Quarterly Report
June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of FCS Financial, ACA and its subsidiaries, FCS Financial, FLCA and FCS Financial, 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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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

Missouri farmers navigated another wet spring, which created challenging conditions for some producers. Despite delays, The United States Department of Agriculture (USDA) reported that crop conditions remained favorable in Missouri at the end of the second quarter of 2025 with 74% of corn and 72% of soybeans rated good to excellent. Spring rains alleviated drought conditions across most of the state, resulting in above average pasture and hay conditions at the end of June 2025.

The Rural and Farm Finance Policy Analysis Center projects Missouri's net farm income to increase from $4.3 billion in 2024 to $4.7 billion in 2025, driven by $1.3 billion in direct government payments. However, crop receipts are expected to decline, with corn down $32 million (1%), soybeans down $204 million (7%), and wheat down $42 million (12%) in 2025, with further decreases projected for 2026. Cattle receipts are projected to hold steady at $3.1 billion, as higher prices offset reduced marketings.

According to the June 2025 USDA Acreage Report, the United States corn planted area rose 5% to 95.2 million acres, while soybean area fell 4% to 83.4 million acres. Missouri mirrored these trends, with corn acres up 5% and soybean acres down 4%. The June 2025 Grain Stocks Report showed corn stocks down 7%, soybean stocks up 4%, and wheat stocks up 22% compared to June 2024.

New crop corn was priced at approximately $4.25 per bushel, while new crop soybeans were hovering around $10.27 as of the end of the second quarter of 2025. Cattle markets have continued to strengthen, with calf and fed cattle prices continuing their upward trend during the second quarter of 2025. The market has been driven by strong supply fundamentals, with little or no herd growth expected in 2025.

According to the Bureau of Economic Analysis, the Personal Consumption Expenditures index, a key measure of inflation, rose 2.3% in May 2025 compared to the same month last year, remaining above the Federal Reserve's 2% target. Additionally, core inflation, which excludes volatile food and energy prices, climbed 2.7% over the same period. The Federal Reserve kept the federal funds rate unchanged in June 2025 and signaled two rate cuts for 2025.

Farmland values in the Association's territory reflected a stabilizing market during the second quarter of 2025, with some areas experiencing modest price increases and others maintaining steady values compared to the first quarter of 2025. The stable values are supported by a lack of supply compared to stronger demand.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $7.0 billion at June 30, 2025, a decrease of $28.7 million from December 31, 2024.

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. On May 1, 2025, we sold AgriBank participations of $499.2 million, representing a participation interest across the majority of our loan portfolio. These loan participations were added to the asset pool program established by AgriBank in 2023.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2024. Adversely classified loans increased to 3.3% of the portfolio at June 30, 2025, from 2.2% 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 June 30, 2025, $416.3 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) As of:	**June 30, 2025**	December 31, 2024
Loans:		
Nonaccrual	**$ 62,145**	$ 39,639
Accruing loans 90 days or more past due	**2,526**	--
Total nonperforming loans	**64,671**	39,639
Other property owned	**829**	1,166
Total nonperforming assets	**$ 65,500**	$ 40,805
Total nonperforming loans as a percentage of total loans	**0.9%**	0.6%
Nonaccrual loans as a percentage of total loans	**0.9%**	0.6%
Current nonaccrual loans as a percentage of total nonaccrual loans	**59.2%**	60.3%
Total delinquencies as a percentage of total loans[1]	**0.5%**	0.3%

[1]Total 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 transfers within our agribusiness portfolio to nonaccrual during the first half of 2025. Nonaccrual loans remained at an acceptable level at June 30, 2025, and December 31, 2024.

