8 percent), and Frontier Farm Credit (4.9 percent). Given such allocation methodology, income and losses that are generally specific to each of the associations will effectively be shared in proportion to the allocation formula. The allocation methodology in effect will continue to be applied until the Boards mutually agree to any changes in the methodology to be used for the next allocation period starting on January 1, 2028.

In October 2024, the AgCountry Board of Directors approved a Board Reduction Plan that will reduce the Board size by six elected Director positions by August 31, 2028. When completed, the Board will be comprised of eleven stockholder-elected Directors and two outside appointed Directors.

In addition, the Board approved a change to the election of future Nominating Committees wherein stockholders will elect eleven members with representation from three state areas and at least two candidates will be slated to run for each board position beginning with the 2025 elections.

FORWARD-LOOKING INFORMATION

This Annual Report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipate", “believe", "estimate", "may", “expect”, “intend”, “outlook”, and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties beyond our control. The information in this report is based on current knowledge and is subject to many risks and uncertainties including, but not limited to:

- Political (including trade policies, environmental policies, and civil unrest), legal, regulatory, financial markets, and economic conditions, or other conditions and developments in the United States (U.S.) and abroad
- Economic fluctuations, including inflationary indicators, in the agricultural, international, rural, and farm-related business sectors
- Weather-related, disease, and other adverse climatic or biological conditions that periodically occur and can impact agricultural productivity and income
- Changes in U.S. government support of the agricultural industry (including government support payments) and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government, other government-sponsored enterprises, and other financial institutions
- Actions taken by the Federal Reserve and U.S. Treasury in implementing monetary policy
- Cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers
- Credit, interest rate, and liquidity risks inherent in our lending activities
- Disruptive technologies impacting the banking and financial services industries or implemented by our competitors which negatively impact our ability to compete in the marketplace
- Length and severity of an epidemic or pandemic
- Changes in our assumptions for determining the allowance for credit losses and fair value measurements
- Industry outlooks for agricultural conditions

COMMODITY REVIEW AND OUTLOOK UPDATE

After reaching record highs in 2022, inflation-adjusted net farm income for U.S. producers decreased 6.3% to $140.7 billion in 2024. Despite weakened earnings in 2024, net farm income remained above the 2004 through 2023 average. The decline in total crop receipts largely drove the decrease in net farm income.

Inflation-adjusted farm cash receipts totaled $516.9 billion in 2024 which is a decrease of 3.1% nationally compared to 2023. In nominal terms, total crop receipts decreased 9.2% year-over-year due to lower receipts for corn and soybeans. The U.S. producers harvested large corn and soybean crops, which lowered expected prices and sent corn and soybean receipts down 20.8% and 12.3%, respectively.

Wheat receipts also decreased in 2024. Lower prices outweighed higher quantities sold for a decline of 7%. The U.S. wheat growers produced approximately 2 billion bushels of winter, spring, and durum wheat from a harvested area of 38.5 million acres, which is up year-over-year, though planted area is down. Hard Red Spring wheat production increased more than 8% year-over-year to 503 million bushels, while total use increased 14.6% compared to 2023.

The U.S. sugar market is expected to have a relatively stable supply, with slightly higher production and lower imports compared to marketing year 2023/2024. The U.S. producers produced more than 5.3 million short tons, raw value of sugar beets. This is a record and 3.2% higher than marketing year 2023/2024. National sugar beet yields are estimated to 32.5 tons, the third largest since marketing year 2016/2017. Despite a large 2024/2025 U.S. sugar beet crop, the Red River Valley experienced two consecutive years of harvested acreage decline, dropping from 653,000 to 613,000 acres in marketing year 2024/2025.

In 2024, the U.S. ethanol producers enjoyed positive margins due to lower corn and natural gas prices. Ethanol production in the U.S. accounts for more than 36% of total U.S. corn use, amounting to 5.5 billion bushels. From January 2024 through November 2024, U.S. ethanol exports exceeded 1.7 billion gallons, surpassing the previous annual record of 1.6 billion gallons set in 2018. Ethanol production remained robust throughout 2024, averaging more than 1.1 million barrels per day by year-end, a 6% increase from the same period in 2023.

Total cash receipts for major livestock commodities were up in 2024. At $108.4 billion, cash receipts for cattle and calves increased 7.2% from 2023, mainly due to higher prices. Live cattle futures began 2024 in the low $170 per hundredweight range and finished the year in the low $190 per hundredweight range. The cattle market continued to experience changes driven by tight supplies and high demand in 2024. Despite a decrease in the calf crop for the sixth consecutive year, feedlots managed to maintain inventory levels by extending days on feed and increasing heifer feeding. Liquidation over the last couple of years has diminished the supply of beef cows available for slaughter, while demand for beef remained relatively steady throughout 2024 despite higher retail prices for consumers. Through November 2024, U.S. beef exports were 1.5% behind the export pace of 2023.

Cash receipts for hogs increased 5.7% from 2023. Lean hog futures began 2024 around $65 per hundredweight and finished the year above $81 per hundredweight. After experiencing record losses in 2023, the combination of higher prices, lower feed costs, and improved demand allowed U.S. hog producers to be profitable in 2024. Pork exports also remained strong in 2024. Through November 2024, U.S. pork exports were approximately 4.7% higher than the export pace of 2023. This was due largely to increased demand from Mexico, South Korea, Australia, and Colombia. Overall, 2024 marked a turnaround for U.S. hog producers, with profitability rebounding from the lows of 2023 and showing positive trends throughout the year.

For the U.S. dairy sector, milk receipts increased by 11.5%, or $5.3 billion, to $51.2 billion from 2023 to 2024, mainly due to higher prices. Although prices were lower at the beginning of 2024, a mid-year price recovery boosted profits and herd growth. Lower feed costs and higher all-milk prices improved margins throughout the year. Producers started 2024 with milk prices at $20.10 per hundredweight, which rose to $22.80 per hundredweight by mid-year and further increased to $24.20 per hundredweight by November 2024. As of November 2024, the number of milk cows on farms in the U.S. was 9.37 million head, 20,000 head more than in November 2023, but 5,000 head fewer than in October 2024. Milk production in November 2024 totaled 17.9 billion pounds, down 1 % from November 2023, while production per cow averaged 1,908 pounds, 23 pounds below November 2023.

Inflation-adjusted farm sector production expenses decreased 4.1% from 2023 to 2024. Even so, 2024 expenses were the seventh highest since 2000. Spending on feed, labor, and livestock and poultry purchases represented the three largest categories in 2024. Labor expenses increased by 6.1% to $51.8 billion in 2024 compared to 2023. Livestock and poultry purchases for 2024 are projected to be up 10.2% to $47.4 billion. Producers also experienced a 4.6% increase in interest expenses from 2023 to 2024. While lower prices were the main reason for lower net farm income in 2024, production expenses remained high, contributing to margin compression.

Largely absent from net farm income in 2024 were direct government farm payments. After reaching a record high in 2020, direct government farm payments have decreased each subsequent year. In 2024, direct government farm program payments totaled $10.6 billion, a decrease of 13.6% from 2023. This decline reflected lower payments from the Dairy Margin Coverage program and reduced payments from supplemental and ad hoc disaster assistance, particularly from the Emergency Relief Program.

The average December monthly prices received by farmers and ranchers for the past five years are reflected in the table below:

	Averages for the Month of December:				
Commodity	**2024**	2023	2022	2021	2020
Corn	**$ 4.23**	$ 4.80	$ 6.58	$ 5.47	$ 3.97
Soybeans	**$ 9.79**	$ 13.10	$ 14.40	$ 12.50	$ 10.50
Wheat	**$ 5.49**	$ 6.79	$ 8.98	$ 8.59	$ 5.43
Beef cattle (all)	**$ 190.00**	$ 172.00	$ 154.00	$ 137.00	$ 108.00
Hogs (all)	**$ 62.30**	$ 53.30	$ 62.50	$ 56.50	$ 49.10
Milk (all)	**$ 23.30**	$ 20.60	$ 24.70	$ 21.70	$ 18.50

LOAN PORTFOLIO

Loan Portfolio

Total loans were $14.7 billion at December 31, 2024, an increase of $1.5 billion from December 31, 2023.

Components of Loans

(in thousands)

As of December 31,	**2024**	2023	2022
Accrual loans:			
Real estate mortgage	**$ 5,560,112**	$ 4,893,120	$ 4,625,358
Production and intermediate-term	**3,449,989**	3,097,503	2,686,784
Agribusiness	**3,669,071**	3,335,278	3,015,229
Other	**1,941,146**	1,808,030	1,292,071
Nonaccrual loans	**64,173**	45,840	24,860
Total loans	**$ 14,684,491**	$ 13,179,771	$ 11,644,302

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

The increase in total loans from December 31, 2023, was primarily due to growth from ongoing business operations.

We may purchase or sell participation interests with other parties to diversify risk, manage principal and accrued interest on loans, or comply with the requirements of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

Loan Participations Purchased and Sold

(in thousands)

As of December 31,	**2024**	2023	2022
Participations purchased	**$ 6,257,171**	$ 6,049,492	$ 5,040,227
Participations sold	**(2,937,017)**	(3,505,636)	(3,361,202)

We have no loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interest that are held in lieu of retaining a subordinated participation interest in the loans sold.

The Association participates in asset pool programs to effectively leverage District capital and other cooperative benefits, as well as manage concentration risk and portfolio growth. The total outstanding participation interests in loans sold to AgriBank as part of asset pool programs were $341.4 million, $529.2 million, and $511.1 million at December 31, 2024, 2023, and 2022, respectively.

Typically, our production and intermediate-term loan portfolio exhibits some seasonality relating to patterns of operating loans made to crop producers. These loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs. Additionally, borrower tax planning strategies may result in an increase of production and intermediate-term loans at the end of the year, which are generally followed by sharp pay-downs the following quarter.

We offer variable, fixed, indexed, and adjustable interest rate loans to our borrowers. We determine interest margins charged on each lending program based on cost of funds, credit risk, market conditions, and the need to generate sufficient earnings.

Portfolio Distribution

We are chartered to serve thirty-five counties in Minnesota, thirty-five counties in North Dakota, and twelve counties in Wisconsin. Based upon amortized cost, approximately 27.0%, 25.1%, and 5.8% of our loans are to borrowers in the states of Minnesota, North Dakota, and Wisconsin, respectively as of December 31, 2024. We purchase the remainder of our portfolio outside of Minnesota, North Dakota, and Wisconsin to support rural America and to diversify our portfolio risk.

Agricultural Industry Concentrations

As of December 31,	**2024**	2023	2022
Cash grains	**44.3%**	42.8%	44.0%
Livestock	**8.1%**	8.2%	7.5%
Sugar beets	**7.2%**	7.2%	7.2%
Dairy	**6.2%**	6.9%	6.8%
Food and beverage	**4.7%**	5.0%	4.7%
Forestry	**4.7%**	4.8%	4.4%
Rural electric and utilities	**4.6%**	5.1%	4.6%
Fertilizer and farm supply	**4.4%**	5.0%	6.0%
Telecom	**4.0%**	2.9%	2.7%
Other	**11.8%**	12.1%	12.1%
Total	**100.0%**	100.0%	100.0%

Industry categories are based on the borrower's primary intended industry at the time of loan origination and may change due to borrower business decisions as a result of changes in weather patterns, commodity prices, input costs, and other circumstances.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2023, and remains within AgCountry's risk tolerance. Adversely classified loans increased to 2.4% of the portfolio at December 31, 2024, from 1.9% of the portfolio at December 31, 2023. 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. Additional credit quality information is included in Note 3 to the accompanying Consolidated Financial Statements.

In certain circumstances, the Federal Agricultural Mortgage Corporation (Farmer Mac) and other government agency guarantee programs are used to reduce the risk of loss. At December 31, 2024, $335.6 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Effective January 1, 2023, we adopted Accounting Standards Update 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures and replaced the incurred loss guidance. This framework requires that management's estimate reflects credit losses over the asset's remaining expected life and considers expected future changes in macroeconomic conditions and is referred to as the Current Expected Credit Loss (CECL) model. The allowance for credit losses comprises the allowance for credit losses on loans, unfunded commitments, and investment securities.

Components of Nonperforming Assets

(dollars in thousands)

As of December 31,	2024	2023	2022
Loans:			
Nonaccrual	**$ 64,173**	$ 45,840	$ 24,860
Accruing loans 90 days or more past due	**5,239**	2,103	--
Total nonperforming loans	**69,412**	47,943	24,860
Other property owned	**3,545**	77	--
Total nonperforming assets	**$ 72,957**	$ 48,020	$ 24,860
Total nonperforming loans as a percentage of total loans	**0.5%**	0.4%	0.2%
Nonaccrual loans as a percentage of total loans	**0.4%**	0.3%	0.2%
Current nonaccrual loans as a percentage of total nonaccrual loans	**52.6%**	24.5%	80.4%
Total delinquencies as a percentage of total loans[1]	**0.4%**	0.3%	0.2%

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

Note: Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Our nonperforming assets have increased from December 31, 2023, but remained at acceptable levels. 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 agribusiness loans that transferred to nonaccrual in 2024. Nonaccrual loans remained at an acceptable level at December 31, 2024, 2023, and 2022.

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.

Allowance for Credit Losses on Loans

Effective January 1, 2023, 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. Prior to January 1, 2023, the allowance for loan losses was an estimate of losses incurred on loans in our portfolio that were probable and estimable as of December 31, 2022.

Allowance for Credit Losses on Loans Coverage Ratios

As of December 31,	2024	2023	2022
Allowance for credit losses on loans as a percentage of:			
Loans	**0.2%**	0.3%	0.3%
Nonaccrual loans	**48.5%**	76.3%	120.9%
Total nonperforming loans	**44.9%**	73.0%	120.9%
Net charge-offs (recoveries) as a percentage of average loans	**0.4%**	0.1%	(0.0%)
Adverse assets to capital and allowance for credit losses on loans	**12.8%**	9.4%	6.8%

Total allowance for credit losses on loans was $31.2 million, $35.0 million, and $30.1 million at December 31, 2024, 2023, and 2022, respectively.

Additional loan information is included in Notes 3, 11, 12, and 13 to the accompanying Consolidated Financial Statements.

INVESTMENT SECURITIES

In addition to loans, we held investment securities beginning the third quarter of 2024. Investment securities totaled $313.6 million at December 31, 2024. Our investment securities consisted of securities containing loans guaranteed by the Small Business Administration (SBA). All of our investment securities were fully guaranteed by the SBA at December 31, 2024.

Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on investment securities at December 31, 2024, as all of our investment portfolio carried a full faith and credit guarantee of the U.S. government or an implicit credit guarantee from its agencies and have an immaterial risk of credit loss. Additional information regarding the CECL adoption is included in Note 2 to the accompanying Consolidated Financial Statements.

Additional investment securities information is included in Note 6 to the accompanying Consolidated Financial Statements.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Net income	**$ 264,648**	$ 254,338	$ 208,509
Return on average assets	**1.8%**	2.0%	1.8%
Return on average members' equity	**9.7%**	9.8%	8.6%

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 and Investment Securities sections
- Changes in capital discussed in the Capital Adequacy section

Changes in Significant Components of Net Income

	For the year ended December 31,			Increase (decrease) in net income	
(in thousands)	**2024**	2023	2022	**2024 vs 2023**	2023 vs 2022
Net interest income	**$ 383,013**	$ 346,333	$ 279,942	**$ 36,680**	$ 66,391
Provision for credit losses	**48,933**	33,841	4,946	**(15,092)**	(28,895)
Non-interest income	**118,367**	128,234	115,259	**(9,867)**	12,975
Non-interest expense	**191,613**	190,990	181,425	**(623)**	(9,565)
(Benefit from) provision for income taxes	**(3,814)**	(4,602)	321	**(788)**	4,923
Net income	**$ 264,648**	$ 254,338	$ 208,509	**$ 10,310**	$ 45,829

Net Interest Income

Changes in Net Interest Income

(in thousands)

For the year ended December 31,	**2024 vs 2023**	2023 vs 2022
Changes in volume	**$ 35,751**	$ 25,093
Changes in interest rates	**3,849**	39,816
Changes in nonaccrual interest income and other	**(2,920)**	1,482
Net change	**$ 36,680**	$ 66,391

Net interest income included a reversal of income on nonaccrual loans that totaled $0.2 million in 2024, and income on nonaccrual loans that totaled $2.7 million and $1.2 million in 2023 and 2022, respectively. Nonaccrual interest income is recognized when received in cash, collection of the recorded investment is fully expected, and prior charge-offs have been recovered.

Net interest margin (net interest income as a percentage of average earning assets) was 2.7%, 2.8%, and 2.5% in 2024, 2023, and 2022, respectively. Our net interest margin is sensitive to portfolio composition, the interest rate environment, and competition.

