



AgHeritage Farm Credit Services, ACA

Quarterly Report
September 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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Little Rock, AR 72201
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30 East 7th Street, Suite 1600
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FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2024 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

AGRICULTURAL AND ECONOMIC CONDITIONS

Growing conditions and harvest weather for the 2025 crop were generally favorable, resulting in above-average corn yields in our region, while other row crops produced average yields. Recent crop prices relative to costs of production have put pressure on cash flows for many borrowers. Looking ahead, expectations for the 2025 crop remain consistent with the previous two years, and most producers are likely to continue facing cash flow challenges. Most borrowers entered this environment with strong balance sheets, which should help maintain overall credit quality. While a modest decline in credit quality is anticipated, it is not expected to be significant. Land values in our area remain stable or are trending higher.

LOAN PORTFOLIO

Loan Portfolio

Total loans were \$2.4 billion at September 30, 2025, a decrease of \$21.0 million from December 31, 2024. The decrease is primarily due to \$295.3 million in loans sold to AgriBank during the third quarter of 2025 through our involvement in asset pool programs. Refer to Management's Discussion and Analysis in our 2024 Annual Report for additional detail regarding asset pool programs.

Portfolio Credit Quality

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

In certain circumstances, government agency guarantee programs are used to reduce the risk of loss. At September 30, 2025, \$31.9 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands)	September 30,	December 31,
As of:	2025	2024
Loans:		
Nonaccrual	\$ 10,854	\$ 5,102
Accruing loans 90 days or more past due	--	--
Total nonperforming loans	10,854	5,102
Other property owned	239	446
Total nonperforming assets	\$ 11,093	\$ 5,548
Total nonperforming loans as a percentage of total loans	0.4%	0.2%
Nonaccrual loans as a percentage of total loans	0.4%	0.2%
Current nonaccrual loans as a percentage of total nonaccrual loans	53.9%	56.4%
Total delinquencies as a percentage of total loans ¹	0.6%	0.3%

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

Our nonperforming assets have increased from December 31, 2024, but remained at acceptable levels. Despite the increase in nonperforming assets, total 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 several relationships with production and intermediate-term and real estate mortgage loans that transferred to nonaccrual during the period ended September 30, 2025. Nonaccrual loans remained at an acceptable level at September 30, 2025, and December 31, 2024.

Allowance for Credit Losses on Loans

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

Allowance for Credit Losses on Loans and Coverage Ratios

(dollars in thousands)	September 30,	December 31,
As of:	2025	2024
Allowance for credit losses on loans	\$ 9,645	\$ 7,014
Allowance for credit losses on loans as a percentage of:		
Loans	0.4%	0.3%
Nonaccrual loans	88.9%	137.5%
Total nonperforming loans	88.9%	137.5%

The increase in allowance for credit losses on loans from December 31, 2024, was primarily related to the establishment of specific reserves for several relationships with production and intermediate-term loans, as well as an increase in the general reserves for agribusiness loans.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)	2025	2024
For the nine months ended September 30,		
Net income	\$ 40,172	\$ 34,945
Return on average assets	2.0%	2.0%
Return on average members' equity	10.3%	9.7%

Changes presented in the profitability information table relate directly to:

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

Changes in Significant Components of Net Income

(in thousands)				Increase (decrease) in net income
For the nine months ended September 30,	2025	2024		
Net interest income	\$ 56,971	\$ 49,934	\$	7,037
Provision for credit losses	2,733	5,066		2,333
Non-interest income	11,159	12,101		(942)
Non-interest expense	24,463	21,153		(3,310)
Provision for income taxes	762	871		109
Net income	\$ 40,172	\$ 34,945	\$	5,227

Net Interest Income

Changes in Net Interest Income

(in thousands)		
For the nine months ended September 30,	2025 vs 2024	
Changes in volume	\$ 6,080	
Changes in interest rates	30	
Changes in nonaccrual interest income and other	927	
Net change	\$ 7,037	

Provision for Credit Losses

The "Provision for credit losses" in the Consolidated Statements of Comprehensive Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. The provision for credit losses for the period ended September 30, 2025, was \$2.7 million and was primarily related to the establishment of specific reserves for several relationships with production and intermediate-term loans, as well as an increase in the general reserves for agribusiness loans. This is compared to a provision for credit losses of \$5.1 million for the period ended September 30, 2024, which was primarily due to the establishment of specific reserves for one relationship with multiple agribusiness and real estate mortgage loans, as well as an increase in the general reserves for real estate mortgage loans primarily due to growth in the portfolio and a slight decline in credit quality.

Non-Interest Expense

The change in non-interest expense was primarily related to increases in other non-interest expense and salaries and employee benefits. Other non-interest expense increased primarily due to a loss on sale of loans. Salaries and employee benefits increased primarily due to higher employee counts. Higher incentive payouts, resulting from a new incentive program for certain employees, also contributed to the increase.