The increase in accruing loans 90 days or more past due was primarily due to one borrower in the rural infrastructure related portfolio transferring to 90 days or more past due during the second quarter of 2025. Our accounting policy 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

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) As of:	**June 30, 2025**	December 31, 2024
Allowance for credit losses on loans	**$ 18,228**	$ 15,870
Allowance for credit losses on loans as a percentage of:		
Loans	**0.3%**	0.2%
Nonaccrual loans	**29.3%**	40.0%
Total nonperforming loans	**28.2%**	40.0%

The increase from December 31, 2024, was primarily related to specific reserves established within our agribusiness portfolio.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the six months ended June 30,	2025	2024
Net income	**$ 62,988**	$ 65,741
Return on average assets	**1.7%**	2.0%
Return on average members' equity	**9.7%**	10.8%

Changes presented in the profitability information table relate directly to:

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

Changes in Significant Components of Net Income

(in thousands) For the six months ended June 30,	2025	2024	Increase (decrease) in net income
Net interest income	**$ 90,157**	$ 84,108	**$ 6,049**
Provision for credit losses	**6,255**	4,189	**(2,066)**
Non-interest income	**21,171**	23,741	**(2,570)**
Non-interest expense	**41,753**	37,681	**(4,072)**
Provision for income taxes	**332**	238	**(94)**
Net income	**$ 62,988**	$ 65,741	**$ (2,753)**

Non-Interest Income

The change in non-interest income was primarily due to patronage income and other non-interest income.

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

Patronage Income

(in thousands) For the six months ended June 30,	2025	2024
Patronage from AgriBank	**$ 12,296**	$ 14,253
AgDirect partnership distribution	**1,394**	1,417
Other patronage	**108**	55
Total patronage income	**$ 13,798**	$ 15,725

The decrease in patronage income in the first six months of 2025 compared to the same period in 2024 was primarily due to a lower patronage rate earned on the average daily balance of our wholesale note payable to AgriBank. The patronage rate was 13.2 basis points in 2025, down from 23.7 basis points in 2024.

Other Non-Interest Income: The decrease in other non-interest income in the first six months of 2025 compared to the same period in 2024 was primarily due to our share of the Allocated Insurance Reserve Accounts (AIRA) distribution received from the Farm Credit System Insurance Corporation (FCSIC) of $1.1 million in 2025 compared to $1.7 million in 2024. The AIRA was established by FCSIC when premiums collected increased the level of the Farm Credit Insurance Fund beyond the required 2% of insured debt. Refer to the 2024 Annual Report for additional information about the FCSIC.

Non-Interest Expense

The change in non-interest expense was primarily related to loss on sale of loans. The loss on sale of loans is due to the sale of loans into the AgriBank participations of $499.2 million. The loss represents the reserve for loan loss previously recorded for these loans.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable was scheduled to mature on December 31, 2025. However, it was renewed early for $8.0 billion with an origination date of May 1, 2025, and a maturity date of December 31, 2027. We intend to renegotiate the note payable no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. We also fund our portfolio from equity.
The components of cost of funds associated with our note payable include:

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

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

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

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

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

Total members' equity increased $38.6 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 7 in our 2024 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	**June 30, 2025**	December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**13.7%**	14.3%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**13.7%**	14.3%	6.0%	2.5%	8.5%
Total capital ratio	**13.9%**	14.5%	8.0%	2.5%	10.5%
Permanent capital ratio	**13.7%**	14.3%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**14.2%**	15.0%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**14.0%**	14.8%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 11 in our 2024 Annual Report.

CERTIFICATION

The undersigned have reviewed the June 30, 2025, Quarterly Report of FCS Financial, 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.