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. An increase has been recorded in both provision for credit losses on loans and provision for credit losses on unfunded commitments. The increase in the provision for credit losses on loans is due to agribusiness loans charged-off during the year. The increase in provision for credit losses on unfunded commitments was primarily due to a change in models used to estimate allowance for credit losses. The new model has been validated and is appropriate for AgCountry. Refer to Note 2 for more information on the change in models. Additional information is included in Note 3 to the accompanying Consolidated Financial Statements.

Non-Interest Expense

Components of Non-Interest Expense

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Salaries and employee benefits	**$ 131,004**	$ 111,542	$ 98,993
Other operating expense:			
Purchased and vendor services	**22,756**	19,228	18,231
Communications	**1,836**	1,892	1,845
Occupancy and equipment	**16,373**	17,079	14,967
Advertising and promotion	**4,659**	4,536	10,411
Examination	**3,130**	3,145	3,541
Farm Credit System insurance	**11,657**	17,926	17,671
Collaboration income redistribution	**(26,701)**	--	--
Other	**22,578**	14,214	13,081
Other non-interest expense	**4,321**	1,428	2,685
Total non-interest expense	**$ 191,613**	$ 190,990	$ 181,425
Operating rate[1]	**1.3%**	1.6%	1.6%

[1]Salaries and employee benefits and other operating expense divided by average earning assets.

FUNDING AND LIQUIDITY

We borrow from AgriBank, under a note payable, in the form of a line of credit, as described in Note 7 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. At December 31, 2024, we had $2.1 billion available under our line of credit. We generally apply excess cash to this line of credit. 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.

Note Payable Information

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Average balance	**$ 11,735,952**	$ 10,033,326	$ 8,963,958
Average interest rate	**4.5%**	4.0%	2.0%

Our average cost of funds is variable and may fluctuate based on the current interest rate environment.

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.

We have entered into a Standby Commitment to Purchase Agreement with Farmer Mac, to help manage credit risk. If a loan covered by the agreement goes into default, subject to certain conditions, we have the right to sell the loan to Farmer Mac. This agreement remains in place until the loan is paid in full. The guaranteed principal of loans subject to the purchase agreement was $74.0 million, $81.5 million, and $89.8 million at December 31, 2024, 2023, and 2022, respectively. We paid Farmer Mac commitment fees totaling $0.3 million in 2024, 2023, and 2022. These amounts are included in “Other operating expense” in the Consolidated Statements of Comprehensive Income. No loans have been sold to Farmer Mac under this agreement during 2024, 2023, or 2022.

CAPITAL ADEQUACY

Total members’ equity was $2.8 billion, $2.6 billion, and $2.5 billion at December 31, 2024, 2023, and 2022, respectively. Total members’ equity increased $161.6 million from December 31, 2023, primarily due to net income for the year partially offset by patronage distribution accruals.

FCA Regulations require us to maintain minimums for our common equity tier 1 (CET1), 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.

Regulatory Capital Requirements and Ratios

As of December 31,	**2024**	2023	2022	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	**13.8%**	15.1%	16.6%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**13.8%**	15.1%	16.6%	6.0%	2.5%	8.5%
Total capital ratio	**14.2%**	15.3%	16.8%	8.0%	2.5%	10.5%
Permanent capital ratio	**13.9%**	15.1%	16.6%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	**15.8%**	17.7%	19.2%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.8%**	17.7%	19.2%	1.5%	N/A	1.5%

Our capital plan is designed to maintain an adequate amount of retained earnings and allowance for credit losses which represents our reserve for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Capital ratios are directly impacted by changes in capital, assets, and off-balance sheet commitments. The decrease in the permanent capital ratio was primarily due to loan growth experienced during 2024. Refer to the Loan Portfolio and the Investment Securities sections for further discussion of the changes in assets. Additional information on regulatory ratios and members' equity information is included in Note 8 to the accompanying Consolidated Financial Statements and information on off-balance sheet commitments is included in Note 1 to the accompanying Consolidated Financial Statements.

In addition to these regulatory requirements, we establish an optimum total capital target range. This target allows us to maintain a capital base adequate for future growth and investment in new products and services. The target range is subject to revision as circumstances change. Our optimum total capital target range is 13% to 15%, as defined in our 2025 capital plan.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. We do not foresee any events that would result in this prohibition in 2025.

RELATIONSHIP WITH AGRIBANK

Borrowing

We borrow from AgriBank to fund our lending operations in accordance with the Farm Credit Act. Approval from AgriBank is required for us to borrow elsewhere. A GFA, as described in Note 7 to the accompanying Consolidated Financial Statements, governs this lending relationship.

The components of cost of funds under the GFA 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

In the periods presented, we were not subject to the risk premium component. Certain factors may impact our cost of funds, which primarily include market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.
The marginal cost of debt approach simulates matching the cost of underlying debt with similar terms as the anticipated terms of our loans to borrowers. This approach substantially protects us from market interest rate risk. We may occasionally engage in funding strategies that result in limited interest rate risk with approval by AgriBank's Asset/Liability Committee.

Investment

We are required to invest in AgriBank capital stock as a condition of borrowing. This investment may be in the form of purchased stock or stock representing distributed AgriBank retained earnings. As of December 31, 2024, we were required by AgriBank to maintain an investment equal to 3.1% of the average quarterly balance of our note payable. The required investment will remain unchanged for 2025 at 3.1%. In addition to the required investment based on the note payable, we are also required to hold additional investment in AgriBank for asset pool programs we participate in, which are typically capitalized at a higher rate that is mutually agreed upon in the asset pool program agreements. All District associations had an initial opportunity to participate in the sale of asset pools to AgriBank at a base level of 10% in 2023 and 2024 or to utilize an alternative in place of the asset pool participation. We elected to use the alternative to the sale of asset pools, as available in a Memo of Understanding related to participation in pool programs. Effective May 1, 2024, in lieu of selling participations to AgriBank we purchased additional stock in AgriBank and began to pay additional spread on a portion of our note payable to AgriBank.

As an AgDirect, LLP partnering Association, we are required to purchase stock in AgDirect, which purchases an equivalent amount of stock in AgriBank.

Patronage

AgriBank's capital plan is intended to provide for adequate capital at AgriBank under capital regulations as well as to create a path to long-term capital optimization within the AgriBank District. The plan optimizes capital at AgriBank, distributing available AgriBank earnings in the form of patronage, either cash or AgriBank stock, which is at the sole discretion of the AgriBank Board of Directors. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

Purchased Services

We purchase certain business services, primarily financial reporting, from AgriBank. Additional related party information is included in Note 11 to the accompanying Consolidated Financial Statements.

Impact on Members' Investment

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment.

OTHER RELATIONSHIPS AND PROGRAMS

Relationships with Other Farm Credit Institutions

ProPartners Financial: We participate in ProPartners Financial (ProPartners) with certain Farm Credit institutions to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating associations through their representation on ProPartners Board of Directors. We sell to AgriBank our entire interest in the loans associated with ProPartners. As part of this program, we receive patronage income at the sole discretion of the AgriBank Board of Directors.

Agri-Access: We participate in the Agri-Access asset pool program which focuses on providing financing for agricultural real estate loans and leases through a network of non-Farm Credit lenders across the U.S. The program is facilitated by another AgriBank District association where all loans and leases in the program are originated and serviced. We pay the facilitating association fees to originate and service the loans. We sell to AgriBank our entire interest in the loans associated with Agri-Access. As part of this program, we receive patronage income at the sole discretion of the AgriBank Board of Directors.

Federal Agricultural Mortgage Corporation: We have entered into a Standby Commitment to Purchase Agreement with Farmer Mac. This agreement allows us to sell loans identified under the agreement to Farmer Mac. Refer to the Funding and Liquidity section for further discussion of this agreement.

Farm Credit Services of America, ACA and Frontier Farm Credit, ACA Collaboration: In 2024, we entered into a collaboration agreement with FCSAmerica and Frontier Farm Credit. It is designed to benefit the farmers and ranchers who own and support the three financial services cooperatives by ensuring that all three associations have the strength and capacity to serve agricultural customers' needs for years to come. The collaboration began April 15, 2024.

AgCountry, FCSAmerica, and Frontier Farm Credit continue to exist as separate associations while integrating their day-to-day business operations, technology systems, and leadership teams. While each association continues to have its own independent Board, the Boards meet jointly to enhance coordination and collaboration among the three organizations.

AgCountry has $15.9 billion in assets and serves multiple counties in the states of North Dakota, Minnesota, and Wisconsin. FCSAmerica has $47.7 billion in assets and serves the states of Iowa, Nebraska, South Dakota, and Wyoming. Frontier Farm Credit has $3.5 billion in assets and serves multiple counties in eastern Kansas.

Farm Credit Leasing Services Corporation: We have an agreement with Farm Credit Leasing Services Corporation (FCL), a System service corporation, which specializes in leasing products and provides industry expertise. Leases are originated and serviced by FCL and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

CoBank, ACB: We have a relationship with CoBank, ACB (CoBank), a System bank, which involves purchasing and selling participation interests in loans. As part of this relationship, our equity investment in CoBank was $1.7 million, $1.6 million, and $1.6 million at December 31, 2024, 2023, and 2022, respectively.

SunStream Business Services: We have a relationship with SunStream Business Services (SunStream), a System service corporation, which involves purchasing the following services: tax reporting, insurance, and collateral. We have notified SunStream of our intention to discontinue the use of the corporate loan accounting and budgeting services with the intent to perform those functions internally. Additionally, we paid a termination fee to SunStream for the services discontinued in 2024. Additional related party information is included in Note 11 to the accompanying Consolidated Financial Statements.

Farm Credit Foundations: We have a relationship with Farm Credit Foundations (Foundations), a System service corporation, which involves purchasing human resource, benefit, payroll, and workforce management services. As of December 31, 2024, 2023, and 2022, our investment in Foundations was $0.1 million. Additional related party information is included in Note 11 to the accompanying Consolidated Financial Statements.

Farm Credit Financial Partners, Inc.: Our customer relationship, reporting, internet, network security, loan accounting, loan origination, and general ledger systems were provided by Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners. As part of this relationship, we had an investment in FPI of $3.9 million and $4.0 million as of December 31, 2023, and 2022, respectively. Pursuant to a divestiture agreement dated August 5, 2024, we sold our interest in FPI to another FPI stockholder at par. FPI will continue to provide technology services under a Services Agreement until we are fully transitioned to the collaboration.

Unincorporated Business Entities (UBEs)

In certain circumstances we may establish separate entities to acquire and manage complex collateral, primarily for legal liability purposes.

AgDirect, LLP: We participate in the AgDirect trade credit financing program, which includes origination and refinancing of agriculture equipment loans through independent equipment dealers. The program is facilitated by another AgriBank District association through a limited liability partnership in which we are a partial owner. Our investment in AgDirect, LLP, was $16.8 million, $12.6 million, and $9.7 million at December 31, 2024, 2023, and 2022, respectively. We also receive a partnership distribution resulting from our participation in the program, which is included in “Patronage income” in the Consolidated Statements of Comprehensive Income.

FGHC, LLC: We incorporated a single member Delaware LLC in 2017 to hold real property located near or adjacent to an AgCountry office building. Our investment in FGHC, LLC is $0, as this entity does not and never has held any real estate assets. FGHC, LLC was dissolved in December 2024.

PW PropCo Holdings, LLC: As of December 31, 2024, we held a minority non-controlling interest in a limited liability company established for the purpose of acquiring and selling collateral acquired through the loan collection process, primarily for legal liability purposes. The name of this LLC is PW PropCo Holdings, LLC.

Programs

We are involved in the following programs designed to improve our credit delivery, related services, and marketplace presence.

AgDirect: We participate in the AgDirect trade credit financing program. Refer to the UBEs section for further discussion on this program.

Farm Cash Management: We offer Farm Cash Management to our members. Farm Cash Management links members’ revolving lines of credit with an AgriBank investment bond to optimize members’ use of funds.

REPORT OF MANAGEMENT

AgCountry Farm Credit Services, ACA

We prepare the Consolidated Financial Statements of AgCountry Farm Credit Services, ACA (the Association) and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the Annual Report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable but not absolute assurance that assets are safeguarded and transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consults regularly with us and meets periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify we have reviewed the Association's Annual Report, which has been prepared 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
Board Chair
AgCountry Farm Credit Services, ACA

Mark Jensen
President and Chief Executive Officer
AgCountry Farm Credit Services, ACA

Rebecca A. Thibert
Chief Financial Officer
AgCountry Farm Credit Services, ACA

March 5, 2025

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AgCountry Farm Credit Services, ACA

The AgCountry Farm Credit Services, ACA (the Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining effective internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2024. In making the assessment, management used the 2013 framework in *Internal Control — Integrated Framework*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2024, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2024.

Mark Jensen
President and Chief Executive Officer
AgCountry Farm Credit Services, ACA

Rebecca A. Thibert
Chief Financial Officer
AgCountry Farm Credit Services, ACA

March 5, 2025

REPORT OF AUDIT COMMITTEE

AgCountry Farm Credit Services, ACA

The Consolidated Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the Board of Directors of AgCountry Farm Credit Services, ACA (the Association). The Audit Committee oversees the scope of the Association's internal audit program, the approval and independence of PricewaterhouseCoopers LLP (PwC) as independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue their report based on their audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2024, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statement on Auditing Standards AU-C 260, *The Auditor's Communication with Those Charged with Governance*, and both PwC and the internal auditor directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended the audited Consolidated Financial Statements be included in the Annual Report for the year ended December 31, 2024.

Suzanne Allen
Chairperson of the Audit Committee
AgCountry Farm Credit Services, ACA

Members of the Audit Committee:
Leif Aakre, Vice Chair
Ryan Klussendorf
Michael Long
Shawn Murphy

March 5, 2025

Report of Independent Auditors

To the Board of Directors of AgCountry Farm Credit Services, ACA:

Opinion

We have audited the accompanying consolidated financial statements of AgCountry Farm Credit Services, ACA and its subsidiaries (the "Association"), which comprise the consolidated statements of condition as of December 31, 2024, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in members' equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2024 Annual Report, but does not include the consolidated financial statements and our auditors’ report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Minneapolis, Minnesota
March 5, 2025

CONSOLIDATED STATEMENTS OF CONDITION

AgCountry Farm Credit Services, ACA

(in thousands)

As of December 31,	2024	2023	2022
ASSETS			
Loans	**$ 14,684,491**	$ 13,179,771	$ 11,644,302
Allowance for credit losses on loans	**31,155**	34,987	30,068
Net loans	**14,653,336**	13,144,784	11,614,234
Investment in AgriBank, FCB	**489,970**	414,736	336,682
Investment securities	**313,604**	--	--
Accrued interest receivable	**219,573**	170,941	127,779
Premises and equipment, net	**53,127**	46,898	48,103
Other assets	**164,115**	141,874	112,737
Total assets	**$ 15,893,725**	$ 13,919,233	$ 12,239,535
LIABILITIES			
Note payable to AgriBank, FCB	**$ 12,734,981**	$ 10,974,200	$ 9,521,014
Accrued interest payable	**136,752**	115,426	71,908
Patronage distribution payable	**104,500**	125,000	83,500
Other liabilities	**114,634**	62,328	65,675
Total liabilities	**13,090,867**	11,276,954	9,742,097
Contingencies and commitments (Note 12)			
MEMBERS' EQUITY			
Capital stock and participation certificates	**13,354**	13,158	13,144
Capital stock and participation certificates receivable	**(13,354)**	(13,158)	(13,144)
Additional paid-in capital	**662,638**	662,638	662,638
Unallocated retained earnings	**2,147,265**	1,987,117	1,843,363
Accumulated other comprehensive loss	**(7,045)**	(7,476)	(8,563)
Total members' equity	**2,802,858**	2,642,279	2,497,438
Total liabilities and members' equity	**$ 15,893,725**	$ 13,919,233	$ 12,239,535

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

AgCountry Farm Credit Services, ACA

(in thousands)

For the year ended December 31,	2024	2023	2022
Interest income	**$ 910,213**	$ 752,186	$ 460,138
Interest expense	**527,200**	405,853	180,196
Net interest income	**383,013**	346,333	279,942
Provision for credit losses	**48,933**	33,841	4,946
Net interest income after provision for credit losses	**334,080**	312,492	274,996
Non-interest income			
Patronage income	**52,361**	67,853	59,612
Financially related services income	**37,050**	44,546	42,912
Fee income	**26,326**	15,568	12,319
Other non-interest income	**2,630**	267	416
Total non-interest income	**118,367**	128,234	115,259
Non-interest expense			
Salaries and employee benefits	**131,004**	111,542	98,993
Other operating expense	**56,288**	78,020	79,747
Other non-interest expense	**4,321**	1,428	2,685
Total non-interest expense	**191,613**	190,990	181,425
Income before income taxes	**260,834**	249,736	208,830
(Benefit from) provision for income taxes	**(3,814)**	(4,602)	321
Net income	**$ 264,648**	$ 254,338	$ 208,509
Other comprehensive income			
Employee benefit plans activity	**$ 431**	$ 1,087	$ 1,931
Total other comprehensive income	**431**	1,087	1,931
Comprehensive income	**$ 265,079**	$ 255,425	$ 210,440

