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# AgGeorgia Farm Credit, ACA

## SECOND QUARTER 2025

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### CERTIFICATION

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

/s/ James R. Crain  
Chief Executive Officer

/s/ Brandie L. Thompson  
Chief Financial Officer

/s/ Glee Smith  
Chairwoman of the Board

August 8, 2025

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# AgGeorgia Farm Credit, ACA

## Report on Internal Control Over Financial Reporting

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

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

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

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

/s/ James R. Crain  
Chief Executive Officer

/s/ Brandie L. Thompson  
Chief Financial Officer

August 8, 2025

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# AgGeorgia Farm Credit, ACA

## Management's Discussion and Analysis

### of Financial Condition and Results of Operations

*(dollars in thousands, except as noted)*

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

#### LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities including poultry, cotton, timber, peanuts and livestock. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, somewhat reduces the level of dependency on any single commodity.

The total loan volume of the Association as of June 30, 2025, was \$1,624 million, an increase of \$71 million as compared to \$1,554 million at December 31, 2024. This increase in loan volume is primarily related to advances on operating loans and long-term real estate loans.

#### ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans increased to \$10,144 thousand at June 30, 2025 from \$8,940 thousand at December 31, 2024. As a percent of total loans, nonaccrual loans were 0.62% and 0.58% at June 30, 2025 and December 31, 2024, respectively.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACL). The ACL at June 30, 2025, was \$7,108 thousand or 0.44% of total loans compared to \$5,404 thousand or 0.35% of total loans at December 31, 2024, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. The primary reason for the increase in the ACL was projected deterioration in the USA BBB index and rising unemployment rates, which negatively impacted the macroeconomic variables used in the forecasting model. See further detail on the Association's ACL within the Association's Annual Report and discussion of significant provision for credit loss within the *Results of Operations* below.

#### RESULTS OF OPERATIONS

##### *For the three months ended June 30, 2025*

Net income for the three months ended June 30, 2025, was \$7,583 thousand, a decrease of \$2,016 thousand as compared to net income of \$9,599 thousand for the same period ended in 2024. The decline in net income was primarily driven by an increased provision for credit losses, reduction in overall patronage from AgFirst Farm Credit Bank, and a higher core services fee from AgFirst Farm Credit Bank.

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For the three months ended June 30, 2025, net interest income was \$13,527 thousand, an increase of \$1,361 thousand, and the net interest margin was 3.42%, a decrease of one basis point as compared to the same period ended in 2024. This increase was primarily driven by higher loan volume, which contributed to greater interest income during the period.

The provision for credit losses for the three months ended June 30, 2025, was \$1,214 thousand, an increase of \$1,221 thousand from the reversal of credit losses of \$7 thousand for the same period ended during the prior year. The increase in the ACLL was primarily driven by projected rising unemployment rates, which adversely affected the macroeconomic variables used in the forecasting model, as well as growth in loan volume.

Noninterest income decreased \$977 thousand to \$3,197 thousand during the three months ended June 30, 2025 compared to the same period ended during the prior year primarily due to lower fee income, reduced overall patronage from AgFirst Farm Credit Bank, and the timing of an FCS Insurance refund that was received in the second quarter 2024 as compared to first quarter 2025.

For the three months ended June 30, 2025, noninterest expense increased \$1,179 thousand to \$7,927 thousand compared to the same period ended in 2024 primarily due to a higher core services fee from AgFirst Farm Credit Bank, increased training and development costs, and a general rise in personnel expenses including salaries and benefits.

#### ***For the six months ended June 30, 2025***

Net income for the six months ended June 30, 2025, was \$14,700 thousand, a decrease of \$1,746 thousand as compared to net income of \$16,446 thousand for the same period ended in 2024. While net interest income increased year over year, the decline in net income was primarily due to higher provision for credit losses, increased operating expenses, and lower noninterest income, which collectively outpaced the growth in net interest income.

For the six months ended June 30, 2025, net interest income was \$26,475 thousand, an increase of \$2,859 thousand, and the net interest margin was 3.41%, an increase of two basis points as compared to the same period ended in 2024.