Beth Schnitker
Chairperson of the Board
FCS Financial, ACA

Robert Guinn
Chief Executive Officer
FCS Financial, ACA

Rick Krueger
Chief Financial Officer
FCS Financial, ACA

August 7, 2025

CONSOLIDATED STATEMENTS OF CONDITION

FCS Financial, ACA
(in thousands)

As of:		June 30, 2025		December 31, 2024
		(Unaudited)		
ASSETS				
Loans	**$**	**6,989,644**	$	7,018,365
Allowance for credit losses on loans		**18,228**		15,870
Net loans		**6,971,416**		7,002,495
Investment in AgriBank, FCB		**302,431**		259,290
Investment securities		**112,866**		69,845
Accrued interest receivable		**88,550**		90,862
Other assets		**107,303**		113,365
Total assets	**$**	**7,582,566**	$	7,535,857
LIABILITIES				
Note payable to AgriBank, FCB	**$**	**6,107,444**	$	6,091,777
Accrued interest payable		**59,879**		58,143
Patronage distribution payable		**24,795**		40,592
Other liabilities		**72,807**		66,314
Total liabilities		**6,264,925**		6,256,826
Contingencies and commitments (Note 4)				
MEMBERS' EQUITY				
Capital stock and participation certificates		**12,795**		12,601
Unallocated retained earnings		**1,305,700**		1,267,357
Accumulated other comprehensive (loss)		**(854)**		(927)
Total members' equity		**1,317,641**		1,279,031
Total liabilities and members' equity	**$**	**7,582,566**	$	7,535,857

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FCS Financial, ACA
(in thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
For the period ended June 30,	**2025**	2024	**2025**	2024
Interest income	**$ 104,470**	$ 94,358	**$ 209,030**	$ 184,431
Interest expense	**59,881**	51,847	**118,873**	100,323
Net interest income	**44,589**	42,511	**90,157**	84,108
Provision for credit losses	**2,743**	2,792	**6,255**	4,189
Net interest income after provision for credit losses	**41,846**	39,719	**83,902**	79,919
Non-interest income				
Patronage income	**6,278**	8,494	**13,798**	15,725
Financially related services income	**319**	200	**617**	521
Fee income	**3,169**	3,232	**5,622**	5,679
Other non-interest income	**19**	1,811	**1,134**	1,816
Total non-interest income	**9,785**	13,737	**21,171**	23,741
Non-interest expense				
Salaries and employee benefits	**10,325**	9,485	**20,600**	19,366
Other operating expense	**8,391**	9,255	**18,650**	17,931
Other non-interest expense	**2,503**	384	**2,503**	384
Total non-interest expense	**21,219**	19,124	**41,753**	37,681
Income before income taxes	**30,412**	34,332	**63,320**	65,979
Provision for income taxes	**49**	21	**332**	238
Net income	**$ 30,363**	$ 34,311	**$ 62,988**	$ 65,741
Other comprehensive income				
Employee benefit plans activity	**$ 37**	$ 33	**$ 73**	$ 67
Total other comprehensive income	**37**	33	**73**	67
Comprehensive income	**$ 30,400**	$ 34,344	**$ 63,061**	$ 65,808

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FCS Financial, ACA
(in thousands)
(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2023	$ 1	$ 12,280	$ 1,180,107	$ (797)	$ 1,191,591
Net income	--	--	65,741	--	65,741
Other comprehensive income	--	--	--	67	67
Unallocated retained earnings designated for patronage distributions	--	--	(21,511)	--	(21,511)
Capital stock and participation certificates issued	--	494	--	--	494
Capital stock and participation certificates retired	--	(415)	--	--	(415)
Balance at June 30, 2024	$ 1	$ 12,359	$ 1,224,337	$ (730)	$ 1,235,967
Balance at December 31, 2024	$ --	$ 12,601	$ 1,267,357	$ (927)	$ 1,279,031
Net income	**--**	**--**	**62,988**	**--**	**62,988**
Other comprehensive income	**--**	**--**	**--**	**73**	**73**
Unallocated retained earnings designated for patronage distributions	**--**	**--**	**(24,645)**	**--**	**(24,645)**
Capital stock and participation certificates issued	**--**	**633**	**--**	**--**	**633**
Capital stock and participation certificates retired	**--**	**(439)**	**--**	**--**	**(439)**
Balance at June 30, 2025	**$ --**	**$ 12,795**	**$ 1,305,700**	**$ (854)**	**$ 1,317,641**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Consolidation