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)

	Capital Stock and Participation Certificates and Receivable, Net	Additional Paid-in Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance as of December 31, 2021	$ --	$ 304,385	$ 1,718,268	$ (10,027)	$ 2,012,626
Adjustments due to merger	1,817	358,253	--	(467)	359,603
Net income	--	--	208,509	--	208,509
Other comprehensive income	--	--	--	1,931	1,931
Unallocated retained earnings designated for patronage distributions	--	--	(83,414)	--	(83,414)
Capital stock and participation certificates issued	682	--	--	--	682
Capital stock and participation certificates retired	(1,108)	--	--	--	(1,108)
Additions to capital stock and participation certificates receivable, net	(1,391)	--	--	--	(1,391)
Balance as of December 31, 2022	--	662,638	1,843,363	(8,563)	2,497,438
Cumulative effect of change in accounting principle	--	--	14,416	--	14,416
Net income	--	--	254,338	--	254,338
Other comprehensive income	--	--	--	1,087	1,087
Unallocated retained earnings designated for patronage distributions	--	--	(125,000)	--	(125,000)
Capital stock and participation certificates issued	874	--	--	--	874
Capital stock and participation certificates retired	(859)	--	--	--	(859)
Additions to capital stock and participation certificates receivable, net	(15)	--	--	--	(15)
Balance as of December 31, 2023	--	662,638	1,987,117	(7,476)	2,642,279
Net income	**--**	**--**	**264,648**	**--**	**264,648**
Other comprehensive income	**--**	**--**	**--**	**431**	**431**
Unallocated retained earnings designated for patronage distributions	**--**	**--**	**(104,500)**	**--**	**(104,500)**
Capital stock and participation certificates issued	**878**	**--**	**--**	**--**	**878**
Capital stock and participation certificates retired	**(776)**	**--**	**--**	**--**	**(776)**
Additions to capital stock and participation certificates receivable, net	**(102)**	**--**	**--**	**--**	**(102)**
Balance as of December 31, 2024	**$ --**	**$ 662,638**	**$ 2,147,265**	**$ (7,045)**	**$ 2,802,858**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

AgCountry Farm Credit Services, ACA

(in thousands)

For the year ended December 31,	**2024**	2023	2022
Cash flows from operating activities			
Net income	**$ 264,648**	$ 254,338	$ 208,509
Depreciation on premises and equipment	**2,692**	2,639	2,906
Loss (gain) on sale of premises and equipment, net	**744**	96	(132)
Amortization of premiums (discounts) on loans and investment securities, net	**751**	(188)	(94)
Amortization of yield related to loans and notes payable acquired in merger, net	**(585)**	(1,035)	(1,131)
Provision for credit losses	**48,933**	33,841	4,946
Stock patronage received from Farm Credit institutions	**(14,879)**	(15,473)	(44,343)
Loss on other property owned, net	**24**	--	--
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	**(52,262)**	(48,554)	(36,151)
(Increase) decrease in other assets	**(18,544)**	(26,114)	6,001
Increase in accrued interest payable	**21,326**	43,518	49,663
Increase (decrease) in other liabilities	**52,737**	(2,840)	8,781
Net cash provided by operating activities	**305,585**	240,228	198,955
Cash flows from investing activities			
Increase in loans, net	**(1,566,670)**	(1,542,048)	(1,148,256)
Purchases of investment in AgriBank, FCB, net	**(60,423)**	(62,619)	(31,053)
Purchases of investment in other Farm Credit institutions, net	**(263)**	(2,923)	(1,695)
Purchases of investment securities	**(318,284)**	--	--
Proceeds from investment securities	**3,468**	--	--
Proceeds from sales of other property owned	**10,981**	12	--
Purchases of premises and equipment, net	**(9,665)**	(1,530)	(1,412)
Net cash used in investing activities	**(1,940,856)**	(1,609,108)	(1,182,416)
Cash flows from financing activities			
Increase in note payable to AgriBank, FCB, net	**1,760,169**	1,452,365	1,060,791
Patronage distributions paid	**(125,000)**	(83,500)	(76,864)
Capital stock and participation certificates issued (retired), net	**102**	15	(466)
Net cash provided by financing activities	**1,635,271**	1,368,880	983,461
Net change in cash	**--**	--	--
Cash at beginning of year	**--**	--	--
Cash at end of year	**$ --**	$ --	$ --
Supplemental schedule of non-cash activities			
Impact of merger transactions:			
Assets acquired	$ --	$ --	$ 1,456,226
Liabilities assumed	**--**	--	1,096,623
Equity issued	**--**	--	359,603
Supplemental information			
Interest paid	**$ 505,262**	$ 361,514	$ 127,471
Taxes (refunded) paid, net	**(63)**	--	422

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AgCountry Farm Credit Services, ACA

NOTE 1: ORGANIZATION AND OPERATIONS

Farm Credit System and District

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2025, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 55 borrower-owned cooperative lending institutions (associations). The AgriBank Farm Credit District (AgriBank District or the District) is primarily comprised of AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations. The AgriBank District associations consist of Agricultural Credit Associations (ACA) that each have wholly-owned Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries.

FLCAs are authorized to originate long-term real estate mortgage loans. PCAs are authorized to originate short-term and intermediate-term loans. ACAs are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments. AgriBank provides funding to all associations chartered within the District.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related service businesses. In addition, associations can participate with other lenders in loans to similar entities. Similar entities are parties that are not eligible for a loan from a System lending institution, but have operations that are functionally similar to the activities of eligible borrowers.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System banks and associations. We are examined by the FCA and certain association actions are subject to the prior approval of the FCA and/or AgriBank.

The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

At the discretion of the FCSIC, the Insurance Fund is also available to provide assistance to certain troubled System institutions and for the operating expenses of the FCSIC. Each System bank is required to pay premiums into the Insurance Fund until the assets in the Insurance Fund reach the “secure base amount”, which is defined in the Farm Credit Act as 2.0% of the aggregate outstanding insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments. This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the FCSIC is required to reduce premiums and, under certain circumstances, is required to transfer excess funds to establish Allocated Insurance Reserves Accounts (AIRAs). The FCSIC may also distribute all or a portion of the AIRAs to the System banks, which AgriBank passes on as income to the associations. The basis for assessing premiums is insured debt. Nonaccrual loans and impaired investment securities are assessed a surcharge, while guaranteed loans and investment securities are deductions from the premium base. AgriBank, in turn, assesses premiums to District associations each year based on similar factors.

Association

AgCountry Farm Credit Services, ACA (the Association) and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA (subsidiaries) are lending institutions of the System. We are a borrower-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the counties of Becker, Beltrami, Big Stone, Chippewa, Clay, Clearwater, Douglas, Grant, Hubbard, Kandiyohi, Kittson, Koochiching, Lake of the Woods, Lac qui Parle, Lincoln, Lyon, Mahnomen, Marshall, Meeker, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Redwood, Renville, Roseau, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Yellow Medicine in the state of Minnesota; Barnes, Benson, Bottineau, Burke, Cass, Cavalier, Dickey, Divide, Eddy, Foster, Grand Forks, Griggs, LaMoure, McHenry, McKenzie, northern McLean, Mountrail, Nelson, Pembina, Pierce, Ramsey, Ransom, Renville, Richland, Rolette, Sargent, northern Sheridan, Steele, Stutsman, Towner, Traill, Walsh, Ward, Wells, and Williams in the state of North Dakota; and Clark, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Price, Taylor, Vilas, Waushara, and Wood in the state of Wisconsin.

We borrow from AgriBank and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries and certain types of investments. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans and holds certain types of investments. The PCA makes short-term and intermediate-term loans for agricultural production or operating purposes. We also facilitate lease financing options through our alliance partner, Farm Credit Leasing.

We offer credit life, term life, credit disability, crop hail, and multi-peril crop insurance to borrowers and those eligible to borrow. We also offer farm accounting, fee appraisals, income tax planning and preparation services, retirement and succession planning, and producer education services to our members.

Merger Activity

Effective January 1, 2022, Farm Credit Services of North Dakota, ACA (FCS ND) merged into AgCountry Farm Credit Services, ACA (AgCountry). AgCountry acquired 100% of the assets and liabilities of FCS ND. The merged Association, AgCountry Farm Credit Services, ACA, is headquartered in Fargo, ND. The primary reason for the merger was to strategically position the associations to best serve member needs, now and in the future. The effects of the merger are included in the merged Association's results of operations, statement of condition, average balances, and related metrics for all periods presented.

As cooperative organizations, Farm Credit associations operate for the mutual benefit of their members and other customers and not for the benefit of equity investors. As such, capital stock provides no significant interest in corporate earnings or growth. Specifically, due to restrictions in applicable regulations and the bylaws, the associations can issue stock only at its par value of $5 per share, the stock is not tradable, and the stock can be retired only for the lesser of par value or book value. The shares of FCS ND stock were converted in the merger into shares of AgCountry stock with identical rights and attributes. For this reason, the conversion of FCS ND stock pursuant to the merger occurred at a one-for-one exchange ratio (i.e., each FCS ND share was converted into one share of AgCountry stock with an equal par value).

The capital stock and participation certificates acquired from FCS ND are currently included within members' equity on the Consolidated Statements of Condition. During 2022, FCS ND stock was transitioned to accounts receivable stock, consistent with our current policy. A contra receivable for the stock was established and included in the line item titled "Capital stock and participation certificates receivable". This change had no impact on the capital stock or participation certificates owned by the borrowers, and borrowers retain all rights afforded to them by the Farm Credit Act. In addition, while this change reduced our equity, it did not have a material impact on our capital ratios.

Management believes that because the stock in each association is fixed in value, the book value of the AgCountry stock issued as part of the merger does not reflect a purchase price estimate. In the absence of a purchase price determination, AgCountry undertook a process to estimate the acquisition-date fair value of FCS ND's equity interests instead of the acquisition-date fair value of AgCountry's equity interests transferred as consideration. The fair value of net assets acquired, including specific intangible assets and liabilities assumed from FCS ND, were measured based on various estimates using assumptions that management believes are reasonable and using information available as of the merger date.

The merger was accounted for as a business combination under the acquisition method of accounting. Pursuant to these rules, AgCountry acquired the assets and assumed the liabilities of FCS ND at their acquisition-date fair value. The fair value of the net identifiable assets acquired ($359.6 million) approximated the fair value of the equity interest exchanged in the merger. In addition, no material amounts of intangible assets were acquired. As a result, no goodwill was recorded. A net increase of $359.6 million was recorded in members' equity related to the merger.

The following condensed statement of net assets acquired reflects the fair value assigned to FCS ND's net assets as of the acquisition date. There were no subsequent changes to the initial fair value measurements since the merger.

Condensed Statement of Net Assets Acquired

(in thousands)

As of January 1, 2022	FCS ND
Assets	
Net loans	$ 1,384,102
Accrued interest receivable	14,824
Other assets	57,300
Total assets	$ 1,456,226
Liabilities	
Notes payable	$ 1,079,753
Accrued interest payable	2,148
Other liabilities	14,722
Total liabilities	$ 1,096,623
Fair value of net assets acquired	$ 359,603

Fair value adjustments to FCS ND's assets and liabilities included a $4.7 million decrease to loans and a $3.6 million decrease to notes payable to reflect credit discounts, changes in interest rates, and other market conditions since the time these instruments were issued. These differences are being accreted or amortized into net interest income over the remaining life of the loan portfolio and debt instruments. The Association expects to collect the majority of the contractual amounts of the acquired loans not considered to be purchased credit deteriorated, which totaled $1.4 billion at January 1, 2022. Refer to Note 2 for further information on purchased credit deteriorated loans.

Relationship with Farm Credit Services of America, ACA and Frontier Farm Credit, ACA

The Boards of Directors of AgCountry, Farm Credit Services of America, ACA (FCSAmerica), and Frontier Farm Credit, ACA (Frontier Farm Credit) entered into an agreement with an effective date of December 29, 2023. Beginning April 15, 2024, the three associations are jointly managed and share income and losses. The associations are deploying a common business approach to the development and delivery of products and services and use common technology platforms which accommodate differences in local marketplace conditions. While the associations are jointly managed and operate under jointly developed strategic business plans and support plans, they remain separate organizations with strong, local representation through independent boards of directors and distinct patronage programs. The collaboration is designed to benefit the farmers and ranchers who own and support the three financial services cooperatives by ensuring that all three associations have the strength and capacity to serve agricultural customers' needs for years to come.

Under the collaboration agreement, the three associations have agreed to share net income and losses based on a formula derived from the average net income/losses of each association from the previous five years including 2019 through 2023. Therefore, the income/losses will be allocated as follows: AgCountry (21.3 percent), FCSAmerica (73.8 percent), and Frontier Farm Credit (4.9 percent). Given such allocation methodology, income and losses that are generally specific to each of the associations will effectively be shared in proportion to the allocation formula. The allocation methodology in effect will continue to be applied until the Boards mutually agree to any changes in the methodology to be used for the next allocation period starting on January 1, 2028.

AgCountry has $15.9 billion in assets and serves multiple counties in the states of North Dakota, Minnesota, and Wisconsin. FCSAmerica has $47.7 billion in assets and serves the states of Iowa, Nebraska, South Dakota, and Wyoming. Frontier Farm Credit has $3.5 billion in assets and serves multiple counties in eastern Kansas.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Principles and Reporting Policies

Our accounting and reporting policies conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Principles of Consolidation

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

Significant Accounting Policies

Loans: Loans are carried at their principal amount outstanding, net of any unearned income, cumulative net charge-offs, unamortized deferred fees and costs on originated loans, unamortized premiums or discounts on purchased loans, and unamortized adjustments to fair value on loans acquired through merger. Loan interest is accrued and credited to interest income based upon the daily principal amount outstanding. Prior to April 2024, origination fees, net of direct loan origination fees, were deferred and recognized over the life of the loan as an adjustment to net interest income. We discontinued deferral of fees beginning in April 2024 to align practices with FCSAmerica and Frontier Farm Credit. The net amount of loan fees and related origination costs are not material to the Consolidated Financial Statements taken as a whole.

A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan remains contractually past due until certain modifications are completed or until the entire amount past due, including principal, accrued interest and penalty interest incurred as the result of past due status is collected or otherwise discharged in full.

Generally, loans are placed in nonaccrual status when principal or interest is delinquent for 90 days or more (unless adequately secured and in the process of collection) or circumstances indicate that full collection is not expected. When a loan is placed in nonaccrual status, we reverse current year accrued interest. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for credit losses on loans. Subsequent recoveries, if any, are added to the allowance for credit losses on loans. Any cash received on nonaccrual loans is applied to reduce the carrying amount in the loan, except in those cases where the collection of the carrying amount is fully expected and certain other criteria are met. In these circumstances, interest is credited to income when cash is received. Loans are charged-off at the time they are determined to be uncollectible. Nonaccrual loans may be returned to accrual status when principal and interest are current, the customer's ability to fulfill the contractual payment terms is fully expected, and, if the loan was past due when placed in nonaccrual status, the loan has evidence of sustained performance in making on-time contractual payments (typically based on payment frequency).

Loan modifications may be 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 extensions 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. In situations when more than two types of modifications are granted on the same loan we only report the two most material modification types.

Prior to January 1, 2023, in situations where, for economic or legal reasons related to the borrower's financial difficulties, we granted a concession for other than an insignificant period of time to the borrower that we would not have otherwise considered, the related loan was classified as a troubled debt restructuring (TDR), also known as a formally restructured loan for regulatory purposes. A concession was generally granted to minimize economic loss and avoid foreclosure. Concessions varied by program and borrower and may have included interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven. Loans classified as TDRs were considered risk loans. There may have been modifications made in the normal course of business that were not considered TDRs.

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets, or participating interests in the loans. The transfers of such assets or participating interests are structured such that control over the transferred assets or participating interests have been surrendered and all the conditions have been met to be accounted for as a sale.

