AGTRUST, ACA

2025
Quarterly Report

For the Quarter Ended March 31, 2025

REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been prepared 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/ Joe H. Hayman
Joe H. Hayman, Chief Executive Officer

May 9, 2025

/s/ Brent Neuhaus
Brent Neuhaus, Chairman, Board of Directors

May 9, 2025

/s/ Nicholas Acosta
Nicholas Acosta, Chief Financial Officer

May 9, 2025

/s/ David Conrad
David Conrad, Chairman, Audit Committee

May 9, 2025

First Quarter 2025 Financial Report

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AGTRUST, ACA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the financial performance of AgTrust, ACA, including its wholly owned subsidiaries AgTrust, FLCA and AgTrust, PCA, referred to as the Association, for the quarter ended March 31, 2025. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2024, Annual Report to Stockholders.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

Since 1917, the Association and its predecessors have provided its members with quality financial services. The Board and management remain committed to maintaining the financial integrity of the Association while offering competitive loan products that meet the financial needs of agricultural producers.

The consolidated financial statements comprise the operations of the ACA and its wholly owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Patronage Distributions by Association:

In December 2024, the Board declared a cash patronage in the amount of $32,187,196 paid in March 2025, based on 2024 patronage-sourced earnings. Patronage was paid to eligible borrowers based on their net interest margin of all patronage transactions outstanding for the year ending December 31, 2024.

Patronage Distributions Received from the Farm Credit Bank of Texas (FCBT or Bank):

On a monthly basis the Association accrues income for the direct loan earnings patronage it expects to receive in December of each year from FCBT. The distribution of the direct loan earnings patronage is at the discretion of the FCBT. The Association's accrual rate is based on historical information and expectations set forth in the FCBT's annual strategic business plan.

Effective 2024, the FCBT has implemented a sustainable growth charge that reduces the direct loan earnings patronage by 25 basis points. In December 2024, the Association received a direct loan patronage of $8,864,362 from the FCBT, representing 34.47 basis points on the average daily balance of the Association's direct loan with the FCBT after the 25 basis point sustainable growth charge.

The FCBT requires a minimum stock investment of the Association's average outstanding balance of borrowings from the Bank. Historically, the FCBT has paid patronage on the Association's stock investment to offset effective opportunity cost with the investment requirement. Effective in 2024, the Bank is no longer paying patronage on this investment, effectively reducing their patronage distribution to the Association. Effective March 2025, the minimum stock investment requirement was increased from 2.0 percent of the average outstanding balance of borrowings from the Bank as determined annually to 2.5 percent determined on a semi-annual basis.

The following table provides information on the patronage distribution received from the FCBT for the year ended December 31, 2024:

	2024
Direct loan patronage	$ 8,864,362
Participation's patronage	1,326,371
Capitalized participation pool	80,769
Agricultural mortgage backed securities investment patronage	44,904
Total Patronage Received	$ 10,316,406

Loan Portfolio:

The Association makes and services loans to farmers, ranchers, rural homeowners, and certain farm-related businesses. These loan products are available to eligible borrowers with competitive variable, fixed, and adjustable interest rates. Commercial loans primarily consist of operating loans and short-term loans for working capital, equipment, and livestock. Mortgage loans primarily consist of 5- to 30- year maturities. Loans serviced by the Association offer several installment payment cycles, the timing of which usually coincides with the seasonal cash-flow capabilities of the borrower. The Association's loan portfolio consists of long-term farm mortgage loans, production and intermediate-term loans, farm-related business loans, rural residential and rural infrastructure loans through purchased participations.

Total loans outstanding at March 31, 2025, including nonaccrual loans, were $3,048,421,155 compared to $3,057,183,145 at December 31, 2024, reflecting a decrease of 0.3 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.4 percent at March 31, 2025, compared to 0.0 percent at December 31, 2024.

The Association recorded $200 in recoveries and no charge-offs for the quarter ended March 31, 2025, and $3,646 in recoveries and no charge-offs for the same period in 2024. The Association's allowance for loan losses was 0.2 percent and 0.2 percent of total loans outstanding as of March 31, 2025, and December 31, 2024, respectively.