FUNDING, LIQUIDITY, AND CAPITAL

Our note payable was scheduled to mature on May 31, 2026. However, it was renewed early for \$3.0 billion with an origination date of May 1, 2025, and a maturity date of May 31, 2028. We intend to renegotiate the note payable no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. We also fund our portfolio from equity.

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

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

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

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

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

The reduction in the credit rating by Moody's Ratings for the Farm Credit System, including AgriBank, could result in higher funding costs which could impact our costs and, ultimately, retail rates. However, to date we have noticed no significant impact as a result of this rating change.

Total members' equity increased \$31.8 million from December 31, 2024, primarily due to net income for the period partially offset by patronage distribution accruals.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 6 in our 2024 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	September 30, 2025	December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	15.4%	15.8%	4.5%	2.5%	7.0%
Tier 1 capital ratio	15.4%	15.8%	6.0%	2.5%	8.5%
Total capital ratio	15.8%	16.1%	8.0%	2.5%	10.5%
Permanent capital ratio	15.5%	15.8%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	16.7%	17.1%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	16.5%	16.9%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 10 in our 2024 Annual Report.

CERTIFICATION

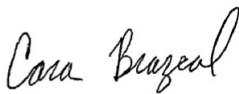
The undersigned have reviewed the September 30, 2025, Quarterly Report of AgHeritage Farm Credit Services, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate,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



Jerry Burkett
Chairperson of the Board
AgHeritage Farm Credit Services, ACA



Gregory W. Cole
President and Chief Executive Officer
AgHeritage Farm Credit Services, ACA



Cara Brazeal
Senior Vice President and Chief Financial Officer
AgHeritage Farm Credit Services, ACA

November 7, 2025

CONSOLIDATED STATEMENTS OF CONDITION

AgHeritage Farm Credit Services, ACA
(in thousands)

As of:	September 30, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Loans	\$ 2,414,305	\$ 2,435,283
Allowance for credit losses on loans	9,645	7,014
Net loans	2,404,660	2,428,269
Investment in AgriBank, FCB	108,796	83,828
Investment securities	--	23
Accrued interest receivable	45,927	47,847
Other assets	25,522	31,185
Total assets	\$ 2,584,905	\$ 2,591,152
LIABILITIES		
Note payable to AgriBank, FCB	\$ 2,009,055	\$ 2,048,804
Accrued interest payable	21,986	19,948
Patronage distribution payable	8,576	10,100
Other liabilities	9,770	8,613
Total liabilities	2,049,387	2,087,465
Contingencies and commitments (Note 3)		
MEMBERS' EQUITY		
Capital stock and participation certificates	3,750	3,594
Unallocated retained earnings	532,363	500,729
Accumulated other comprehensive loss	(595)	(636)
Total members' equity	535,518	503,687
Total liabilities and members' equity	\$ 2,584,905	\$ 2,591,152

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

AgHeritage Farm Credit Services, ACA

(in thousands)

(Unaudited)

For the period ended September 30,	Three Months Ended		Nine Months Ended	
	2025	2024	2025	2024
Interest income	\$ 41,095	\$ 37,690	\$ 119,199	\$ 104,743
Interest expense	21,986	20,598	62,228	54,809
Net interest income	19,109	17,092	56,971	49,934
Provision for credit losses	795	3,426	2,733	5,066
Net interest income after provision for credit losses	18,314	13,666	54,238	44,868
Non-interest income				
Patronage income	1,936	2,291	5,837	7,518
Financially related services income	6	91	34	112
Fee income	1,197	1,096	4,350	3,571
Other non-interest income	18	113	938	900
Total non-interest income	3,157	3,591	11,159	12,101
Non-interest expense				
Salaries and employee benefits	4,058	3,461	11,534	10,364
Other operating expense	3,444	3,533	11,472	10,657
Other non-interest expense	1,299	129	1,457	132
Total non-interest expense	8,801	7,123	24,463	21,153
Income before income taxes	12,670	10,134	40,934	35,816
Provision for income taxes	204	378	762	871
Net income	\$ 12,466	\$ 9,756	\$ 40,172	\$ 34,945
Other comprehensive income				
Employee benefit plans activity	\$ 13	\$ 15	\$ 41	\$ 43
Total other comprehensive income	13	15	41	43
Comprehensive income	\$ 12,479	\$ 9,771	\$ 40,213	\$ 34,988

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

AgHeritage Farm Credit Services, ACA

(in thousands)

(Unaudited)