Purchased Credit Deteriorated (PCD) Loans: Purchased loans are recorded at their fair value at the acquisition date. All PCD loans were acquired through merger. An allowance for credit loss on loans is recorded on the purchased loans at the purchase date through a provision for credit losses on loans. Any loans that have experienced a more-than-insignificant deterioration in credit quality since origination are identified as PCD assets and we are required to estimate and record an allowance for credit losses on loans for these assets at the time of purchase. This allowance is then added to the purchase price to establish the initial amortized cost basis of the PCD assets, rather than being reported as a credit loss expense. The difference between the unpaid principal balance and the amortized cost basis is recorded into interest income over the life of the loan. Any subsequent changes in expected credit losses are recorded through the Consolidated Statements of Comprehensive Income with a provision for credit loss on loans.

Loans Held for Sale: Loans are classified as held for sale when there is the intent and ability to sell the loans. Loans held for sale are carried at lower of cost or fair value. Loans held for sale are included in “Other assets” on the Consolidated Statements of Condition and gains or losses are recorded in “Other operating expense” in the Consolidated Statements of Comprehensive Income.

Allowance for Credit Losses: Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2016-13 “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures and replaced the incurred loss guidance. This framework requires that management’s estimate reflects credit losses over the asset’s remaining expected life and considers expected future changes in macroeconomic conditions and is referred to as the Current Expected Credit Loss (CECL) model. The allowance for credit losses (ACL) comprises the allowance for credit losses on loans, unfunded commitments, and investment securities.

Allowance for Credit Losses on Loans
Beginning January 1, 2023, the allowance for credit losses on loans (ACLL) represents the estimated current expected credit losses on the loan portfolio over the remaining contractual life of the loan portfolio adjusted for expected prepayments. The ACLL takes into consideration relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are not unconditionally cancellable.

The ACLL is increased through provisions for credit losses on loans and loan recoveries and is decreased through reversals of provision for credit losses on loans and loan charge-offs. The provision activity is included as part of the “Provision for credit losses” in the Consolidated Statements of Comprehensive Income.

Determining the appropriateness of the ACLL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Loans are evaluated on the amortized cost basis, which includes unamortized premiums and discounts on purchased loans and unamortized adjustments to fair value on loans acquired through merger.

We employ a disciplined process and methodology to establish the ACLL that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics. When a loan does not share risk characteristics with other loans, expected credit loss is measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan’s effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. If the calculated expected credit loss is determined to be permanent, fixed or non-recoverable, the credit loss portion of the loan will be charged-off against the ACLL. For more information see the Collateral Dependent Loans policy in the significant accounting policies section of this report.

In estimating the pooled component of the ACLL that share common risk characteristics, loans are pooled and segregated into loan classes based on loan type. We utilize a model to calculate an expected life-of-loan loss percentage for each loan pool by considering the probability of default, based on the migration of loans from performing to loss by internal risk rating, and the loss given default, based on historical experience. Loan borrower characteristics are also utilized and include internal risk ratings, and the remaining term of the loan.

Effective January 1, 2024, AgCountry transitioned to a different model to estimate allowance for credit losses on loans. The model utilized during the year ended December 31, 2023, utilized a weighted average of three economic scenarios and the macroeconomic variables used included unemployment rates, U.S. corporate credit ratings, and stock market volatility and performance. The model utilized beginning January 1, 2024, uses a single economic scenario and the macroeconomic variables include net farm income, unemployment rates, real gross domestic product levels, housing price index, and agricultural land values. The quarterly economic forecast and reasonable and supportable forecast period of three years continue to be used.

The final credit loss estimate also considers factors not reflected in the economic forecast and historical loss experience due to the unique aspects of current conditions and expectations. These factors may include but are not limited to: lending policies and procedures, experience and depth of lending staff, credit quality and delinquency trends, individual borrower and industry concentrations, national, regional, and local economic business conditions and developments, collateral value trends, and expected performance of specific industry sectors not reflected in the economic forecast. Consideration of these factors, as well as the imprecision inherent in the process and methodology may lead to a management adjustment to the modeled ACLL results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral.

Prior to January 1, 2023, the allowance for loan losses was an estimate of losses inherent in our loan portfolio as of the financial statement date. We determined the appropriate level of allowance for loan losses based on quarterly evaluation of factors such as loan loss history, estimated probability of default, estimated loss given default, portfolio quality, and current economic and environmental conditions.

Allowance for Credit Losses on Unfunded Commitments
Under CECL, we evaluate the need for an allowance for credit losses on unfunded commitments, which is included in “Other liabilities” in the Consolidated Statements of Condition. The related provision is included as part of the “Provision for credit losses” in the Consolidated Statements of Comprehensive Income. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures by the Association and applying the loss factors used in the ACLL methodology to the results of the usage calculation.

Collateral Dependent Loans: Collateral dependent loans are loans secured by collateral, including but not limited to real estate, equipment, inventory, livestock, and income-producing property. We measure the expected credit losses based on the fair value of collateral at the reporting date when we determine that foreclosure is probable. Under the fair value practical expedient measurement approach, the expected credit losses are based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

The fair value of the collateral is adjusted for the estimated costs to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with our appraisal policy, the fair value of collateral-dependent loans is based upon in-house or independent third-party appraisals or on in-house collateral valuations. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan’s expected credit loss measurements and, where appropriate, records an adjustment.

Additionally, when a borrower is experiencing financial difficulty, we apply the fair value practical expedient measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral.

Accrued Interest Receivable: Accrued interest receivable is presented separately in the Consolidated Statements of Condition and includes accrued interest on loans and investment securities.

Investment in AgriBank: Our stock investment in AgriBank is on a cost plus allocated equities basis.

Investment Securities: We are authorized by the FCA to purchase and hold certain types of investments. As we have the positive intent and ability to hold these investments to maturity, they have been classified as held-to-maturity and are carried at amortized cost, net of allowance for credit losses on investment securities. Purchased premiums and discounts are amortized or accreted using the straight-line method.

Quarterly, we evaluate the investment portfolio for credit losses. For securities that are guaranteed by the United States government or other governmental agencies, we have not recognized an allowance for credit losses on investments. However, premiums on those investments are not guaranteed. Therefore, we evaluate them for credit losses and have not recognized an allowance for credit losses on them.

Other Property Owned: Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at the fair value less estimated selling costs upon acquisition and is included in “Other assets” in the Consolidated Statements of Condition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for credit losses on loans. Revised estimates to the fair value less costs to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Related income, expenses, and gains or losses from operations and carrying value adjustments are included in “Other non-interest expense” in the Consolidated Statements of Comprehensive Income.

Premises and Equipment: The carrying amount of premises and equipment is at cost, less accumulated depreciation. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets. Depreciation and maintenance and repair expenses are included in “Other operating expense” in the Consolidated Statements of Comprehensive Income and improvements are capitalized.

Post-Employment Benefit Plans: The District has various post-employment benefit plans in which our employees participate. Expenses related to these plans, except for the AgriBank District Pension Restoration Plan, are included in “Salaries and employee benefits” in the Consolidated Statements of Comprehensive Income.

We participate in the AgriBank District Retirement Plan. The plan is comprised of two benefit formulas. At their option, employees hired prior to October 1, 2001, are on the cash balance formula or on the final average pay formula. Benefits for eligible employees hired between October 1, 2001, and December 31, 2006, are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The AgriBank District Retirement Plan utilizes the "Projected Unit Credit" actuarial method for financial reporting and funding purposes.

We participate in the AgriBank District Pension Restoration Plan. This plan restores retirement benefits to certain eligible highly compensated employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. The pension liability attributable to the Pension Restoration Plan at the Association and the related accumulated other comprehensive loss are included in the Consolidated Statements of Condition. The components of the net periodic cost other than the service cost component, are included in “Other operating expense” in the Consolidated Statements of Comprehensive Income. Service costs are included in “Salaries and employee benefits” in the Consolidated Statements of Comprehensive Income.

We also provide certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees’ active service period.

The defined contribution plan allows eligible employees to save for their retirement either pre-tax, post-tax, or both, with an employer match on a percentage of the employee’s contributions. We provide benefits under this plan for those employees that do not participate in the AgriBank District Retirement Plan in the form of a fixed percentage of salary contribution in addition to the employer match. Employer contributions are expensed when incurred.

We participate in the Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the Internal Revenue Service (IRS), are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations.

Income Taxes: The ACA and PCA accrue federal and state income taxes. The ACA and PCA are exempt from Minnesota state income tax. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are included in “Other assets” in the Consolidated Statements of Condition and deferred tax liabilities are included in “Other liabilities” in the Consolidated Statements of Condition. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program: We accrue patronage distributions according to a prescribed formula approved by the Board of Directors. Generally, we pay the accrued patronage during the first quarter after year end.

Off-Balance Sheet Credit Exposures: Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. The commitments to extend credit generally have fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. We evaluate the need for an allowance for credit losses on unfunded commitments, which is included in “Other liabilities” in the Consolidated Statements of Condition. For more information see the allowance for credit losses on unfunded commitments policy in the significant accounting policies section of this report.

Cash: For purposes of reporting cash flow, cash includes deposits in banks. Cash is recorded in “Other assets” or “Other liabilities” in the Consolidated Statements of Condition.

Fair Value Measurement: The accounting guidance describes three levels of inputs that may be used to measure fair value.

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly
- Inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates
- Inputs derived principally from or corroborated by observable market data by correlation or other means

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity’s own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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. 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.	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 expect to adopt the standard as of January 1, 2026. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.

NOTE 3: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands) As of December 31,	**2024**		2023		2022	
	Amortized Cost	%	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	**$ 5,565,125**	**37.9%**	$ 4,895,569	37.1%	$ 4,629,271	39.8%
Production and intermediate-term	**3,451,042**	**23.5%**	3,119,147	23.7%	2,689,594	23.1%
Agribusiness	**3,710,169**	**25.3%**	3,347,974	25.4%	3,031,138	26.0%
Other	**1,958,155**	**13.3%**	1,817,081	13.8%	1,294,299	11.1%
Total	**$ 14,684,491**	**100.0%**	$ 13,179,771	100.0%	$ 11,644,302	100.0%

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

Throughout Note 3 accrued interest receivable on loans of $216.0 million and $170.9 million at December 31, 2024, and 2023, respectively, has been excluded from the amortized cost of loans and is presented in “Accrued interest receivable” in the Consolidated Statements of Condition.

Portfolio Concentrations

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities or within close proximity, which could cause them to be similarly impacted by economic or other conditions. We lend primarily within agricultural industries.

As of December 31, 2024, amortized cost on loans plus commitments, reduced by government guaranteed portions of loans, to our ten largest borrowers totaled an amount equal to 4.4% of total loans and commitments.

Total loans plus any unfunded commitments represent a proportionate maximum potential credit risk. However, substantial portions of our lending activities are collateralized. Accordingly, the credit risk associated with lending activities is less than the recorded loan principal. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management’s credit evaluation of the borrower. Collateral held varies, but may include real estate, equipment, inventory, livestock, and income-producing property.

Participations

We may purchase or sell participation interests with other parties to diversify risk, manage portfolio size, or comply with the limitations of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

Participations Purchased and Sold

(in thousands)	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2024	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	**$ --**	**$ (113,122)**	**$ 484,975**	**$ (326,515)**	**$ --**	**$ (18,219)**	**$ 484,975**	**$ (457,856)**
Production and intermediate-term	**--**	**(291,806)**	**1,058,324**	**(262,504)**	**682**	**(29,684)**	**1,059,006**	**(583,994)**
Agribusiness	**--**	**(198,197)**	**2,037,670**	**(1,141,751)**	**182,753**	**(28)**	**2,220,423**	**(1,339,976)**
Other	**--**	**(58,094)**	**2,492,767**	**(497,097)**	**--**	**--**	**2,492,767**	**(555,191)**
Total	**$ --**	**$ (661,219)**	**$ 6,073,736**	**$ (2,227,867)**	**$ 183,435**	**$ (47,931)**	**$ 6,257,171**	**$ (2,937,017)**

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2023	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ --	$ (241,693)	$ 446,207	$ (324,821)	$ --	$ (16,704)	$ 446,207	$ (583,218)
Production and intermediate-term	--	(358,902)	1,096,317	(325,973)	26,020	(16,478)	1,122,337	(701,353)
Agribusiness	--	(246,817)	1,816,235	(1,307,451)	189,877	(340)	2,006,112	(1,554,608)
Other	--	(55,190)	2,474,836	(611,267)	--	--	2,474,836	(666,457)
Total	$ --	$ (902,602)	$ 5,833,595	$ (2,569,512)	$ 215,897	$ (33,522)	$ 6,049,492	$ (3,505,636)

As of December 31, 2022	AgriBank Participations Purchased		AgriBank Participations Sold	Other Farm Credit Institutions Participations Purchased		Other Farm Credit Institutions Participations Sold	Non-Farm Credit Institutions Participations Purchased		Non-Farm Credit Institutions Participations Sold	Total Participations Purchased		Total Participations Sold
Real estate mortgage	$ --	$	(226,500)	$ 396,596	$	(249,469)	$ --	$	(14,378)	$ 396,596	$	(490,347)
Production and intermediate-term	--		(347,988)	972,782		(288,529)	17,645		(28,775)	990,427		(665,292)
Agribusiness	--		(152,885)	1,684,265		(1,483,079)	115,254		(1,579)	1,799,519		(1,637,543)
Other	--		(6,405)	1,853,685		(561,615)	--		--	1,853,685		(568,020)
Total	$ --	$	(733,778)	$ 4,907,328	$	(2,582,692)	$ 132,899	$	(44,732)	$ 5,040,227	$	(3,361,202)

Credit Quality and Delinquency

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 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 life of the loan. Each of the 14 probability of default 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 during the remaining life of the loan. 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 December 31, 2024, 2023, or 2022.

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) rating indicates that the probability of default is almost certain.

Credit Quality of Loans at Amortized Cost[1]

(dollars in thousands) **As of December 31, 2024**	Acceptable Amount	Acceptable %	Special Mention Amount	Special Mention %	Substandard/ Doubtful Amount	Substandard/ Doubtful %	Total Amount	Total %
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%**

As of December 31, 2023	Acceptable Amount	%	Special Mention Amount	%	Substandard/ Doubtful Amount	%	Total Amount	%
Real estate mortgage	$ 4,759,254	97.2%	$ 69,098	1.4%	$ 67,217	1.4%	$ 4,895,569	100.0%
Production and intermediate-term	3,030,201	97.1%	49,415	1.6%	39,531	1.3%	3,119,147	100.0%
Agribusiness	3,122,759	93.3%	106,782	3.2%	118,433	3.5%	3,347,974	100.0%
Other	1,739,900	95.8%	55,214	3.0%	21,967	1.2%	1,817,081	100.0%
Total	$ 12,652,114	96.0%	$ 280,509	2.1%	$ 247,148	1.9%	$ 13,179,771	100.0%

As of December 31, 2022	Acceptable Amount	%	Special Mention Amount	%	Substandard/ Doubtful Amount	%	Total Amount	%
Real estate mortgage	$ 4,604,579	98.0%	$ 52,803	1.1%	$ 41,804	0.9%	$ 4,699,186	100.0%
Production and intermediate-term	2,645,838	97.0%	17,630	0.6%	66,263	2.4%	2,729,731	100.0%
Agribusiness	2,929,959	96.2%	57,375	1.9%	57,944	1.9%	3,045,278	100.0%
Other	1,277,687	98.4%	13,857	1.1%	6,342	0.5%	1,297,886	100.0%
Total	$ 11,458,063	97.3%	$ 141,665	1.2%	$ 172,353	1.5%	$ 11,772,081	100.0%

[1]Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Aging Analysis of Loans at Amortized Cost[1]

(in thousands) **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**

As of December 31, 2023	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	$ 5,345	$ 418	$ 5,763	$ 4,889,806	$ 4,895,569	$ 148
Production and intermediate-term	33,006	2,549	35,555	3,083,592	3,119,147	1,955
Agribusiness	--	1,327	1,327	3,346,647	3,347,974	--
Other	44	--	44	1,817,037	1,817,081	--
Total	$ 38,395	$ 4,294	$ 42,689	$ 13,137,082	$ 13,179,771	$ 2,103

As of December 31, 2022	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	$ 4,364	$ 1,253	$ 5,617	$ 4,693,569	$ 4,699,186	$ --
Production and intermediate-term	9,269	1,282	10,551	2,719,180	2,729,731	--
Agribusiness	4,086	--	4,086	3,041,192	3,045,278	--
Other	--	--	--	1,297,886	1,297,886	--
Total	$ 17,719	$ 2,535	$ 20,254	$ 11,751,827	$ 11,772,081	$ --

[1]Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Nonaccrual Loans

Nonaccrual Loans by Loan Type

(in thousands) As of December 31,		**2024**		2023		2022
Real estate mortgage	**$**	**5,013**	$	2,449	$	3,914
Production and intermediate-term		**1,053**		21,644		2,810
Agribusiness		**41,098**		12,696		15,909
Other		**17,009**		9,051		2,227
Total	**$**	**64,173**	$	45,840	$	24,860

Additional Nonaccrual Loans Information

		As of December 31, 2024		**For the year ended December 31, 2024**
(in thousands)		Amortized Cost Without Allowance		Interest Income Reversed
Real estate mortgage	**$**	**5,013**	**$**	**(502)**
Production and intermediate-term		**416**		**233**
Agribusiness		**31,556**		**18**
Other		**--**		**2**
Total	**$**	**36,985**	**$**	**(249)**

		As of December 31, 2023		For the year ended December 31, 2023
		Amortized Cost Without Allowance		Interest Income Recognized
Real estate mortgage	$	2,449	$	2,498
Production and intermediate-term		693		170
Agribusiness		764		--
Other		--		3
Total	$	3,906	$	2,671

Reversals of interest income on loans that transferred to nonaccrual status were not material for the years ended December 31, 2024, or 2023.