Risk Exposure:

Nonperforming assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned. The following table illustrates the Association's components and trends of nonperforming assets.

	March 31, 2025		December 31, 2024	
	Amount	**%**	Amount	%
Nonaccrual loans	**$ 11,310,412**	**90.1%**	$ 1,483,442	46.8%
90 days past due and still accruing interest	**134,723**	**1.1%**	109,204	3.4%
Other property owned, net	**1,107,128**	**8.8%**	1,579,844	49.8%
Total	**$ 12,552,263**	**100.0%**	$ 3,172,490	100.0%

The change in nonperforming assets is primarily driven by one customer relationship totaling $9,942,292 transitioning to nonaccrual status during the quarter as a result of delinquency of payment.

Results of Operations:

The Association had net income of $16,465,086 for the three months ended March 31, 2025, as compared to net income of $13,976,559 for the same period in 2024, reflecting an increase of $2,488,527 and 17.8 percent. Net interest income was $22,335,114 for the three months ended March 31, 2025, compared to $21,139,340 for the same period in 2024, reflecting an increase of $1,195,774 and 5.7 percent.

	Three Months Ended:			
	March 31, 2025		March 31, 2024	
	Average Balance	**Interest**	Average Balance	Interest
Loans	**$ 3,059,360,785**	**$ 49,620,809**	$ 2,876,839,363	$ 46,061,187
Total interest-earning assets	**3,059,360,785**	**49,620,809**	2,876,839,363	46,061,187
Interest-bearing liabilities	**2,611,906,001**	**27,285,695**	2,443,593,887	24,921,847
Impact of capital	**$ 447,454,784**		$ 433,245,476	
Net interest income		**$ 22,335,114**		$ 21,139,340

	2025 Average Yield	2024 Average Yield
Yield on loans	**6.58%**	6.44%
Total yield on interest-earning assets	**6.58%**	6.44%
Cost of interest-bearing liabilities	**4.24%**	4.10%
Interest rate spread	**2.34%**	2.34%

	Three Months Ended: March 31, 2025 vs. March 31, 2024		
	Increase due to		
	Volume	**Rate**	**Total**
Interest income - loans	**$ 2,898,160**	**$ 661,462**	**$ 3,559,622**
Interest expense	**1,702,396**	**661,452**	**2,363,848**
Net interest income	**$ 1,195,764**	**$ 10**	**$ 1,195,774**

Interest income for the three months ended March 31, 2025, increased by $3,559,622, or 7.7 percent, from the same period of 2024, primarily due to increases in yields on interest-earning assets and an increase in average interest-earning assets. Interest expense for the three months ended March 31, 2025, increased by $2,363,848, or 9.5 percent, from the same period of 2024 due to an increase in the cost of interest-bearing debt and an increase in interest-bearing liabilities. Average interest-earning assets for the first quarter of 2025 was $3,059,360,785, compared to $2,876,839,363 in the first quarter of 2024. The average net interest rate spread on the loan portfolio for the first quarter of 2025 was 2.34 percent, compared to 2.34 percent in the first quarter of 2024.

The Association's return on average assets for the three months ended March 31, 2025, was 2.11 percent compared to 1.90 percent for the same period in 2024. The Association's return on average equity for the three months ended March 31, 2025, was 13.55 percent, compared to 12.07 percent for the same period in 2024.

Noninterest income for the three months ended March 31, 2025, increased by $990,026, or 39.2 percent, from the same period in 2024, primarily due to an increase of the direct loan earnings patronage accrual income from the FCBT of $512,430 resulting from a year-over-year increase of average outstanding borrowings from the FCBT and an accrual rate based on expectations set forth in the FCBT's annual strategic business plan. Additionally, the Association received $493,473 of excess insured funds balances in the Allocated Insurance Reserve Accounts (AIRPs) from the Farm Credit System Insurance Corporation (FCSIC). The Association received $809,571 from FCSIC during the second quarter of 2024.

Noninterest expenses for the three months ended March 31, 2025, increased by $533,233, or 5.8 percent from the same period in 2024 primarily due to planned merit increases and increased occupancy expenses associated with the relocation of the Association's administrative and branch lending office in Fort Worth, TX during the third quarter of 2024.