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

Recently Issued or Adopted Accounting Pronouncements

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

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

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of:	**June 30, 2025**		December 31, 2024	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	**$ 3,980,605**	**57.0%**	$ 3,955,122	56.4%
Production and intermediate-term	**920,410**	**13.2%**	1,005,681	14.3%
Agribusiness	**1,442,969**	**20.6%**	1,454,267	20.7%
Other	**645,660**	**9.2%**	603,295	8.6%
Total	**$ 6,989,644**	**100.0%**	$ 7,018,365	100.0%

The other category is primarily composed of rural infrastructure related loans and other diversified industries in our Capital Markets portfolio.

Throughout Note 2 accrued interest receivable on loans of $87.9 million at June 30, 2025, and $90.0 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 June 30, 2025**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 1,406**	**$ 108**	**$ 1,514**	**$ 3,979,091**	**$ 3,980,605**	**$ --**
Production and intermediate-term	**5,891**	**13,318**	**19,209**	**901,201**	**920,410**	**--**
Agribusiness	**11,857**	**34**	**11,891**	**1,431,078**	**1,442,969**	**--**
Other	**260**	**2,525**	**2,785**	**642,875**	**645,660**	**2,526**
Total	**$ 19,414**	**$ 15,985**	**$ 35,399**	**$ 6,954,245**	**$ 6,989,644**	**$ 2,526**

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	$ 2,530	$ --	$ 2,530	$ 3,952,592	$ 3,955,122	$ --
Production and intermediate-term	13,790	507	14,297	991,384	1,005,681	--
Agribusiness	431	1,197	1,628	1,452,639	1,454,267	--
Other	--	32	32	603,263	603,295	--
Total	$ 16,751	$ 1,736	$ 18,487	$ 6,999,878	$ 7,018,365	$ --

Nonaccrual Loans

Nonaccrual Loans Information

	As of June 30, 2025		**For the Six Months Ended June 30, 2025**
(in thousands)	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	**$ 5,498**	**$ 5,498**	**$ 629**
Production and intermediate-term	**18,440**	**2,764**	**253**
Agribusiness	**36,920**	**24,879**	**32**
Other	**1,287**	**197**	**4**
Total	**$ 62,145**	**$ 33,338**	**$ 918**

	As of December 31, 2024		For the Six Months Ended June 30, 2024
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$ 3,011	$ 2,744	$ 115
Production and intermediate-term	14,788	963	36
Agribusiness	20,539	9,526	--
Other	1,301	222	5
Total	$ 39,639	$ 13,455	$ 156

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

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

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

Loan Modifications at Amortized Cost

(dollars in thousands) **For the six months ended June 30, 2025**	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
Real estate mortgage	**$ 2,550**	**$ --**	**$ 11,275**	**$ --**	**$ 13,825**	**0.2%**
Production and intermediate-term	**69**	**9,278**	**--**	**2,389**	**11,736**	**0.2%**
Agribusiness	**393**	**6,090**	**--**	**3,676**	**10,159**	**0.1%**
Other	**--**	**--**	**30**	**--**	**30**	**0.0%**
Total	**$ 3,012**	**$ 15,368**	**$ 11,305**	**$ 6,065**	**$ 35,750**	**0.5%**
Loan modifications granted as a percentage of total loans	**0.0%**	**0.2%**	**0.2%**	**0.1%**	**0.5%**	

For the six months ended June 30, 2024	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
Production and intermediate-term	--	3,400	--	687	4,087	0.0%
Agribusiness	--	11,657	--	--	11,657	0.2%
Total	$ --	$ 15,057	$ --	$ 687	$ 15,744	0.2%
Loan modifications granted as a percentage of total loans	--	0.2%	--	--	0.2%	