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. 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 disclosures below.

Loan Modifications at Amortized Cost

(dollars in thousands) **For the year ended December 31, 2024**		Interest Rate Reduction		Term Extension		Payment Deferral		Principal Forgiveness		Combination - Interest Rate Reduction and Term Extension		Total	Percentage of Total Loans
Real estate mortgage	**$**	**--**	**$**	**841**	**$**	**5,427**	**$**	**--**	**$**	**1,277**	**$**	**7,545**	**0.1%**
Production and intermediate-term		**--**		**11,655**		**--**		**--**		**--**		**11,655**	**0.1%**
Agribusiness		**3,425**		**13,527**		**--**		**--**		**--**		**16,952**	**0.1%**
Total	**$**	**3,425**	**$**	**26,023**	**$**	**5,427**	**$**	**--**	**$**	**1,277**	**$**	**36,152**	**0.3%**
Loan modifications granted as a percentage of total loans		**0.0%**		**0.2%**		**0.1%**		**--**		**0.0%**		**0.3%**	

For the year ended December 31, 2023	Interest Rate Reduction	Term Extension	Payment Deferral	Principal Forgiveness	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
Real estate mortgage	$ 1,447	$ 25	$ --	$ --	$ --	$ 1,472	0.0%
Production and intermediate-term	--	1,027	--	9	7,210	8,246	0.1%
Agribusiness	--	29,680	--	--	--	29,680	0.2%
Total	$ 1,447	$ 30,732	$ --	$ 9	$ 7,210	$ 39,398	0.3%
Loan modifications granted as a percentage of total loans	0.0%	0.2%	--	0.0%	0.1%	0.3%	

Financial Effect of Loan Modifications

For the year ended December 31, 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		**274**		
Payment deferral			**12**	
Combination - interest rate reduction and term extension	**0.4%**	**349**		
Production and intermediate-term				
Term extension		**14**		
Agribusiness				
Interest rate reduction	**0.5%**			
Term extension		**26**		

For the year ended December 31, 2023	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Interest rate reduction	1.3%			
Term extension		60		
Production and intermediate-term				
Term extension		13		
Principal forgiveness				601
Combination - interest rate reduction and term extension	1.0%	12		
Agribusiness				
Term extension		22		

There were no material loans to borrowers experiencing financial difficulty that defaulted during the year ended December 31, 2024, or 2023, 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 December 31, 2024**	Not Past Due or Less than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	**$ 7,545**	**$ --**	**$ --**	**$ 7,545**
Production and intermediate-term	**9,711**	**1,944**	**--**	**11,655**
Agribusiness	**16,952**	**--**	**--**	**16,952**
Total	**$ 34,208**	**$ 1,944**	**$ --**	**$ 36,152**

As of December 31, 2023	Not Past Due or Less than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	$ 125	$ 1,347	$ --	$ 1,472
Production and intermediate-term	8,237	--	9	8,246
Agribusiness	29,680	--	--	29,680
Total	$ 38,042	$ 1,347	$ 9	$ 39,398

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at December 31, 2024, or 2023.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the years ended December 31, 2024, and 2023 were $11.0 million and $16.7 million, respectively.

Allowance for Credit Losses

Our loan portfolio is divided into segments 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 various macroeconomic variables. Our forecasts of U.S. net farm income, U.S. real gross domestic product, and 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) As of December 31,	**2024**	2023	2022
Allowance for Credit Losses on Loans			
Balance at beginning of year	**$ 34,987**	$ 30,068	$ 22,946
Cumulative effect of change in accounting principle	**--**	(14,996)	--
Provision for credit losses on loans	**45,821**	33,916	7,076
Loan recoveries	**44**	1,045	49
Loan charge-offs	**(49,697)**	(15,046)	(3)
Balance at end of year	**$ 31,155**	$ 34,987	$ 30,068
Allowance for Credit Losses on Unfunded Commitments			
Balance at beginning of year	**$ 1,063**	$ 2,192	$ 4,322
Cumulative effect of change in accounting principle	**--**	(1,054)	--
Provision for credit losses on unfunded commitments	**3,112**	(75)	(2,130)
Balance at end of year	**$ 4,175**	$ 1,063	$ 2,192
Total allowance for credit losses	**$ 35,330**	$ 36,050	$ 32,260

The allowance for credit losses did not change significantly from December 2023. The increase in provision for credit losses on loans reflects agribusiness loans, primarily of capital markets, that were charged off during the year. The increase in provision for credit losses on loans and loan charge-offs are not systemic nor concentrated within specific industries.

Changes in Allowance for Credit Losses on Loans by Loan Type

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2023	**$ 2,017**	**$ 7,619**	**$ 18,618**	**$ 6,733**	**$ 34,987**
Provision for credit losses on loans	**518**	**373**	**36,948**	**7,982**	**45,821**
Loan recoveries	**11**	**--**	**33**	**--**	**44**
Loan charge-offs	**--**	**(4,544)**	**(40,853)**	**(4,300)**	**(49,697)**
Balance as of December 31, 2024	**$ 2,546**	**$ 3,448**	**$ 14,746**	**$ 10,415**	**$ 31,155**

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2022	$ 1,464	$ 7,634	$ 16,738	$ 4,232	$ 30,068
Cumulative effect of change in accounting principle	(287)	(6,110)	(6,438)	(2,161)	(14,996)
Provision for credit losses on loans	(120)	13,944	14,846	5,246	33,916
Loan recoveries	960	85	--	--	1,045
Loan charge-offs	--	(7,934)	(6,528)	(584)	(15,046)
Balance as of December 31, 2023	$ 2,017	$ 7,619	$ 18,618	$ 6,733	$ 34,987

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2021	$ 1,799	$ 9,769	$ 8,702	$ 2,676	$ 22,946
Provision for credit losses on loans	(334)	(2,153)	8,007	1,556	7,076
Loan recoveries	2	18	29	--	49
Loan charge-offs	(3)	--	--	--	(3)
Balance as of December 31, 2022	$ 1,464	$ 7,634	$ 16,738	$ 4,232	$ 30,068

Previously Required Disclosures

The disclosures in this section were required prior to January 1, 2023. Upon the adoption of CECL, these disclosures are no longer required prospectively.

Risk Loans: Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

Risk Loan Information

(in thousands) As of December 31,	2022
Nonaccrual loans:	
Current as to principal and interest	$ 19,992
Past due	4,868
Total nonaccrual loans	24,860
Accruing restructured loans	4,426
Accruing loans 90 days or more past due	--
Total risk loans	$ 29,286
Volume with specific allowance	$ 17,918
Volume without specific allowance	11,368
Total risk loans	$ 29,286
Total specific allowance	$ 4,063

For the year ended December 31,	2022
Income on accrual risk loans	$ 272
Income on nonaccrual loans	1,189
Total income on risk loans	$ 1,461
Average risk loans	$ 21,333

Note: Accruing loans include accrued interest receivable.

Additional Impaired Loan Information by Loan Type

(in thousands)	As of December 31, 2022 Recorded Investment[1]	Unpaid Principal Balance[2]	Related Allowance	For the year ended December 31, 2022 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$ --	$ --	$ --	$ --	$ --
Production and intermediate-term	553	1,229	475	871	--
Agribusiness	15,138	15,568	3,055	5,363	--
Other	2,227	2,378	533	2,457	--
Total	$ 17,918	$ 19,175	$ 4,063	$ 8,691	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$ 8,307	$ 10,832	$ --	$ 9,155	$ 1,247
Production and intermediate-term	2,290	3,162	--	2,453	199
Agribusiness	771	1,659	--	924	15
Other	--	--	--	110	--
Total	$ 11,368	$ 15,653	$ --	$ 12,642	$ 1,461
Total impaired loans:					
Real estate mortgage	$ 8,307	$ 10,832	$ --	$ 9,155	$ 1,247
Production and intermediate-term	2,843	4,391	475	3,324	199
Agribusiness	15,909	17,227	3,055	6,287	15
Other	2,227	2,378	533	2,567	--
Total	$ 29,286	$ 34,828	$ 4,063	$ 21,333	$ 1,461

Note: Impaired loans include purchased credit deteriorated loans.

[1]The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, and unamortized adjustments to fair value on loans acquired through merger and may also reflect a previous direct charge-off of the investment.

[2]Unpaid principal balance represents the contractual principal balance of the loan.

Year End Recorded Investments by Loan Type

(in thousands) As of December 31, 2022	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Ending balance: individually evaluated for impairment	$ --	$ 475	$ 3,055	$ 533	$ 4,063
Ending balance: collectively evaluated for impairment	$ 1,464	$ 7,159	$ 13,683	$ 3,699	$ 26,005
Recorded investment in loans outstanding:					
Ending balance	$ 4,699,186	$ 2,729,731	$ 3,045,278	$ 1,297,886	$ 11,772,081
Ending balance: individually evaluated for impairment	$ 8,307	$ 2,843	$ 15,909	$ 2,227	$ 29,286
Ending balance: collectively evaluated for impairment	$ 4,690,879	$ 2,726,888	$ 3,029,369	$ 1,295,659	$ 11,742,795

Troubled Debt Restructurings: Prior to the adoption of CECL, a restructuring of a loan constituted a troubled debt restructuring, also known as formally restructured, if the creditor for economic or legal reasons related to the borrower's financial difficulties granted a concession to the borrower that it would not otherwise consider. Concessions varied by program and were borrower-specific and could include interest rate reductions, term extensions, payment deferrals, or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven.

TDR Activity

(in thousands) For the year ended December 31,	2022 Pre-modification	Post-modification
Real estate mortgage	$ 2,321	$ 2,336
Production and intermediate-term	566	566
Total	$ 2,887	$ 2,902

Pre-modification represents the outstanding recorded investment of the loan just prior to restructuring and post-modification represents the outstanding recorded investment of the loan immediately following the restructuring. The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, and unamortized adjustments to fair value on loans acquired through merger and may also reflect a previous direct charge-off of the investment.

The primary type of modification included interest rate reduction below market.

There were no TDRs that defaulted during the year ended December 31, 2022, in which the modification was within twelve months of the reporting period.

TDRs Outstanding

(in thousands) As of December 31,		2022
Accrual status:		
Real estate mortgage	$	4,392
Production and intermediate-term		34
Agribusiness		--
Total TDRs in accrual status	$	4,426
Nonaccrual status:		
Real estate mortgage	$	1,147
Production and intermediate-term		613
Agribusiness		765
Total TDRs in nonaccrual status	$	2,525
Total TDRs:		
Real estate mortgage	$	5,539
Production and intermediate-term		647
Agribusiness		765
Total TDRs	$	6,951

Note: Accruing loans include accrued interest receivable.

NOTE 4: LOANS HELD FOR SALE

Loans held for sale as of December 31, 2024, totaled $26.9 million and were 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 loss of $9.5 million. There were no loans held for sale as of December 31, 2023, or 2022.

NOTE 5: INVESTMENT IN AGRIBANK

Our investment in AgriBank was $490.0 million, $414.7 million, and $336.7 million at December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, we were required by AgriBank to maintain an investment equal to 3.1% of the average quarterly balance of our note payable. We are also required to hold AgriBank stock based on a contractual agreement under any asset pool program in which we participate. The required investment amount varies by asset pool program and is generally a percentage of the loan balance in the pool. All District associations had an initial opportunity to participate in the sale of asset pools to AgriBank at a base level of 10% in 2023 and 2024 or to utilize an alternative in place of the asset pool participation. We elected to use the alternative to the sale of asset pools, as available in a Memo of Understanding related to participation in pool programs. Effective May 1, 2024, in lieu of selling participations to AgriBank we purchased additional stock in AgriBank.

AgriBank’s capital plan provides for annual retirement of AgriBank stock and optimizes capital at AgriBank by distributing all available AgriBank earnings in the form of patronage, either in cash or stock. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of allocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

NOTE 6: INVESTMENT SECURITIES

We held investment securities of $313.6 million at December 31, 2024. We held no investment securities as of December 31, 2023. Our investment securities consisted of securities containing loans guaranteed by the Small Business Administration (SBA). All of our investment securities were fully guaranteed by the SBA at December 31, 2024.

The investment securities have been classified as held-to-maturity. Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on investment securities at December 31, 2024.

Our investments are either mortgage-backed securities (MBS), which are generally longer-term investments, or asset-backed securities (ABS), which are generally shorter-term investments.

Additional Investment Securities Information at Amortized Cost

(in thousands)

As of December 31,		2024
MBS	$	**198,927**
ABS		**114,677**
Total	$	**313,604**

Investment income is recorded in "Interest income" in the Consolidated Statements of Comprehensive Income and totaled $5.0 million in 2024.

Contractual Maturities of Investment Securities

(in thousands)

As of December 31, 2024		Amortized Cost
Five to ten years	$	**76,469**
More than ten years		**237,135**
Total	$	**313,604**

NOTE 7: NOTE PAYABLE TO AGRIBANK

Our note payable to AgriBank represents borrowings, in the form of a line of credit, to fund our loan portfolio. The line of credit is at a variable rate as governed by a GFA and substantially all of our assets serve as collateral.

Note Payable Information

(dollars in thousands)

As of December 31,		2024		2023		2022
Line of credit	$	**15,000,000**	$	15,000,000	$	11,600,000
Outstanding principal under the line of credit[1]		**12,737,671**		10,977,502		9,525,137
Interest rate		**4.2%**		4.4%		3.4%

[1]Excludes merger related fair value adjustments.

Our note payable is scheduled to mature on June 30, 2026. We intend to renegotiate the note payable no later than the maturity date.

The GFA provides for limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality, and financial condition. Additionally, we have requirements to maintain an effective program of internal controls over financial reporting. At December 31, 2024, and throughout the year, we were not declared in default under any GFA covenants or provisions.

NOTE 8: MEMBERS' EQUITY

Capitalization Requirements

In accordance with the Farm Credit Act, each member is required to invest in AgCountry as a condition of obtaining a loan. As authorized by the Agricultural Credit Act and our capital bylaws, the Board of Directors has adopted a capital plan that establishes a stock purchase requirement for obtaining a loan of 2.0% of the customer's total loan(s) or one thousand dollars, whichever is less, or such greater amount of such member's aggregate outstanding loan balance as may be determined by the Board of Directors from time to time. The Board of Directors has established a stock requirement for loans of one thousand dollars at a customer level. The ACA and its subsidiaries, PCA and FLCA, are also authorized by FCA to offer approved financial services to persons eligible to borrow from the System. The investment requirement for each purchaser of crop insurance that is not a stock or participation certificate holder is a single $5.00 participation certificate in the ACA. The Board of Directors may increase the amount of required investment to the extent authorized in the capital bylaws.

The member acquires ownership of capital stock or participation certificates at the time the loan is made. Members are not currently required to make a cash investment to acquire capital stock or participation certificates. However, their obligation to pay for the capital stock or participation certificates is maintained as an interest free obligation with AgCountry, which is reflected on the Consolidated Statements of Condition as a contra line item titled "Capital stock and participation certificates receivable". The capital stock and participation certificates are at-risk investments as described in the AgCountry capital bylaws. AgCountry retains a first lien on common stock or participation certificates owned by its members. Stock is retired in accordance with AgCountry bylaws. Members are responsible for payment of the cash investment upon demand by AgCountry.

Additional Paid-In Capital

Additional paid-in capital represents the excess value received over the par value of capital stock and participation certificates issued in connection with mergers.