		Capital Stock and Participation Certificates		Unallocated Retained Earnings		Accumulated Other Comprehensive Loss		Total Members' Equity
Balance at December 31, 2023	\$	3,632	\$	462,378	\$	(618)	\$	465,392
Net income		--		34,945		--		34,945
Other comprehensive income		--		--		43		43
Unallocated retained earnings designated for patronage distributions		--		(7,439)		--		(7,439)
Capital stock and participation certificates issued		326		--		--		326
Capital stock and participation certificates retired		(365)		--		--		(365)
Balance at September 30, 2024	\$	3,593	\$	489,884	\$	(575)	\$	492,902
Balance at December 31, 2024	\$	3,594	\$	500,729	\$	(636)	\$	503,687
Net income		--		40,172		--		40,172
Other comprehensive income		--		--		41		41
Unallocated retained earnings designated for patronage distributions		--		(8,538)		--		(8,538)
Capital stock and participation certificates issued		335		--		--		335
Capital stock and participation certificates retired		(179)		--		--		(179)
Balance at September 30, 2025	\$	3,750	\$	532,363	\$	(595)	\$	535,518

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Consolidation

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

Recently Issued or Adopted Accounting Pronouncements

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

Standard and effective date	Description	Adoption status and financial statement impact
In December 2023, the FASB issued Accounting Standards Update (ASU) 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance is effective for annual periods beginning after December 15, 2025. Early adoption is permitted.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding information by state jurisdiction to the rate reconciliation and income taxes paid disclosures.	We are early adopting this standard for the year ended December 31, 2025. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.
In July 2025, the FASB issued ASU 2025-05 "Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets." This guidance is effective for all entities for annual and interim periods beginning after December 15, 2025. Early adoption is permitted.	The standard provides all entities with a practical expedient and entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and contract assets arising from transactions accounted for under Topic 606. The practical expedient allows entities to assume that current conditions as of the date of the statement of condition do not change for the remaining life of the asset. The accounting policy election allows entities to consider collection activity after the date of the statement of condition when estimating expected credit losses.	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 or disclosures.
In September 2025, the FASB issued ASU 2025-06 "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." This guidance is effective for all entities for annual periods beginning after December 15, 2027. Early adoption is permitted.	The standard requires several key changes: (1) eliminates the stage-based rules for capitalization, (2) replaces these rules with a principles-based framework where capitalization occurs when management has authorized and committed to funding, and it is probable that the project will be completed and the software used as intended, (3) clarifies website developments costs, and (4) modifies the disclosure requirements for capitalized software costs.	We expect to adopt the standard as of January 1, 2028. The adoption of this guidance is not expected to have a material impact on our financial statements or disclosures.

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of:

	September 30, 2025		December 31, 2024	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	\$ 1,249,997	51.7%	\$ 1,252,316	51.5%
Production and intermediate-term	609,780	25.3%	577,509	23.7%
Agribusiness	460,524	19.1%	495,466	20.3%
Other	94,004	3.9%	109,992	4.5%
Total	\$ 2,414,305	100.0%	\$ 2,435,283	100.0%

The other category is primarily composed of rural infrastructure and rural residential real estate loans.

Throughout Note 2 accrued interest receivable on loans of \$45.9 million at September 30, 2025, and \$47.8 million at December 31, 2024, has been excluded from the amortized cost of loans and is presented in "Accrued interest receivable" in the Consolidated Statements of Condition.

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands)

As of September 30, 2025

	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	\$ 1,672	\$ 687	\$ 2,359	\$ 1,247,638	\$ 1,249,997
Production and intermediate-term	6,247	4,136	10,383	599,397	609,780
Agribusiness	842	1	843	459,681	460,524
Other	128	--	128	93,876	94,004
Total	\$ 8,889	\$ 4,824	\$ 13,713	\$ 2,400,592	\$ 2,414,305

	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
As of December 31, 2024					
Real estate mortgage	\$ 2,793	\$ 612	\$ 3,405	\$ 1,248,911	\$ 1,252,316
Production and intermediate-term	2,387	1,079	3,466	574,043	577,509
Agribusiness	164	248	412	495,054	495,466
Other	118	--	118	109,874	109,992
Total	\$ 5,462	\$ 1,939	\$ 7,401	\$ 2,427,882	\$ 2,435,283

There were no loans 90 days or more past due and still accruing interest at September 30, 2025, or December 31, 2024.