The provision for credit losses for the six months ended June 30, 2025, was \$2,262 thousand, an increase of \$1,370 thousand from the provision for credit losses of \$892 thousand for the same period ended during the prior year. This increase was primarily driven by predicted deterioration in the USA BBB index and rising unemployment rates, which negatively impacted the macroeconomic assumptions used in the credit loss forecasting model, as well as growth in loan volume, which increased the overall exposure to potential credit losses.

Noninterest income decreased \$1,091 thousand to \$6,318 thousand during the first six months of 2025 compared with the first six months of 2024 primarily due to lower fee income, a reduction in overall patronage from AgFirst Farm Credit Bank, a smaller FCS Insurance premium refund in 2025, and fewer gains from the sale of rural home loans.

For the six months ended June 30, 2025, noninterest expense increased \$2,145 thousand to \$15,831 thousand compared to the same period ended in 2024 primarily due to a higher core services fee from AgFirst Farm Credit Bank, increased training and development costs, and a general rise in personnel expenses including salaries and benefits.

### **FUNDING SOURCES**

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at June 30, 2025, was \$1,366 thousand as compared to \$1,304 thousand at December 31, 2024.

### **CAPITAL RESOURCES**

Total members' equity at June 30, 2025, was \$298,595 thousand, an increase of \$5,146 thousand from a total of \$293,449 thousand at December 31, 2024. The increase is primarily related to year-to-date net income off set by revolvment of the 2017 qualified allocated

surplus to member totaling \$9,598 thousand during June 2025.. Total capital stock and participation certificates were \$5,117 thousand on June 30, 2025, compared to \$5,071 thousand on December 31, 2024. This increase is attributed to the issuance of stock on new loans being greater than the retirement of stock on loans liquidated in the normal course of business.

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

The following sets forth the regulatory capital ratios:

	<b>Regulatory Minimum Including Buffer*</b>	<b>6/30/25</b>	<b>12/31/24</b>	<b>6/30/24</b>
Permanent Capital Ratio	7.00%	17.43%	17.09%	17.97%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	17.37%	17.03%	17.90%
Tier 1 Capital Ratio	8.50%	17.37%	17.03%	17.90%
Total Regulatory Capital Ratio	10.50%	17.78%	17.43%	18.31%
Tier 1 Leverage Ratio**	5.00%	16.95%	17.01%	18.40%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	14.24%	14.11%	14.80%

*\*Include full capital conservation buffers.*

*\*\*The Tier 1 Leverage Ratio must include a minimum of 1.50% of URE and URE equivalents.*

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

## REGULATORY MATTERS

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

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

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

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**NOTE:** Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, [www.agfirst.com](http://www.agfirst.com). Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 478-987-8300 Ext. 113, writing Brandie Thompson, Chief Financial Officer, AgGeorgia Farm Credit, ACA, P.O. Box 1820, Perry, GA 31069, or accessing the website, [www.aggeorgia.com](http://www.aggeorgia.com). The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

# AgGeorgia Farm Credit, ACA

## Consolidated Balance Sheets

<i>(dollars in thousands)</i>	June 30, 2025 <i>(unaudited)</i>	December 31, 2024 <i>(audited)</i>
<b>Assets</b>		
Cash	\$ 2	\$ 8
Loans	1,624,436	1,553,577
Allowance for credit losses on loans	(7,108)	(5,404)
Net loans	1,617,328	1,548,173
Accrued interest receivable	17,657	19,280
Equity investments in other Farm Credit institutions	24,268	24,188
Premises and equipment, net	20,566	19,725
Accounts receivable	5,205	11,256
Other assets	3,996	4,111
Total assets	\$ 1,689,022	\$ 1,626,741
<b>Liabilities</b>		
Notes payable to AgFirst Farm Credit Bank	\$ 1,366,210	\$ 1,304,710
Accrued interest payable	4,897	4,605
Patronage refunds payable	1,588	9,395
Accounts payable	704	3,144
Advanced conditional payments	457	697
Other liabilities	16,571	10,741
Total liabilities	1,390,427	1,333,292
Commitments and contingencies (Note 6)		
<b>Members' Equity</b>		
Capital stock and participation certificates	5,116	5,071
Retained earnings		
Allocated	30,834	40,432
Unallocated	262,467	247,767
Accumulated other comprehensive income	178	179
Total members' equity	298,595	293,449
Total liabilities and members' equity	\$ 1,689,022	\$ 1,626,741