Provision for credit losses for the three months ended March 31, 2025, decreased by $839,841, or 178.8 percent, from the same period in 2024 primarily due to reductions to the general reserve as historical loss analysis supported the adoption of a less punitive probability of default (PD) curve. The PD curve is updated on an annual basis to incorporate changes in internal default trends.

Liquidity and Funding Sources:

The Association secures the majority of its lendable funds from the FCBT, which obtains its funds through the issuance of System-wide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

	March 31, 2025	December 31, 2024
Note payable to the FCBT	**$ 2,617,261,034**	$ 2,605,072,254
Accrued interest on note payable	**8,863,857**	8,702,836
Total	**$ 2,626,124,891**	$ 2,613,775,090

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2026. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $2,617,261,034 as of March 31, 2025, is recorded as a liability on the Association's consolidated balance sheet. The note carried a weighted average interest rate of 3.86 percent at March 31, 2025. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by the GFA. The increase in note payable to the FCBT and related accrued interest payable since December 31, 2024, is due to the Association's increased stock investment which increased Association borrowings. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $434,216,838 at March 31, 2025. The maximum amount the Association may borrow from the Bank as of March 31, 2025, was $3,119,301,886 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

The Association is required to maintain an investment in the Bank in the form of Class A voting capital stock and allocated retained earnings. For 2024, the investment required of the Association was 2.0 percent of its average borrowing from the Bank, which was equalized annually. Beginning in 2025, the investment requirement of the Association increased to 2.5 percent of the average borrowings from the Bank, annualized semi-annually. This change resulted in the increase in the investment in and receivable from the FCBT and the Note payable to the FCBT on the consolidated balance sheet. Additionally, this has resulted in an increase in the regulatory deductions from the amount of the allocated investments in other System Banks, which effectively reduces the Association's risk-adjusted and non-risk adjusted capital.

Capital Resources:

The Association's capital position increased by $16,349,943 at March 31, 2025, compared to December 31, 2024. The Association's debt as a percentage of members' equity was 5.31:1 as of March 31, 2025, compared to 5.52:1 as of December 31, 2024.

Farm Credit Administration regulations require the Association to maintain minimums for various regulatory capital ratios. As of March 31, 2025, the Association exceeded all regulatory capital requirements.

Economic Conditions:

The Association continues to fulfill its mission to support agriculture and rural communities by providing access to reliable and consistent credit in the midst of financial and macroeconomic volatility. Despite the challenging operating environment, credit quality in the Association has remained strong. Risk factors such as high production costs, elevated cost of debt and trade uncertainty are paramount drivers of credit quality.

Trade uncertainty has been rattling the markets with the United States announcing the imposition of tariffs on all imports. Retaliatory measures have been taken by certain countries and negotiations are taking place. On April 9, 2025, the Administration announced a 90-day suspension of additional tariffs beyond the base 10 percent tariff applicable to all countries. The tariff suspension did not apply to China and duties were hiked to 125 percent. For Canada and Mexico, goods covered by the U.S., Canada and Mexico trade agreement will continue to have preferential treatment.

The percentage change in the Consumer Price Index for All Urban Consumers decelerated for a second consecutive month in March to 2.4 percent and was similarly down from 3.5 percent year-over-year (YoY). Inflation remains persistently above the Federal Reserve's long-term target of approximately 2.0 percent but has made significant progress from the peak of 9.1 percent reached in 2022. The target federal funds range was unchanged at 4.25 – 4.50 percent during the January and March 2025 meetings of the Federal Open Market Committee (FOMC), but the target range has decreased by 1.0 percent YoY.

On March 27, 2025, the U.S. Bureau of Economic Analysis released its third estimate of real gross domestic product (GDP) for the fourth quarter of 2024. Real GDP increased at an annual rate of 2.4 percent, down from 3.1 percent during the previous quarter and down from 3.2 percent during the year-ago period. The deceleration in real GDP in the fourth quarter of 2024 primarily reflected downturns in investments and exports that were partially offset by an increase in consumer spending. New Mexico and Texas real GDP grew at an annual rate of 2.6 percent and 3.5 percent, respectively, during the fourth quarter 2024, above the national average of 2.4 percent.