Nonaccrual Loans

Nonaccrual Loans Information

(in thousands)	For the Nine Months Ended		
	As of September 30, 2025	September 30, 2025	
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	\$ 2,895	\$ 2,895	\$ 488
Production and intermediate-term	6,339	1,111	542
Agribusiness	1,445	1,445	22
Other	175	175	5
Total	\$ 10,854	\$ 5,626	\$ 1,057

	For the Nine Months Ended		
	As of December 31, 2024		September 30, 2024
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	\$ 1,183	\$ 1,183	\$ 96
Production and intermediate-term	2,448	105	23
Agribusiness	1,264	1,016	5
Other	207	207	6
Total	\$ 5,102	\$ 2,511	\$ 130

At the time the loans were transferred to nonaccrual status, write-offs of accrued interest receivable, as a reversal of interest income were not material for the nine months ended September 30, 2025, or 2024.

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

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

Loan Modifications at Amortized Cost

(dollars in thousands)	Term Extension	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
For the nine months ended September 30, 2025				
Production and intermediate-term	\$ 13,903	\$ --	\$ 13,903	0.58%
Agribusiness	2,578	6,200	8,778	0.36%
Total	\$ 16,481	\$ 6,200	\$ 22,681	0.94%
Loan modifications granted as a percentage of total loans	0.68%	0.26%	0.94%	
	Term Extension	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
For the nine months ended September 30, 2024				
Production and intermediate-term	\$ 7,593	\$ 269	\$ 7,862	0.33%
Agribusiness	1,239	--	1,239	0.05%
Total	\$ 8,832	\$ 269	\$ 9,101	0.38%
Loan modifications granted as a percentage of total loans	0.37%	0.01%	0.38%	

Financial Effect of Loan Modifications

	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)
For the nine months ended September 30, 2025		
Production and intermediate-term		
Term extension		13
Agribusiness		
Term extension		12
Combination - interest rate reduction and term extension	0.8%	15

For the nine months ended September 30, 2024	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)
Production and intermediate-term		
Term extension		16
Combination - interest rate reduction and term extension	2.6%	84
Agribusiness		
Term extension		14

The following table presents the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the nine months ended September 30, 2025, or 2024, in which the modifications were within twelve months preceding the default.

Loan Modifications that Subsequently Defaulted

(in thousands)	Term
For the nine months ended September 30, 2025	Extension
Production and intermediate-term	\$ 921
	Term
For the nine months ended September 30, 2024	Extension
Production and intermediate-term	\$ 175

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)	Not Past Due or Less Than 30 Days Past Due	90 Days or More Past Due	Total
As of September 30, 2025			
Production and intermediate-term	\$ 14,722	\$ 810	\$ 15,532
Agribusiness	8,778	--	8,778
Total	\$ 23,500	\$ 810	\$ 24,310
	Not Past Due or Less Than 30 Days Past Due	90 Days or More Past Due	Total
As of September 30, 2024			
Production and intermediate-term	\$ 7,698	\$ --	\$ 7,698
Agribusiness	1,239	--	1,239
Total	\$ 8,937	\$ --	\$ 8,937

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was \$701 thousand at September 30, 2025. Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at September 30, 2024.

Additional commitments were \$2.6 million at September 30, 2025, and \$4.7 million at December 31, 2024, to lend to borrowers experiencing financial difficulty whose loans were modified during the nine months ended September 30, 2025, and during the year ended December 31, 2024, respectively.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type which are the 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 a multitude of macroeconomic variables. Our forecasts of United States (U.S.) net farm income, U.S. real gross domestic product, and the U.S. unemployment rate represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and unfunded commitments.

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

Changes in Allowance for Credit Losses

(in thousands)

Nine months ended September 30,	2025	2024
Allowance for Credit Losses on Loans		
Balance at beginning of period	\$ 7,014	\$ 5,925
Provision for credit losses on loans	2,671	4,836
Loan recoveries	264	36
Loan charge-offs	(304)	(980)
Balance at end of period	\$ 9,645	\$ 9,817
Allowance for Credit Losses on Unfunded Commitments		
Balance at beginning of period	\$ 983	\$ 633
Provision for credit losses on unfunded commitments	62	230
Balance at end of period	\$ 1,045	\$ 863
Total allowance for credit losses	\$ 10,690	\$ 10,680

The change in the allowance for credit losses on loans from December 31, 2024, was primarily driven by the establishment of specific reserves for several relationships with production and intermediate-term loans, as well as an increase in the general reserves for agribusiness loans.

NOTE 3: CONTINGENCIES AND COMMITMENTS

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

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

Refer to Note 10 in our 2024 Annual Report for additional detail regarding contingencies and commitments.

NOTE 4: FAIR VALUE MEASUREMENTS

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

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

Non-Recurring Basis

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

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands)

As of September 30, 2025	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	\$ --	\$ --	\$ 3,416	\$ 3,416
Other property owned	--	--	249	249
As of December 31, 2024	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	\$ --	\$ --	\$ 1,894	\$ 1,894
Other property owned	--	--	464	464

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 5: SUBSEQUENT EVENTS

We have evaluated subsequent events through November 7, 2025, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.