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

# AgGeorgia Farm Credit, ACA

## Consolidated Statements of Comprehensive Income

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(dollars in thousands)</i>				
<b>Interest Income</b>				
Loans	\$ 28,050	\$ 24,252	\$ 54,582	\$ 46,324
<b>Interest Expense</b>	14,523	12,086	28,107	22,708
Net interest income	13,527	12,166	26,475	23,616
Provision for (reversal of) allowance for credit losses	1,214	(7)	2,262	892
Net interest income after provision for (reversal of) allowance for credit losses	12,313	12,173	24,213	22,724
<b>Noninterest Income</b>				
Loan fees	314	481	640	885
Fees for financially related services	28	51	81	85
Patronage refunds from other Farm Credit institutions	2,638	3,009	5,116	5,629
Gains (losses) on sales of rural home loans, net	3	101	9	172
Gains (losses) on sales of premises and equipment, net	181	140	204	140
Gains (losses) on other transactions	17	48	16	142
Insurance Fund refunds	—	345	236	345
Other noninterest income	16	—	16	11
Total noninterest income	3,197	4,175	6,318	7,409
<b>Noninterest Expense</b>				
Salaries and employee benefits	3,975	3,824	8,186	7,876
Occupancy and equipment	347	288	734	544
Insurance Fund premiums	317	281	623	544
Purchased services	1,647	1,107	3,285	2,213
Data processing	77	130	198	213
Other operating expenses	1,564	1,118	2,805	2,299
(Gains) losses on other property owned, net	—	1	—	(2)
Total noninterest expense	7,927	6,749	15,831	13,687
<b>Net income</b>	\$ 7,583	\$ 9,599	\$ 14,700	\$ 16,446
<b>Other comprehensive income net of tax</b>				
Employee benefit plans adjustments	—	—	(1)	—
<b>Comprehensive income</b>	\$ 7,583	\$ 9,599	\$ 14,699	\$ 16,446

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



# AgGeorgia Farm Credit, ACA

## Consolidated Statements of Changes in Members' Equity

(unaudited)

	Capital Stock and Participation Certificates	Retained Earnings		Accumulated Other Comprehensive Income	Total Members' Equity
<i>(dollars in thousands)</i>		Allocated	Unallocated		
Balance at December 31, 2023	\$ 4,912	\$ 48,272	\$ 229,156	\$ 95	\$ 282,435
Comprehensive income			16,446		16,446
Capital stock/participation certificates issued/(retired), net	117				117
Retained earnings retired		(7,840)			(7,840)
Patronage distribution adjustment			(7)		(7)
Balance at June 30, 2024	\$ 5,029	\$ 40,432	\$ 245,595	\$ 95	\$ 291,151
Balance at December 31, 2024	\$ 5,071	\$ 40,432	\$ 247,767	\$ 179	\$ 293,449
Comprehensive income			14,700	(1)	14,699
Capital stock/participation certificates issued/(retired), net	45				45
Retained earnings retired		(9,598)			(9,598)
Balance at June 30, 2025	\$ 5,116	\$ 30,834	\$ 262,467	\$ 178	\$ 298,595

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

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# AgGeorgia Farm Credit, ACA

## Notes to the Consolidated Financial Statements

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

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

#### **Organization**

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

#### **Basis of Presentation**

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

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

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

#### **Significant Accounting Policies**

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

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*), and financial instruments (Note 5, *Fair Value Measurement*). Actual results could differ from those estimates.