The Bureau of Labor Statistics announced on April 4, 2025, that the U.S. unemployment rate was 4.2 percent in March 2025, ticking up from the prior quarter (4.1 percent) and higher than a year ago (3.9 percent). The March 2025 state unemployment rates in New Mexico and Texas were 4.4 percent and 4.1 percent, respectively.

The quarterly average spot price of West Texas Intermediate crude oil increased QoQ by about 1.5 percent, reflecting high fuel demand driven by the winter heating season and by colder than normal temperatures, while YoY the price decreased by about 7.0 percent. The March 2025 S&P Global Agricultural Commodity Price Watch (S&P Global) estimated that the U.S. average farm prices of key Texas crops (e.g., corn, soybeans and wheat) increased in the first quarter of 2025, while cotton prices declined. Quarterly average livestock prices (e.g., steers, barrows/gilts and broilers) were estimated to have increased QoQ and YoY in March 2025, as demand remained historically strong and supply was tight. Regarding dairy prices, the quarterly average farm level milk price was estimated to have decreased QoQ by less than 5.0 percent but increased YoY by more than 10.0 percent. S&P Global similarly reported that the U.S. egg supply is recovering from the avian flu outbreaks, but sustained production growth is needed for price normalization. In terms of lumber, the quarterly average front-month random length lumber futures prices increased QoQ and YoY.

On March 31, 2025, the U.S. Department of Agriculture released its 2025 Farm Prospective Plantings report, the first official survey-based estimates of U.S. farmers' planting intentions in 2025. Per the report, prospective plantings are mixed across the Texas. Corn planting intentions are in line YoY with the 5 percent increase for the U.S. Change in wheat planted area for Texas is minimal and in line with the rest of the U.S. Planting intentions for cotton are down 8 percent in Texas and 39 percent in New Mexico, compared to a 12 percent decrease for the U.S. These estimates are derived via a survey of farmers' intentions and are subject to change throughout the season.

The combined Drought Monitor for Texas and New Mexico as of March 25, 2025, indicates that drought conditions categorized as severe, extreme and exceptional more than doubled from the prior quarter, reaching about 39 percent. Additionally, drought in these three categories was about three times greater than the year-ago period.

The Association's loan portfolio is well-supported by industry diversification and conservative advance rates. Additionally, a high percentage of the Association's borrowers primarily rely on non-farm sources of income to repay their loans.

Significant Recent Accounting Pronouncements:

Refer to Note 1 – "Organization and Significant Accounting Policies" in this quarterly report for disclosures of recent accounting pronouncements which may impact the Association's consolidated financial position and results of operations and for critical accounting policies.

Relationship With the Farm Credit Bank of Texas:

The Association's financial condition may be impacted by factors that affect the FCBT. The financial condition and results of operations of the FCBT may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2024 Annual Report to stockholders more fully describe the Association's relationship with the Bank.

The annual and quarterly stockholder reports of the FCBT are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9204. The annual and quarterly stockholder reports are also available on its website at *www.farmcreditbank.com*.

The Association's annual and quarterly stockholder reports are also available free of charge, upon request. The annual and quarterly stockholder reports are available approximately 75 days after year end and 40 days after quarter end, respectively, and can be obtained by writing to AgTrust, ACA, 5600 Clearfork Main Street, Suite 600, Fort Worth, Texas 76109 or calling (817) 332-6565. The annual and quarterly stockholder reports for the Association are also available on its website at *www.AgTrustACA.com*. Copies of the reports can also be requested by e-mailing *ShareHolderRelations@AgTrustACA.com.*