Regulatory Capitalization Requirements

Regulatory Capital Requirements and Ratios

As of December 31,	**2024**	2023	2022	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	**13.8%**	15.1%	16.6%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**13.8%**	15.1%	16.6%	6.0%	2.5%	8.5%
Total capital ratio	**14.2%**	15.3%	16.8%	8.0%	2.5%	10.5%
Permanent capital ratio	**13.9%**	15.1%	16.6%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	**15.8%**	17.7%	19.2%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.8%**	17.7%	19.2%	1.5%	N/A	1.5%

Risk-adjusted assets have been defined by the FCA Regulations as the Statement of Condition assets and off-balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Risk-adjusted assets are calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for credit losses on loans and the allowance for credit losses on investment securities, if applicable, as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with the FCA Regulations and are calculated as follows (not all items below may be applicable to our Association):

- Common equity tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required member stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt, and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance for credit losses on loans, unfunded commitments, and investment securities subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt, and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- Unallocated retained earnings and equivalents leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated retained earnings not subject to retirement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

Description of Equities

The following represents information regarding classes and number of shares of stock and participation certificates outstanding. All shares and participation certificates are stated at a $5.00 par value.

	Number of Shares		
As of December 31,	**2024**	2023	2022
Class B common stock (at-risk)	**2,622,097**	2,584,034	2,588,692
Class E participation certificates (at-risk)	**48,748**	47,496	40,141

Under our bylaws, we are also authorized to issue Class C and Class D common stock. Each of these classes of common stock is at-risk and nonvoting with a $5.00 par value per share. Currently, no stock of these classes has been issued.

Only holders of Class B common stock, whether held jointly or individually, have voting rights. Our bylaws do not prohibit us from paying dividends on any classes of stock. However, no dividends have been declared to date.

Our bylaws generally permit stock and participation certificates to be retired at the discretion of our Board of Directors and in accordance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2024, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

In the event of our liquidation or dissolution, according to our bylaws, any assets remaining after payment or retirement of all liabilities shall be distributed pro rata to all holders of stock.

In the event of stock impairment, losses will be absorbed by concurrent impairment of all classes of stock.

All classes of stock are transferable to other customers who are eligible to hold such class as long as we meet the regulatory minimum capital requirements.

Patronage Distributions

We accrued patronage distributions of $104.5 million, $125.0 million, and $83.5 million at December 31, 2024, 2023, and 2022, respectively. The patronage distributions are paid in cash, generally during the first quarter after year end. The Board of Directors may authorize a distribution of earnings provided we meet all statutory and regulatory requirements.

NOTE 9: INCOME TAXES

(Benefit from) Provision for Income Taxes

(Benefit from) Provision for Income Taxes

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Current:			
Federal	**$ (1,336)**	$ (1,903)	$ 713
State	**(167)**	(235)	--
Total current	**$ (1,503)**	$ (2,138)	$ 713
Deferred:			
Federal	**$ (2,038)**	$ (2,213)	$ (549)
State	**(273)**	(251)	157
Total deferred	**(2,311)**	(2,464)	(392)
(Benefit from) provision for income taxes	**$ (3,814)**	$ (4,602)	$ 321
Effective tax rate	**(1.5%)**	(1.8%)	0.2%

Reconciliation of Taxes at Federal Statutory Rate to (Benefit from) Provision for Income Taxes

(in thousands)

For the year ended December 31,	**2024**	2023	2022
Federal tax at statutory rates	**$ 54,775**	$ 52,445	$ 43,854
State tax, net	**(154)**	(403)	(16)
Patronage distributions	**(5,865)**	--	(1,850)
Effect of non-taxable entity	**(50,413)**	(56,151)	(42,159)
Other	**(2,157)**	(493)	492
(Benefit from) provision for income taxes	**$ (3,814)**	$ (4,602)	$ 321

Refer to the income taxes policy in Note 2 for information on exemptions related to our non-taxable entity.

Deferred Income Taxes

Tax laws require certain items to be included in our tax returns at different times than the items are reflected on our Consolidated Statements of Comprehensive Income. Some of these items are temporary differences that will reverse over time. We record the tax effect of temporary differences as deferred tax assets and liabilities netted on our Consolidated Statements of Condition.

Deferred Tax Assets and Liabilities

(in thousands) As of December 31,	**2024**	2023	2022
Allowance for credit losses on loans	**$ 1,448**	$ 3,324	$ 2,355
Accrued incentive	**255**	384	405
Accrued patronage income not received	**(293)**	(724)	--
Accrued pension asset	**(5,912)**	(6,221)	(6,518)
Net operating loss carryforward	**4,126**	224	142
Other assets	**3,594**	3,877	3,613
Other liabilities	**(1,383)**	(1,340)	(1,302)
Deferred tax assets (liabilities), net	**$ 1,835**	$ (476)	$ (1,305)
Gross deferred tax assets	**$ 9,423**	$ 7,809	$ 6,515
Gross deferred tax liabilities	**$ (7,588)**	$ (8,285)	$ (7,820)

A valuation allowance for the deferred tax assets was not necessary at December 31, 2024, 2023, or 2022.

We have not provided for deferred income taxes on patronage allocations received from AgriBank prior to 1993. Such allocations, distributed in the form of stock, are subject to tax only upon conversion to cash. Our intent is to permanently maintain this investment in AgriBank. Our total permanent investment in AgriBank is $39.9 million. Additionally, we have not provided deferred income taxes on accumulated FLCA earnings of $2.1 billion as it is our intent to permanently maintain this equity in the FLCA or to distribute the earnings to members in a manner that results in no additional tax liability to us.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2024. In addition, we believe we are no longer subject to income tax examinations for years prior to 2021.

NOTE 10: EMPLOYEE BENEFIT PLANS

Pension and Post-Employment Benefit Plans

Complete financial information for the pension and post-employment benefit plans may be found in the AgriBank 2024 Annual Report.

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans for which AgriBank and District associations are participating employers. These governance committees are comprised of elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any), and termination of specific benefit plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

Pension Plan: We participate in the AgriBank District Retirement Plan, a District-wide multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This plan is noncontributory and covers certain eligible District employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

AgriBank District Retirement Plan Information

(in thousands)

As of December 31,	2024	2023	2022
Funded (unfunded) status	**$ 55,397**	$ (31,065)	$ (87,688)
Projected benefit obligation	**1,096,604**	1,245,052	1,204,130
Fair value of plan assets	**1,152,001**	1,213,987	1,116,442
Accumulated benefit obligation	**1,011,357**	1,140,936	1,083,610

For the year ended December 31,	2024	2023	2022
Total plan expense	**$ 41,090**	$ 55,535	$ 30,475
Our allocated share of plan expenses	**6,555**	8,853	4,496
Contributions by participating employers	**40,000**	45,000	90,385
Our allocated share of contributions	**6,380**	7,138	14,254

The funded (unfunded) status reflects the net of the fair value of the plan assets and the projected benefit obligation at December 31. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding.

Benefits paid to participants in the District were $127.5 million in 2024. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plan during 2025 is $14.7 million. Our allocated share of these pension contributions is expected to be $2.3 million. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the amounts reflected in the District financial statements.

Nonqualified Retirement Plan: We participate in the District-wide nonqualified defined benefit Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits.

Pension Restoration Plan Information

(in thousands)

As of December 31,	2024	2023	2022
Our unfunded status	**$ (13,817)**	$ (12,757)	$ (12,289)

For the year ended December 31,	2024	2023	2022
Our cash contributions	**$ 383**	$ 448	$ 1,606

The nonqualified plan is funded as the benefits are paid; therefore, there are no assets in the plan and the unfunded status is equal to the projected benefit obligation. The amount of the pension benefits funding status is subject to many variables including interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their participants in the plan. The Pension Restoration Plan is unfunded and we make annual contributions to fund benefits paid to our retirees covered by the plan. Our cash contributions are equal to the benefits paid. There were no benefits paid under the Pension Restoration Plan to our senior officers who were actively employed during the year.

Retiree Medical Plans: District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee's active status. Net periodic benefit cost is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. Postretirement benefit costs related to the retiree medical plans were not considered material for any of the years presented. Our cash contributions were equal to the benefits paid.

Defined Contribution Plans

We participate in a District-wide defined contribution plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0% and 50 cents on the dollar on the next 4.0% on both pre-tax and post-tax contributions. The maximum employer match is 4.0%. For employees hired after December 31, 2006, we contribute 3.0% of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0% on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0%.

We also participate in a District-wide Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the defined contribution plan if it were not for certain IRS limitations.

Employer contribution expenses for these plans, included in “Salaries and employee benefits” in the Consolidated Statements of Comprehensive Income, were $6.5 million, $5.7 million, and $5.1 million in 2024, 2023, and 2022, respectively. These expenses were equal to our cash contributions for each year.

NOTE 11: RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into loan transactions with our officers, directors, their immediate family members, and other organizations with which such persons may be associated. Such transactions may be subject to special approval requirements contained in the FCA Regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with other persons. In our opinion, none of these loans outstanding at December 31, 2024, involved more than a normal risk of collectability. There were no material related party transactions other than the loan transactions disclosed in the following related party loans information table.

Related Party Loans Information

(in thousands)

As of December 31,	**2024**	2023	2022
Total related party loans	**$ 54,999**	$ 56,392	$ 39,347
For the year ended December 31,	**2024**	2023	2022
Advances to related parties	**$ 122,669**	$ 130,321	$ 108,517
Repayments by related parties	**110,909**	110,373	101,431

The related parties can be different each year end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Advances and repayments on loans in the preceding table are related to those considered related parties at each respective year end.

As described in Note 7, we borrow from AgriBank, in the form of a line of credit, to fund our loan portfolio. All interest expense, as shown in the Consolidated Statements of Comprehensive Income, was paid to AgriBank.

Total patronage from AgriBank, which includes a partnership distribution from AgDirect, LLP, was $52.1 million, $67.7 million, and $59.1 million in 2024, 2023, and 2022, respectively. Patronage income for 2024, 2023, and 2022 was received in cash and AgriBank stock.

In addition, we received compensation from AgriBank for servicing loans of $0.6 million, $0.8 million, and $0.5 million in 2024, 2023, and 2022, respectively.

Refer to Note 3 for information on participations sold to AgriBank and Note 5 for stock investment in AgriBank information.

We purchase certain business services, primarily financial reporting, from AgriBank. We also purchase tax reporting, insurance, and collateral services from SunStream Business Services (SunStream). In addition, we purchase human resource, benefit, payroll, and workforce management services from Farm Credit Foundations (Foundations). SunStream and Foundations are both System service corporations within the AgriBank District and the costs incurred are included in the following table in AgriBank District purchased services. In addition to the services we purchase from AgriBank, SunStream, and Foundations, we also hold an investment in AgriBank and Foundations.

Our customer relationship, reporting, internet, network security, loan accounting, loan origination, and general ledger systems were provided by Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners and customers. FPI will continue to provide technology services under a Service Agreement until we are fully transitioned to the FCSAmerica and Frontier Farm Credit collaboration. In addition, we held an investment in FPI. Pursuant to a divestiture agreement dated August 5, 2024, we sold our interest in FPI to another FPI stockholder at par.

Additional Related Party Information

(in thousands)

As of December 31,	**2024**	2023	2022
Investment in AgriBank	**$ 489,970**	$ 414,736	$ 336,682
Investment in AgDirect, LLP	**16,833**	12,630	9,689
Investment in Foundations	**96**	96	96
Investment in FPI	**--**	3,940	3,958
For the year ended December 31,	**2024**	2023	2022
AgriBank District purchased services	**$ 2,784**	$ 2,084	$ 3,010
FPI purchased services	**14,102**	12,080	11,832

NOTE 12: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, 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.

We have commitments to extend credit and letters of credit to satisfy the financing needs of our borrowers. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. At December 31, 2024, we had commitments to extend credit and unexercised commitments related to standby letters of credit of $5.5 billion. We had $109.9 million of issued standby letters of credit as of December 31, 2024.

Commitments to extend credit and letters of credit generally have fixed expiration dates or other termination clauses and we may require payment of a fee. If commitments to extend credit and letters of credit remain unfulfilled or have not expired, they have off-balance sheet credit risk because their contractual amounts are not reflected on the balance sheet until funded or drawn upon. Many of the commitments to extend credit and letters of credit will expire without being fully drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Certain letters of credit may have recourse provisions that would enable us to recover from third parties, amounts paid under guarantees, thereby limiting our maximum potential exposure. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to borrowers and we apply the same credit policies. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management's credit evaluation of the borrower.

NOTE 13: FAIR VALUE MEASUREMENTS

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to fulfill fair value disclosure requirements. Certain assets and liabilities are recorded at fair value on a recurring basis. Additionally, on other assets and liabilities, we record fair value adjustments on a non-recurring basis. The following sections include information on both recurring and non-recurring 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 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 $26.9 million as of December 31, 2024, which were valued using Level 3 inputs. There were no loans held for sale as of December 31, 2023, or 2022. Gains and losses related to these loans are recognized in "Other operating expense" 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 December 31, 2024	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Loans	**$ --**	**$ --**	**$ 14,649**	**$ 14,649**
Other property owned	**--**	**--**	**3,687**	**3,687**

As of December 31, 2023	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Loans	$ --	$ --	$ 28,179	$ 28,179
Other property owned	--	--	80	80

As of December 31, 2022	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Loans	$ --	$ --	$ 14,548	$ 14,548
Other property owned	--	--	--	--

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 14: SUBSEQUENT EVENTS

We have evaluated subsequent events through March 5, 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 2024 Consolidated Financial Statements or disclosure in the Notes to Consolidated Financial Statements.

DISCLOSURE INFORMATION REQUIRED BY REGULATIONS

AgCountry Farm Credit Services, ACA

(Unaudited)

Description of Business

General information regarding the Association is incorporated herein by reference from Note 1 to the Consolidated Financial Statements in this Annual Report.

The description of significant business developments, if any, is incorporated herein by reference from the Management's Discussion and Analysis section of this Annual Report.

Description of Property

Property Information

Location	Description	Usage	Location	Description	Usage
Ada, MN	Owned	Branch	Litchfield, MN	Leased	Branch
Alexandria, MN	Owned	Branch	Madison, MN	Owned	Branch
Bottineau, ND	Owned	Branch	Marshall, MN	Owned	Branch
Bowbells, ND	Leased	Bowbells Crop Insurance Office	Marshfield, WI	Owned	Branch
Carrington, ND	Owned	Branch	Medford, WI	Owned	Branch
Cavalier, ND	Owned	Branch	Minneapolis, MN	Leased	Branch
Crookston, MN	Owned	Branch	Minot, ND	Owned	Branch
Crosby, ND	Owned	Branch	Minot, ND	Owned	Ward County Crop Insurance Office
Detroit Lakes, MN	Owned	Branch	Morris, MN	Owned	Branch
Devils Lake, ND	Owned	Branch	Olivia, MN	Owned	Branch
Elbow Lake, MN	Owned	Branch	Redwood Falls, MN	Owned	Branch
Fargo, ND	Owned	Headquarters/Branch	Roseau, MN	Owned	Branch
Fergus Falls, MN	Owned	Branch	Rugby, ND	Owned	Branch
Fosston, MN	Owned	Branch	Stevens Point, WI	Owned	Branch
Graceville, MN	Owned	Branch	Thief River Falls, MN	Leased	Branch
Grafton, ND	Owned	Branch	Thorp, WI	Owned	Branch
Grand Forks, ND	Owned	Branch	Valley City, ND	Owned	Branch
Hallock, MN	Owned	Branch	Wahpeton, ND	Owned	Branch
Hillsboro, ND	Owned	Branch	Warren, MN	Owned	Branch
Jamestown, ND	Owned	Branch	Wausau, WI	Owned	Branch
LaMoure, ND	Owned	Branch	Williston, ND	Owned	Branch
Langdon, ND	Owned	Branch	Willmar, MN	Owned	Branch
Lisbon, ND	Owned	Branch			

Legal Proceedings

Information regarding legal proceedings is included in Note12 to the Consolidated Financial Statements in this Annual Report. We were not subject to any enforcement actions as of December 31, 2024.

Description of Capital Structure

Information regarding our capital structure is included in Note 8 to the Consolidated Financial Statements in this Annual Report.

Description of Liabilities

Information regarding liabilities is included in Notes 7, 8, 9, 10, and 12 to the Consolidated Financial Statements in this Annual Report. All debt and other liabilities in the financial statements are uninsured.

Selected Financial Data

The Consolidated Five-Year Summary of Selected Financial Data is presented at the beginning of this Annual Report.

Management's Discussion and Analysis

Information regarding any material aspects of our financial condition, changes in financial condition, and results of operations are discussed in the Management's Discussion and Analysis section of this Annual Report.