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

#### **Recently Issued or Adopted Accounting Pronouncements**

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

## Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	June 30, 2025	December 31, 2024
Real estate mortgage	\$ 1,256,381	\$ 1,226,668
Production and intermediate-term	265,828	238,461
Agribusiness:		
Loans to cooperatives	1,460	948
Processing and marketing	56,954	46,241
Farm-related business	11,204	9,171
Rural infrastructure:		
Communication	6,327	6,442
Power and water/waste disposal	2,398	2,398
Rural residential real estate	21,995	20,886
Other:		
International	1,889	2,362
Total loans	\$ 1,624,436	\$ 1,553,577

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

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

	June 30, 2025	December 31, 2024
<b>Real estate mortgage:</b>		
Acceptable	97.43%	97.86%
OAEM	1.39	1.51
Substandard/doubtful/loss	1.18	0.63
	100.00%	100.00%
<b>Production and intermediate-term:</b>		
Acceptable	93.09%	95.75%
OAEM	4.95	2.50
Substandard/doubtful/loss	1.96	1.75
	100.00%	100.00%
<b>Agribusiness:</b>		
Acceptable	73.46%	85.71%
OAEM	12.48	14.19
Substandard/doubtful/loss	14.06	0.10
	100.00%	100.00%
<b>Rural infrastructure:</b>		
Acceptable	100.00%	100.00%
OAEM	—	—
Substandard/doubtful/loss	—	—
	100.00%	100.00%
<b>Rural residential real estate:</b>		
Acceptable	98.65%	98.67%
OAEM	1.24	1.02
Substandard/doubtful/loss	0.11	0.31
	100.00%	100.00%
<b>Other:</b>		
Acceptable	100.00%	100.00%
OAEM	—	—
Substandard/doubtful/loss	—	—
	100.00%	100.00%
<b>Total loans:</b>		
Acceptable	95.73%	97.12%
OAEM	2.43	2.10
Substandard/doubtful/loss	1.84	0.78
	100.00%	100.00%

Accrued interest receivable on loans of \$17,657 and \$19,280 at June 30, 2025 and December 31, 2024, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

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

June 30, 2025						
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	\$ 5,719	\$ 1,452	\$ 7,171	\$ 1,249,210	\$ 1,256,381	\$ –
Production and intermediate-term	4,534	1,195	5,729	260,099	265,828	–
Agribusiness	190	55	245	69,373	69,618	–
Rural infrastructure	–	–	–	8,725	8,725	–
Rural residential real estate	264	24	288	21,707	21,995	–
Other	–	–	–	1,889	1,889	–
Total	\$ 10,707	\$ 2,726	\$ 13,433	\$ 1,611,003	\$ 1,624,436	\$ –

  

December 31, 2024						
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	\$ 9,721	\$ 1,888	\$ 11,609	\$ 1,215,059	\$ 1,226,668	\$ –
Production and intermediate-term	1,716	893	2,609	235,852	238,461	–
Agribusiness	216	–	216	56,144	56,360	–
Rural infrastructure	–	–	–	8,840	8,840	–
Rural residential real estate	285	65	350	20,536	20,886	–
Other	–	–	–	2,362	2,362	–
Total	\$ 11,938	\$ 2,846	\$ 14,784	\$ 1,538,793	\$ 1,553,577	\$ –

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

June 30, 2025			
	Amortized		
	Amortized Cost with Allowance	Cost without Allowance	Total
<b>Nonaccrual loans:</b>			
Real estate mortgage	\$ 118	\$ 6,541	\$ 6,659
Production and intermediate-term	975	2,369	3,344
Agribusiness	–	117	117
Rural residential real estate	–	24	24
Total	\$ 1,093	\$ 9,051	\$ 10,144

  

December 31, 2024			
	Amortized		
	Amortized Cost with Allowance	Cost without Allowance	Total
<b>Nonaccrual loans:</b>			
Real estate mortgage	\$ 76	\$ 5,126	\$ 5,202
Production and intermediate-term	754	2,790	3,544
Agribusiness	–	128	128
Rural residential real estate	–	66	66
Total	\$ 830	\$ 8,110	\$ 8,940

The Association recognized \$176 and \$187 of interest income on nonaccrual loans during the three months ended June 30, 2025 and June 30, 2024, respectively. The Association recognized \$288 and \$262 of interest income on nonaccrual loans during the six months ended June 30, 2025 and June 30, 2024, respectively.