Financial Effect of Loan Modifications

For the six months ended June 30, 2025	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Interest rate reduction	**0.3%**			
Payment deferral			**14**	
Production and intermediate-term				
Interest rate reduction	**0.5%**			
Term extension		**11**		
Combination - interest rate reduction and term extension	**0.7%**	**36**		
Agribusiness				
Interest rate reduction	**1.0%**			
Term extension		**2**		
Combination - interest rate reduction and term extension	**0.7%**	**37**		
Other				
Payment deferral			**6**	

For the six months ended June 30, 2024	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Principal forgiveness				683
Production and intermediate-term				
Term extension		14		
Principal forgiveness				1,792
Combination - interest rate reduction and term extension	0.01%	12		
Agribusiness				
Term extension		15		
Principal forgiveness				5,708

There were no loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2025, in which the modifications were within twelve months preceding the default. We had loans to borrowers experiencing financial difficulty with payment deferral in the real estate mortgage loan category of $114 thousand that defaulted during the six months ended June 30, 2024, in which the modifications were within the twelve months preceding the default.

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

Payment Status of Loan Modifications

(in thousands) **As of June 30, 2025**	Not Past Due or Less Than 30 Days Past Due	30-89 Days Past Due	Total
Real estate mortgage	**$ 14,553**	**$ --**	**$ 14,553**
Production and intermediate-term	**12,025**	**1,778**	**13,803**
Agribusiness	**9,992**	**5,817**	**15,809**
Other	**--**	**30**	**30**
Total	**$ 36,570**	**$ 7,625**	**$ 44,195**

As of June 30, 2024		Not Past Due or Less Than 30 Days Past Due		30-89 Days Past Due		Total
Real estate mortgage	$	1,328	$	--	$	1,328
Production and intermediate-term		12,459		33		12,492
Agribusiness		12,178		--		12,178
Total	$	25,965	$	33	$	25,998

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

Additional commitments were $3.9 million at June 30, 2025, and $7.8 million at December 31, 2024, to lend to borrowers experiencing financial difficulty whose loans were modified during the six months ended June 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) Six months ended June 30,		**2025**		2024
Allowance for Credit Losses on Loans				
Balance at beginning of period	**$**	**15,870**	$	11,158
Provision for credit losses on loans		**5,671**		4,393
Loan recoveries		**145**		3
Loan charge-offs		**(3,458)**		(2,135)
Balance at end of period	**$**	**18,228**	$	13,419
Allowance for Credit Losses on Unfunded Commitments				
Balance at beginning of period	**$**	**990**	$	1,260
Provision for credit losses on unfunded commitments		**584**		(204)
Balance at end of period	**$**	**1,574**	$	1,056
Total allowance for credit losses	**$**	**19,802**	$	14,475

The change in the allowance for credit losses on loans from December 31, 2024, was primarily driven by specific reserves established within our agribusiness portfolio.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $112.9 million at June 30, 2025, and $69.8 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 June 30, 2025, and December 31, 2024. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

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

Our investments are all asset-backed securities (ABS) consisting of either mortgage-backed securities (MBS), which are generally longer-term investments, or non-mortgage related ABS, which are generally shorter-term investments. MBS generally have contractual maturities greater than 10 years.

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $2.5 million. We held no investment securities as of June 30, 2024.

Contractual Maturities of Investment Securities

(in thousands) **As of June 30, 2025**	Amortized Cost
Five to ten years	**$ 66,366**
More than ten years	**46,500**
Total	**$ 112,866**

NOTE 4: 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 11 in our 2024 Annual Report for additional detail regarding contingencies and commitments.

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three 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 June 30, 2025, or December 31, 2024.

Non-Recurring Basis

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

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands) **As of June 30, 2025**	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	**$ --**	**$ --**	**$ 20,667**	**$ 20,667**
Other property owned	**--**	**--**	**862**	**862**

As of December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$ 17,891	$ 17,891
Other property owned	--	--	1,213	1,213

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 6: SUBSEQUENT EVENTS

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