Board of Directors

Board of Directors as of December 31, 2024, including business experience during the last five years

Name	Principal occupation and other business affiliations
Lynn Pietig **Board Chair** **Board Service Began:** 2015 **Current Term Expires:** 2027	**Principal occupation:** Owner of Pietig Book-Works, an accounting and tax practice Self-employed grain and livestock farmer **Other business affiliations:** Treasurer: Morgan Memorial Foundation Inc., a nursing home and assisted living facility
Steven Perdue **Board Vice Chair** **Board Service Began:** 2009 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain farmer **Other business affiliations:** Director: Ray Farmers Union Elevator, grain elevator and agronomy sales Director: North Dakota Farm Credit Council, a trade association representing the Farm Credit System Director: U.S. Durum Growers Association, promotes the production and marketing of durum wheat and semolina
Leif Aakre **Board Service Began:** 2011 **Current Term Expires:** 2027	**Principal occupation:** Self-employed grain farmer
Suzanne Allen **Appointed Outside Director** **Financial Expert** **Board Service Began:** 2011 **Current Term Expires:** 2027	**Principal occupation:** President of Allen CFO Services, a consulting company (April 2020-present) CFO of Unity Holdings, Inc., a holding company (May 2019-April 2020) **Other business affiliations:** Director: American Transmission Company, owns and operates high-voltage electric transmission systems
Bryan Ankenbauer **Board Service Began:** 2005 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain farmer **Other business affiliations:** Partner: EG Acres LLC, a farm management company Director: North Dakota Farm Credit Council, a trade association representing the Farm Credit System
Justin Dagen **Board Service Began:** 2018 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain farmer and certified seed potato grower **Other business affiliations:** Board Chair: Board of Supervisors Spring Brook Township, a county government
Kurt Elliott **Board Service Began:** 2016 **Current Term Expires:** 2028	**Principal occupation:** Self-employed grain and livestock farmer **Other business affiliations:** Commissioner: Traill County Commission, a political subdivision Board Member: Lake Agassiz Regional Development Board, a nonprofit economic development organization
Edward Hegland **Board Service Began:** 2012 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain farmer President: Hegland Farms of Appleton, Inc. **Other business affiliations:** Board Chair: AgriBank District Farm Credit Council, a trade association representing the AgriBank District Director: Farm Credit Counsel, trade association representing the Farm Credit System
Karen Kerner **Board Service Began:** 2021 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain and livestock farmer
Ryan Klussendorf **Board Service Began:** 2023 **Current Term Expires:** 2027	**Principal occupation:** Self-employed dairy and crop farmer **Other business affiliations:** Board Vice President: Medford Cooperative, provides agriculture, retail, and energy supplies and services Director: Taylor County Farm Bureau, promotes agriculture advancement
Michael Long **Board Service Began:** 1997 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain and livestock farmer **Other business affiliations:** Director: North Dakota Farm Credit Council, a trade association representing the Farm Credit System

Name	Principal occupation and other business affiliations
Shawn Murphy **Board Service Began:** 2024 **Current Term Expires:** 2028	**Principal occupation:** Self-employed grain farmer **Other business affiliations:** Director: Northern Canola Growers, promotes production, marketing, processing, research, and use of canola Treasurer/Clerk: White Ash Township, a county government Director: Berthold Farmers Elevator, grain elevator
Greg Nelson **Board Service Began:** 2008 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain farmer **Other business affiliations:** Director: AgriBank District Farm Credit Council, a trade association representing the AgriBank District
William Oemichen **Appointed Outside Director** **Board Service Began:** 2009 **Current Term Expires:** 2025	**Principal occupation:** Professor of Practice - Law, University of Wisconsin-Madison (February 2023 - present) Adjunct Professor in Co-operative Law - University of Saskatchewan Law School (2024 - present) Senior Research Fellow in Food Systems Security and Preparedness, University of Wisconsin-Madison (2018-January 2023) Partner at Community and Co-operative Counsel, a law firm providing co-operative law and other legal services to Canadian co-operatives (2022-present) **Other business affiliations:** Board Treasurer: Group Health Cooperative of South Central Wisconsin, a health care insurance company Board of Trustees Chair: Wisconsin College Savings Program, oversight for the Edvest and Tomorrow's Scholar 529 plans Director: Farm Credit Council Services, Inc. (FCCS), an education and insurance company Board Member: Farm Land Title, title insurance Board Member/President: New Glarus Board of Education, K-12 primary education Board Member: Green County Leaders, leadership development Fellow: Canadian Centre for Study of Co-operatives, Co-op education Research Principal: University of Saskatchewan, national security and agricultural risk research
Richard Price **Board Service Began:** 2022 **Current Term Expires:** 2026	**Principal occupation:** Self-employed dairy and crop farmer
Greg Sabolik **Board Service Began:** 2013 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain and dairy farmer President: Bred and Butter Dairy **Other business affiliations:** President: 709 LLC, land ownership Board Member: Douglas County Chapter of the American Dairy Association, advocate for dairy farmers Member: Policy and Engagement Committee for the Minnesota Milk Producers Association, advocate for Minnesota dairy industry Board Member: Minnesota Dairy Initiative, advocate for dairy farmers
Curtis Trost **Board Service Began:** 2020 **Current Term Expires:** 2028	**Principal occupation:** Self-employed grain farmer President: Curtis Trost Farming, Inc. **Other business affiliations:** Board Vice Chairperson: Serenity Suites Senior Living, an assisted living and memory care facility
Dale Zahradka **Board Service Began:** 2002 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain farmer **Other business affiliations:** Director: North Dakota Farm Credit Council, a trade association representing the Farm Credit System
Michael Zenker **Board Service Began:** 2015 **Current Term Expires:** 2027	**Principal occupation:** Self-employed grain farmer Seed dealer **Other business affiliations:** Board Member: Finn Township Board, a county government President: Gackle Future Development Company Board of Directors, community healthcare, improvement, and development

Pursuant to our bylaws, directors are paid a base retainer for attendance at scheduled board meetings, committee meetings, training and development, and travel time associated with these responsibilities. Directors are reimbursed for expenses incurred as a result of these meetings. All directors received travel time compensation of $0.75 per mile for regular meetings. Subject to approval by the board chairperson, an additional retainer of $600 per day may be paid for additional meetings. In 2024, the annual base retainer was $55,000 paid monthly. Additional annual retainer paid for leadership positions and audit committee members included:

- Board Chairperson - $12,540
- Board Vice Chairperson & Audit Committee Chairperson - $8,910
- Business Risk, Human Capital, & Governance Committee Chairperson - $5,610
- Joint Meeting Committee Chairperson (effective 4/1/24) - $10,000
- Audit Committee Member - $1,980

Information regarding compensation paid to each director who served during 2024 follows:

		Number of Days Served			
Name	2024 Committees	Board Meetings	Other Official Activities	Compensation Paid for Service on a Board Committee	Total Compensation Paid in 2024
Leif Aakre	Audit	11.50	10.25	$ 1,980	$ 63,746
Suzanne Allen[4]	Audit	12.00	14.25	8,910	73,071
Bryan Ankenbauer	Governance	12.00	21.00		69,040
Justin Dagen[4]	Governance	11.50	6.75	5,610	64,271
Kurt Elliott	Risk	12.00	8.75		60,459
Mark Ellison[1]	Compensation	8.50	23.00		43,732
Edward Hegland	Governance	11.75	28.50		76,870
Thomas Henry[1]	Audit	7.00	24.50	1,320	49,875
Karen Kerner	Risk	12.00	21.25		72,563
Ryan Klussendorf	Audit	12.00	12.50	1,980	67,725
Michael Long	Audit	11.75	23.25	1,980	69,598
Shawn Murphy[2]	Audit	5.00	18.00	660	25,661
Greg Nelson	Risk	12.00	19.50		54,409
William Oemichen[5]	Risk	11.75	13.75	13,170	79,886
Steven Perdue[6]	Compensation	12.00	7.50		81,716
Lynn Pietig[3]		12.00	54.00		103,493
Richard Price	Governance	11.75	21.00		65,920
Greg Sabolik	Governance	11.75	19.25		67,443
Curtis Trost	Risk	12.00	14.25		61,661
Dale Zahradka	Compensation	12.00	12.00		63,528
Michael Zenker[4]	Compensation	12.00	10.50	5,610	67,820
					$ 1,382,487

[1]No longer on the Board at December 31, 2024

[2]Elected to the Board in 2024

[3]Board Chairperson and Joint Executive Committee Member

[4]Board Committee Chairperson

[5]Board Committee Chairperson and Joint Meeting Committee Chairperson

[6]Board Vice Chairperson

Senior Officers

Senior Officers as of December 31, 2024, including business experience during the last five years

Name and Position	Business experience and other business affiliations
Mark Jensen President and Chief Executive Officer	**Business experience:** *President and Chief Executive Officer since November 2017 **Other business affiliations:** Board member of Greater Omaha Chamber of Commerce Member of Advisory Council of University of Nebraska Clayton Yeutter Institute of International Trade and Finance
Scott Coziahr EVP General Counsel	**Business experience:** *EVP General Counsel since January 2020 SVP and General Counsel from January 2015 to December 2019 **Other business affiliations:** Managing member of JDI Properties, LLC, a real estate management company
Jessica Fyre EVP Chief Administrative Officer	**Business experience:** EVP Chief Administrative Officer since April 2024 Chief Operations Officer and General Counsel from October 2020 to April 2024 EVP General Counsel from January 2020 to September 2020 SVP General Counsel from July 2015 to January 2020 **Other business affiliations:** Board member of Grand Farm, a nonprofit focused on helping solve problems in agriculture through ag tech and innovation Board of Directors and Plan Sponsor Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations
Craig Kinnison EVP Executive Collaboration Advisor	**Business experience:** EVP Executive Collaboration Advisor November 2024 to December 2024 *EVP Chief Financial Officer from January 2020 to November 2024 SVP Chief Financial Officer from January 2015 to December 2019 **Other business affiliations:** Board of Directors, Costa Blanca Condominium Owners Association
Marc Knisely EVP AgCountry Business Development	**Business experience:** EVP AgCountry Business Development since April 2024 President and CEO AgCountry Farm Credit Services from January 2018 to April 2024 **Other business affiliations:** Director for ProPartners Financial, a related alliance to provide producer financing through agribusinesses that sell crop inputs.
Timothy Koch EVP Business Development	**Business experience:** *EVP Business Development since July 2022 EVP Chief Credit Officer from January 2020 to June 2022 SVP Chief Credit Officer February 2017 to December 2019 **Other business affiliations:** Trust Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations
Jackie Martinie EVP Chief Operations Officer	**Business experience:** EVP Chief Operations Officer since April 2024 EVP Chief Credit and Operations Officer from August 2022 to April 2024 SVP Chief Credit Officer, Farm Credit Illinois from January 2019 to August 2022 **Other business affiliations:** Managing member of MLIF, LLC, a residential real estate holding company
Krista McDonald EVP Chief Strategy Officer	**Business experience:** *EVP Chief Strategy Officer since January 2020 VP Sales Enablement from August 2019 to January 2020 VP Innovation and Strategy from July 2016 to August 2019 **Other business affiliations:** Board of Visitors, Wheaton College (IL), an advisory board for the college's Board of Trustees Board of Directors, Humble & Kind Nebraska, a non-profit providing short-term aid to families in crisis

Name and Position	Business experience and other business affiliations
Jon Peterson EVP Chief Financial Officer	**Business experience:** EVP Chief Financial Officer since November 2024 SVP Financial Planning and Analysis from June 2023 to November 2024 SVP Corporate Finance, Healthequity from February 2022 to May 2023 Chief Financial Officer, Hudl from April 2021 to November 2021 VP Central Planning, Charles Schwab from October 2020 to April 2021 Interim CFO, TD Ameritrade from November 2019 to October 2020 Managing Director FP&A TD Ameritrade from October 2016 to November 2019 **Other business affiliations:** Board of Directors, Papillion Community Schools Foundation
Greg Salton EVP Chief Risk and Credit Officer	**Business experience:** EVP Chief Risk and Credit Officer since April 2024 SVP Chief Risk Officer from January 2018 to April 2024 **Other business affiliations:** Managing Member, Boji Lakecation LLC, a short-term rental real estate management company.
Russell Wagner EVP Chief Information Officer	**Business experience:** *EVP Chief Information Officer since January 2020 SVP Chief Technology Officer from January 2017 to January 2020 **Other business affiliations:** Board of Directors, Food Bank for the Heartland, a non-profit organization focused on food insecurity for 93 counties across Nebraska and western Iowa

*Effective from April 15, 2024, these positions include all three Associations in the Collaboration Agreement

Senior Officer Compensation

Compensation Overview: The Association's compensation programs are market-based and designed to provide competitive compensation, including base salary, incentives and benefits that attract, retain, motivate and reward an engaged and talented workforce while achieving business results aligned with the best interests of our stockholders.

The design and governance of our chief executive officer and senior officer compensation program are consistent with prudent risk management standards and provide total compensation that promotes our mission to ensure a safe, sound and dependable source of credit and related services for agriculture and rural America. The design of the compensation program supports our risk management goals and includes (1) a competitive mix of base salary and variable pay, (2) a pay-for-performance process that allocates individual awards based on individual performance and contributions, (3) a balanced use of short-term variable pay performance measures that are risk-adjusted where appropriate, and (4) a long-term portion of variable pay to align with the strategic direction of the Association, which provide for competitive market-based compensation and align with stockholder interests.

Compensation for the chief executive officer and senior officers includes base salary, short-term incentive plan opportunity, long-term incentives, and retirement plans generally available to all eligible employees. The chief executive officer and senior officers also participate in benefit plans generally available to all employees. Effective April 15, 2024, (the collaboration effective date), AgCountry Farm Credit Services, ACA (AgCountry) entered into joint management with Farm Credit Services of America, ACA (FCSAmerica) and Frontier Farm Credit, ACA (Frontier Farm Credit), and a joint management team comprised of a chief executive officer and nine senior officers commenced leading the three associations. See Relationship with Farm Credit Services of America, ACA and Frontier Farm Credit, ACA, in Note 1.

The chief executive officer, Mr. Mark Jensen, does not have an employment agreement. A chief executive officer employment agreement is at the discretion of the Board of Directors.

Base Salaries: Base salaries for all employees, including the chief executive officer and senior officers, are based on position, experience and responsibilities, performance and market-based compensation data. The chief executive officer base salary is reviewed and approved by the Board of Directors. The base salaries for other senior officers are subject to the terms of the compensation program approved by the Board of Directors.

Short-Term Incentive: The Board of Directors approves the annual short-term incentive plan, including the performance measures. Payouts under all short-term incentive plans are based on financial, business, and credit performance measures and are approved by the Board of Directors. Payouts are not provided unless specific levels of performance are achieved. The chief executive officer, senior officers and one senior vice president participated in an annual short-term incentive plan that combines results for the three collaborating Associations. No more than one half of the short-term incentive may be paid in the fourth quarter of the plan year and the remainder is paid no later than March 15. The first payout under this plan was November 2024 and the final payout was February 2025, net of the prior payout.

The chief executive officer's short-term incentive opportunity is established by the Board of Directors. The Board has full discretion as to the amount of any payout to the chief executive officer under the short-term incentive plan and has historically and for 2024 used the results from the short-term incentive plan to determine the payout amount.

The remaining eligible Association employees participate in AgCountry's annual short-term incentive plan. Incentives are based on a calendar year, are calculated after the end of the plan year, and are paid within 90 days of year end.

Long-Term Incentive: The chief executive officer and senior officers are eligible for long-term senior officer incentive plans. The long-term incentive plans were approved by the Board of Directors to align chief executive officer and senior officers' compensation with the strategic business plan and the goals of the Association while providing the opportunity for competitive market-based compensation at a level that will attract, retain and reward key staff for the accomplishment of Association goals. The plans are nonqualified performance plans that are effective January 1, 2022, through December 31, 2024; January 1, 2023, through December 31, 2025; and January 1, 2024, through December 31, 2026. The 2023-2025 and 2024-2026 long-term incentive plans were sunset as of December 31, 2024. The CEO and seven senior officers were in the existing FCSAmerica and Frontier Farm Credit long-term incentive plan. The performance metrics align with long-term performance objectives and goals and are approved by the Board of Directors.

For the two senior officers in the AgCountry plan, results were based on AgCountry performance against Board-approved long-term metrics for the plan effective January 1, 2022, through December 31, 2024. The AgCountry long-term incentive plans effective January 1, 2023, through December 31, 2025, and January 1, 2024, through December 31, 2026, were sunset as of December 31, 2024.

Participation in both the short-term and long-term incentive plans are contingent on signing a non-solicitation and non-disclosure agreement.

The following Summary Compensation Table includes compensation earned by the chief executive officer and senior officers during fiscal years 2024, 2023, and 2022. The charts below reflect consistent reporting across AgCountry, FCSAmerica, and Frontier Farm Credit which may result in adjusted numbers from prior years.