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

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

		<b>Three Months Ended June 30,</b>	
		<b>2025</b>	<b>2024</b>
<b>Allowance for Credit Losses on Loans:</b>			
Balance at beginning of period	\$	6,043	\$ 5,433
Charge-offs		(107)	(64)
Recoveries		35	10
Provision for credit losses on loans		1,137	73
Balance at end of period	\$	7,108	\$ 5,452
<b>Allowance for Credit Losses on Unfunded Commitments:</b>			
Balance at beginning of period	\$	539	\$ 682
Provision for unfunded commitments		77	(80)
Balance at end of period	\$	616	\$ 602
<b>Total allowance for credit losses</b>	\$	7,724	\$ 6,054

  

		<b>Six Months Ended June 30,</b>	
		<b>2025</b>	<b>2024</b>
<b>Allowance for Credit Losses on Loans:</b>			
Balance at beginning of period	\$	5,404	\$ 4,723
Charge-offs		(496)	(147)
Recoveries		64	81
Provision for credit losses on loans		2,136	795
Balance at end of period	\$	7,108	\$ 5,452
<b>Allowance for Credit Losses on Unfunded Commitments:</b>			
Balance at beginning of period	\$	490	\$ 505
Provision for unfunded commitments		126	97
Balance at end of period	\$	616	\$ 602
<b>Total allowance for credit losses</b>	\$	7,724	\$ 6,054

The increase in the Allowance for Credit Losses was primarily driven by projected deterioration in the USA BBB index and rising unemployment rates, which negatively impacted the macroeconomic assumptions used in the credit loss forecasting model, as well as growth in loan volume, which increased the overall exposure to potential credit losses.

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

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

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

### **Note 3 — Investments**

#### ***Equity Investments in Other Farm Credit System Institutions***

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

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 4.09% of the issued stock and allocated retained earnings of the Bank as of June 30, 2025 net of any reciprocal investment. As of that date, the Bank's assets totaled \$48.4 billion and shareholders' equity totaled \$2.0 billion. The Bank's earnings were \$129 million for the first six months of 2025. In addition, the Association held investments of \$1,365 related to other Farm Credit institutions.

#### Note 4 — Members' Equity

##### *Accumulated other Comprehensive Income (AOCI)*

	<b>Changes in Accumulated Other Comprehensive Income by Component (a)</b>			
	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Employee Benefit Plans:</b>				
Balance at beginning of period	\$ 178	\$ 95	\$ 179	\$ 95
Other comprehensive income before reclassifications	—	—	—	—
Amounts reclassified from AOCI	—	—	(1)	—
Net current period other comprehensive income	—	—	(1)	—
Balance at end of period	\$ 178	\$ 95	\$ 178	\$ 95

	<b>Reclassifications Out of Accumulated Other Comprehensive Income (b)</b>				
	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>		<b>Income Statement Line Item</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	
<b>Defined Benefit Pension Plans:</b>					
Periodic pension costs	\$ —	\$ —	\$ 1	\$ —	Salaries and employee benefits
Net amounts reclassified	\$ —	\$ —	\$ 1	\$ —	

(a) Amounts in parentheses indicate debits to AOCI.

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

#### Note 5 — Fair Value Measurement

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

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

	<b>June 30, 2025</b>			
	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Recurring assets</b>				
Assets held in trust funds	\$ 1,896	\$ —	\$ —	\$ 1,896
<b>Nonrecurring assets</b>				
Nonaccrual loans	\$ —	\$ —	\$ 422	\$ 422
Other property owned	\$ —	\$ —	\$ —	\$ —
	<b>December 31, 2024</b>			
	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Recurring assets</b>				
Assets held in trust funds	\$ 1,986	\$ —	\$ —	\$ 1,986
<b>Nonrecurring assets</b>				
Nonaccrual loans	\$ —	\$ —	\$ 415	\$ 415
Other property owned	\$ —	\$ —	\$ —	\$ —

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## Valuation Techniques

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

### *Assets held in trust funds*

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

### *Nonaccrual loans*

For certain loans evaluated for credit loss under FASB impairment guidance, the fair value is based upon the underlying collateral since the loans are collateral-dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

### *Other property owned*

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of independent appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

## Note 6 — Commitments and Contingent Liabilities

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

## Note 7 — Subsequent Events

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