Compensation to the CEO and Senior Officers

(in thousands) Name of CEO	Year(1)	Salary(2)	Short-Term Incentive(3)	Long-Term Incentive(4)	Deferred(5)	Other(6)	Total
Mark Jensen, CEO*	**2024**	$ **708**	$ **1,567**	$ **798**	$ **238**	$ **9**	$ **3,320**
Marc Knisely, CEO*	**2024**	**254**	**151**	**220**	**47**	**348**	**1,020**
Marc Knisely, CEO	2023	830	501	366	65	1,353	3,115
Marc Knisely, CEO	2022	760	458	334	57	270	1,879

*The CEO position was held by Marc Knisely from January 1 to April 14, 2024. Mark Jensen held the position from April 15, 2024 to current.

Aggregate Number of Senior Officers, excluding CEO(7)	Year	Salary	Short-Term Incentive	Long-Term Incentive	Deferred	Other	Total
18	**2024**	$ **3,810**	$ **3,291**	$ **2,133**	$ **658**	$ **4,566**	$ **14,458**
9	2023	2,840	1,144	648	269	1,779	6,680
9	2022	2,659	913	581	298	(723)	3,728

(1)Effective April 15, 2024, (the collaboration effective date), a joint management team comprised of a chief executive officer and nine senior officers commenced leading the three associations. See Relationship with Farm Credit Services of America, ACA and Frontier Farm Credit, ACA, in Note 1. For the fiscal year of 2024, earned compensation for the chief executive officer and senior officers reflect the effective date of the collaboration agreement.

(2)Salary earned in the fiscal year.

(3)Incentive earned in the fiscal year.

(4)Incentive earned at the end of the respective three-year, long-term incentive plan. The 2023-2025 and 2024-2026 long-term incentive plans were sunset as of December 31, 2024. Earned compensation from these plans is presented in 2024. Seven senior officers were in the FCSAmerica/Frontier Farm Credit 2022-2024 plan and their results were based on FCSAmerica/Frontier Farm Credit performance. The remaining senior officers were in the AgCountry plan, and prorated earnings are included for those senior officers no longer designated as of April 15, 2024.

(5)Association contributions to the Defined Contribution Plan and Nonqualified Deferred Compensation Plan during the fiscal year.

(6)Special recognition bonus, retirement gifts, taxable vehicle use, long-term disability premiums, are included in Other. For 2024 and 2022, this number includes severance payouts for executive departures. Also included are the changes in the value of pension benefits. The change in value of the pension benefits is defined as the change in the vested portion of the present value of the accumulated benefit obligation from December 31 of the prior year to December 31 of the most recent year for the District-wide Pension Plan and the Pension Restoration Plan, as applicable, as disclosed in Note 10 to the Consolidated Financial Statements in this Annual Report. This change in value does not represent cash payments made by the Association during the year, but rather is an estimate of the change in the Association's future obligations under the pension plan[s]. The change in the value of the pension benefits is highly sensitive to discount rates used to value the plan liabilities to participants.

(7)Employees designated as senior officers during the fiscal year. In 2024, there were 10 senior officers at the end of the year (three senior officer position were eliminated earlier in 2024 and five senior officers were moved into non-senior officer roles).

The Farm Credit Administration (FCA) Regulations require the disclosure of the total compensation paid during the last fiscal year to all senior officers included in the above table be available and disclosed to our members upon request.

No tax reimbursements are made to the CEO and senior officers.

Generally, pension benefits increase annually as a result of an additional year of credited service and related compensation for plan participants. The value of the pension benefits can also be significantly impacted by changes in interest rates as of the measurement date.

Pension Benefits Attributable to the Senior Officers

(dollars in thousands) **2024** Aggregate Number of Senior Officers	Plan	Years of Credited Service	Present Value of Accumulated Benefits	Payments Made During the Reporting Period
Six	AgriBank District Retirement Plan	**36.9**	**$ 11,790**	**$ --**
Four	AgriBank District Pension Restoration Plan	**40.2**	**10,991**	**--**

Senior officers in the above table includes one employee who moved from the CEO position to a Senior Officer and five senior officers whose roles moved into non-senior officer roles with the collaboration effective date. The data in the table represents the present value of accumulated benefits as of December 31, 2024.

The change in composition of the aggregate number of senior officers can have a significant impact on the calculation of the accumulated pension benefits.

Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. Therefore, any employee starting employment with the AgriBank District after that date is not eligible to be in the plan**.**

The AgriBank District Pension Restoration Plan restores retirement benefits to certain highly compensated employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. Not all senior officers or highly compensated employees are eligible to participate in this plan.

Transactions with Senior Officers and Directors

Information regarding related party transactions is included in Note 11 to the Consolidated Financial Statements in this Annual Report.

Travel, Subsistence, and Other Related Expenses

Directors and senior officers are reimbursed for reasonable travel, subsistence, and other related expenses associated with business functions. A copy of our policy for reimbursing these costs is available by contacting us at:

Post Office Box 6020
Fargo, ND 58108-6020
(855) 402-7849
www.agcountry.com

The total directors' travel, subsistence, and other related expenses were $0.5 million, $0.6 million, and $0.4 million in 2024, 2023, and 2022, respectively.

Involvement in Certain Legal Proceedings

No events occurred during the past five years that are material to evaluating the ability or integrity of any person who served as a director or senior officer on January 1, 2025, or at any time during 2024.

Member Privacy

The FCA Regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association or our members not normally contained in published reports or press releases.

Relationship with Qualified Public Accountant

There were no changes in the independent auditors since the last Annual Report to members and we are in agreement with the opinion expressed by the independent auditors. The total financial statement audit fees paid during 2024 were $312 thousand. Our engagement letter commits to reimbursing the external auditor for reasonable out-of-pocket expenses as incurred. In addition, we also incurred $75 thousand for work related to our 2023 implementation of new accounting guidance, which was pre-approved by the Audit Committee.

Financial Statements

The Report of Management, Report on Internal Control over Financial Reporting, Report of Audit Committee, Report of Independent Auditors, Consolidated Financial Statements, and Notes to Consolidated Financial Statements are presented prior to this portion of the Consolidated Financial Statements in this Annual Report.

Our Commitment to Serve Young, Beginning, and Small Farmers (YBS)

Information regarding credit and services to young, beginning, and small farmers and ranchers, and producers or harvesters of aquatic products is included in an addendum to this Annual Report.

Our Commitment to Serve **Young, Beginning, and Small Farmers**

(Unaudited)

Serving our young, beginning, and small farmer (YBSF/YBF) customers is a priority at AgCountry.

Young, Beginning, and Small Farmers Defined

- **Young Farmer:** A farmer or rancher who is 35 years of age or less as of the date the loan is originally made.
- **Beginning Farmer**: A farmer or rancher who has 10 years or less of farming or ranching experience as of the date the loan is originally made.
- **Small Farmer:** A farmer or rancher who normally generates less than $350,000 in annual gross sales of agricultural products at the date the loan is originally made.

Our Mission for Serving Young, Beginning, and Small Farmers

Our mission is to serve agriculture and rural America.

- **For young, beginning farmers, this means**: We support the successful entry of young and beginning farmers into production agriculture through specialized credit underwriting, educational/informational programs, and other activities.
- **For small farmers, this means**: We provide convenient, easy, and cost-effective access to our products and services at competitive prices.

Our Objectives for Serving Young, Beginning Farmers

1. To identify individuals with the personal management skills and drive to build a full-scale, full-time operation.
2. To apply alternative credit standards to the young, beginning farmer market segment, invest the specialized skills of our staff in serving this segment and provide subsidies for interest rates and financial services.
3. To closely monitor the business transition plans of our young, beginning farmers with growing and larger operations to ensure that from a customer value, service, and monitoring standpoint, we are positioned with the next generation of owners and operators.

Our Progress in Achieving These Objectives

AgCountry markets to young and beginning farmer prospects. We monitor the farm business transition plans of customers and prospects, including offering succession and retirement planning consulting. Customer information for underwriting is streamlined and often relies on credit scoring tools. Our young and beginning credit underwriting allows exceptions to established underwriting standards, provides for defined interest rate pricing exceptions and subsidies on eligible financial services. Scholarships and numerous educational opportunities are also provided.

Our Objectives for Serving Small Farmers

1. To establish small farmer delivery and processing systems that are streamlined and efficient using technology and branch offices to achieve cost-effective access and competitive prices.
2. To pursue decision-making methodology that streamlines the credit process, along with processes that maximize disbursement and payment alternatives (such as revolving loans, scorecards, online loan applications, purchase or debit cards, and online services).
3. To identify customers within the small farmer segment that have the capacity and the goal to become a larger farm operation and provide them with more loan officer and financial services interaction that brings us closer to the people-intensive portion of our value proposition provided for larger, full-scale farm operations.

Our Progress in Achieving These Objectives
AgCountry has 45 offices to serve this segment as well as access through dealer retail financing. Customer information for underwriting is streamlined and often relies on credit scoring tools. All financial services are made available and we provide additional support to those units with a business expansion strategy.

Quantitative Goals and Status (Annual, Three-Year, and Actual)

Goal: 25% of producer loan customers will be coded young or beginning.
- **Status**:
  - **Annual**: 25%
  - **Three-Year**: 25%
  - **Actual**: 23.4%

Goal: 25% of all producer relationships will be young or beginning.
- **Status**:
  - **Annual**: 25%
  - **Three-Year**: 25%
  - **Actual**: 42.6%

Goal: YBSF volume will remain above 35% of ongoing producer credit branch operations volume.
- **Status**:
  - **Annual**: 35%
  - **Three-Year**: 35%
  - **Actual**: 32.7%

Goal: Educational/informational opportunities provided to YBFs annually.
- **Status**:
  - **Annual**: 350
  - **Three-Year**: 900
  - **Actual**: 305

Goal: The YBF portfolio will be maintained at or above 85% acceptable credit quality. The small farmer portfolio will be maintained at or above 94% acceptable credit quality.
- **Status**:
  - **Annual**: Young and Beginning: 85% | Small: 94%
  - **Three-Year**: Young and Beginning: 85% | Small: 94%
  - **Actual**: Young and Beginning: 99.5% | Small: 99.6%

Goal: 25% of our new loan volume will go to YBFs annually.
- **Status**:
  - **Annual:** 25%
  - **Three-Year**: 25%
  - **Actual**: 28.9%

Goal: Small farmer customer numbers will be greater than 50% of all producer loan and lease relationships.
- **Status**:
  - **Annual**: 50%
  - **Three-Year**: 50%
  - **Actual**: 41.0%

Qualitative Goals and Status

Goal: The capacity to use Farm Services Agency (FSA) and state programs will be maintained as a tool for a YBF operator.

- **Status**:
  - FSA assisted in providing 17 YBFs with new loans.

Goal: Succession and retirement/transition planning consultative services will be provided to young and beginning farmers.

- **Status**:
  - These services were provided to 143 YBFs.

Goal: AgCountry's full spectrum of financial services will be made available to young and beginning farmers.

- **Status**:

Services	Number Served
Tax	611
Farm Accounting	194
Succession & Retirement	143
Crop Insurance	643

Goal: Educational and informational opportunities will be provided to young and beginning farmers.

- **Status**: The following educational and informational opportunities were provided to young and beginning farmers in 2024:
  - Two AgFocus Conference educational events were held in Fargo, ND (in-person and virtual) and Willmar, MN (in-person) in January:
    - YBF registered for Fargo, ND In-Person: 69
    - YBF registered for Fargo, ND Virtual: 32
    - YBF registered for Willmar, MN: 22
  - Four AgCountry Young Farmer Advisory Committees, comprised of 53 YBF families, met semi-annually. The committees provide feedback for the Association, receive updates from our Directors and staff, and network with their peers:
    - Northern MN - Eastern ND Region: 10 YBF families
    - Southern Region: 11 YBF families
    - Western ND Region: 10 YBF families
    - Wisconsin Region: 19 YBF families
  - YBF breakfast at the International Crop Expo:
    - YBF registered: 23
  - Resources targeted to YBF were shared via social media throughout the year.
  - Podcasts produced by AgCountry are made available to YBF as resources.

Goal: Financial and in-kind support will be provided to programs that foster the development of young farmers, such as 4-H and FFA.

- **Status**:
  - More than $200,000 was donated to such programs, including 4-H, FFA, farm management/leadership programs, farm safety camps, and educational seminars offered through county Extension Service offices.
  - $250,000 was donated to the Farming for the Future Foundation in Wisconsin. It will be used in the Food + Farming Exploration Center.
  - AgCountry annually supports scholarships for The Executive Program for Agricultural Producers (TEPAP) at Texas A&M University.
  - $50,000 in scholarships were awarded to 50 high school seniors in our territory who came from a farming family or are pursuing a career in agriculture.
  - $31,500 in grants were awarded to 21 North Dakota State University (NDSU) and University of Minnesota Crookston (UMC) students in the Farm Credit Fellows program.
  - $10,000 in scholarships were awarded to 10 Upperclassmen who are pursuing a degree in an ag related field.

Goal: Information about special exceptions to credit standards, special pricing options, and other services available to young and beginning farmers will be distributed through branch offices, trade shows and focus group meetings, and our website.

- **Status**: This continues to be accomplished.

Young, Beginning, and Small Farmer Demographics in Our Service Area	Census 2022	AgCountry Producer Loan and Lease Portfolio
35 years of age or less	8.43%	32.04%
10 years or less of experience farming	24.05%	37.0%
Farms less than $250,000 Value Farm Sales*	75.76%	41.0%

*2022 Census potential customers in small category are those who reported annual gross sales between $10,000 and $249,000. AgCountry customers in small category are those who generate less than $350,000 in annual gross cash farm income.

Data Differences:

- The age and farmer experience is as of the date of the ag census, while AgCountry compiled as of the date the loan was made.
- Small farmers is by farm entity from the ag census data, while AgCountry data is compiled as of the date of the loan and the total value of sales of closely related entities rather than individual entities.
- Of the farms reporting to the Census report, 31% of the farms had sales less than $10,000.

Safety and Soundness of the Program:

Goals are established for loan quality of these customer segments. The Association is well above these goals at this time. The Starting Gate program, which is a subset of the young and beginning farmer program, also limits the size of individual transactions and an overall dollar amount available for this program because of the increased risk.

AgCountry FCS
OFFICE LOCATIONS

MINNESOTA

Ada
218-784-7263
800-450-3063

Alexandria
320-763-3184
800-450-3184

Crookston
218-281-1416
800-689-9373

Detroit Lakes
218-847-1645
800-224-1647

Elbow Lake
218-685-5311
800-450-5311

Fergus Falls
218-739-5221
800-757-5221

Fosston
218-435-1686
877-635-2311

Graceville
320-748-7294
800-450-7294

Hallock
218-843-3627
877-284-2835

Litchfield
320-693-7953
800-450-7953

Madison
320-598-7505
800-450-7505

Marshall
507-532-5751
800-450-5751

Minneapolis
952-513-0326

Morris
320-589-3881
800-450-3881

Olivia
320-523-1216
800-450-1216

Redwood Falls
507-637-8721
800-450-8721

Roseau
218-463-2766
888-290-2766

Thief River Falls
218-681-2304
877-787-3339

Warren
218-745-5144
800-642-6346

Willmar
320-235-1771
800-450-1771

NORTH DAKOTA

Bottineau
701-228-3731
800-264-3731

Bowbells Crop Ins.
701-377-3703
855-283-9700

Carrington
701-652-2836
800-264-2836

Cavalier
701-265-8423
866-898-6221

Crosby
701-965-2265

Devils Lake
701-662-5356
800-422-3670

Fargo
701-235-9858
800-450-9858

Fargo HQ
701-282-9494
800-450-8933

Grafton
701-352-1651
800-819-1651

Grand Forks
701-775-3193
800-288-3982

Hillsboro
701-636-4842
800-450-4842

Jamestown
701-252-5242
800-450-5242

LaMoure
701-883-5291
800-520-5291

Langdon
701-256-2553
877-623-9582

Lisbon
701-683-4172
800-450-4172

Minot
701-852-1265
800-264-1265

Rugby
701-776-5863
800-467-5863

Valley City
701-845-1751
800-900-1751

Wahpeton
701-642-8557
800-450-8557

Ward County Crop Ins.
701-852-5432
888-852-5432

Williston
701-774-0055
800-264-1095

WISCONSIN

Marshfield
715-387-3765
800-324-5752

Medford
715-748-3270
800-324-5753

Stevens Point
715-344-1000
800-324-5754

Thorp
715-669-5911
800-324-5758

Wausau
715-842-4631
800-324-5751

AGCOUNTRY ONLINE SERVICES

855-402-7849

AgCountry® Farm Credit Services

AgCountry Farm Credit Services
P.O. Box 6020
Fargo, ND 58108