AGTRUST, ACA

CONSOLIDATED BALANCE SHEETS

	March 31, 2025 (unaudited)	December 31, 2024
ASSETS		
Cash	**$ 28,493**	$ 7,092
Loans	**3,048,421,155**	3,057,183,145
Less: allowance for credit losses on loans	**(5,887,033)**	(6,206,255)
Net loans	**3,042,534,122**	3,050,976,890
Accrued interest receivable	**24,982,838**	26,335,028
Investment in and receivable from the FCBT:		
Capital stock	**68,271,121**	53,159,846
Other	**3,883,706**	11,832,183
Other property owned, net	**1,107,128**	1,579,844
Premises and equipment	**6,807,348**	6,388,761
Other assets	**13,783,773**	12,939,903
Total assets	**$ 3,161,398,529**	$ 3,163,219,547
LIABILITIES		
Note payable to the FCBT	**$ 2,617,261,034**	$ 2,605,072,254
Advance conditional payments	**517,341**	388,381
Accrued interest payable	**8,863,857**	8,702,836
Drafts outstanding	**89,589**	57,811
Other liabilities	**33,475,140**	31,969,444
Total liabilities	**$ 2,660,206,961**	$ 2,678,377,922
MEMBERS' EQUITY		
Capital stock and participation certificates	**$ 6,266,685**	$ 6,245,530
Additional paid-in capital	**123,813,880**	123,813,880
Unallocated retained earnings	**371,395,411**	355,059,993
Accumulated other comprehensive loss	**(284,408)**	(277,778)
Total members' equity	**501,191,568**	484,841,625
Total liabilities and members' equity	**$ 3,161,398,529**	$ 3,163,219,547

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

AGTRUST, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
INTEREST INCOME		
Loans	$ 49,620,809	$ 46,061,187
Total interest income	49,620,809	46,061,187
INTEREST EXPENSE		
Note payable to the FCBT	27,273,239	24,917,952
Advance conditional payments	12,456	3,895
Total interest expense	27,285,695	24,921,847
Net interest income	22,335,114	21,139,340
(REVERSAL OF) PROVISION FOR CREDIT LOSSES	(370,169)	469,672
Net interest income after (reversal of) provision for credit losses	22,705,283	20,669,668
NONINTEREST INCOME		
Income from the FCBT:		
Patronage income	2,614,803	2,102,373
Loan fees	150,347	157,502
Refunds from Farm Credit System Insurance Corporation	491,473	-
Financially related services income	490	923
Gain on sale of premises and equipment, net	35,015	93,470
Other noninterest income	222,672	170,506
Total noninterest income	3,514,800	2,524,774
NONINTEREST EXPENSES		
Salaries and employee benefits	5,628,027	5,217,181
Directors' expense	190,606	177,025
Purchased services	602,273	527,579
Travel	231,010	223,196
Occupancy and equipment	1,139,861	890,708
Communications	85,050	82,008
Advertising	69,307	176,212
Public and member relations	567,709	629,361
Supervisory and exam expense	222,003	237,631
Insurance fund premiums	622,863	574,553
Other components of net periodic postretirement benefit cost	78,922	75,014
Other noninterest expense	306,045	399,975
Total noninterest expenses	9,743,676	9,210,443
Income before income taxes	16,476,407	13,983,999
Provision for income taxes	11,321	7,440
NET INCOME	16,465,086	13,976,559
Other comprehensive income:		
Change in postretirement benefit plans	(6,630)	(6,630)
COMPREHENSIVE INCOME	$ 16,458,456	$ 13,969,929

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

AGTRUST, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

	Capital Stock/ Participation Certificates	Additional Paid-in-Capital	Retained Earnings Allocated	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2023	$ 6,213,280	$ 124,213,961	$ -	$ 328,157,542	$ 35,125	$ 458,619,908
Comprehensive income	-	-	-	13,976,559	(6,630)	13,969,929
Capital stock/participation certificates issued	144,200	-	-	-	-	144,200
Capital stock/participation certificates retired	(129,575)	-	-	-	-	(129,575)
Dividends declared	-	-	-	(14,586)	-	(14,586)
Balance at March 31, 2024	$ 6,227,905	$ 124,213,961	$ -	$ 342,119,515	$ 28,495	$ 472,589,876
Balance at December 31, 2024	**$ 6,245,530**	**$ 123,813,880**	**$ -**	**$ 355,059,993**	**$ (277,778)**	**$ 484,841,625**
Comprehensive income	**-**	**-**	**-**	**16,465,086**	**(6,630)**	**16,458,456**
Capital stock/participation certificates issued	**219,800**	**-**	**-**	**-**	**-**	**219,800**
Capital stock/participation certificates retired	**(198,645)**	**-**	**-**	**-**	**-**	**(198,645)**
Dividends declared	**-**	**-**	**-**	**(129,668)**	**-**	**(129,668)**
Balance at March 31, 2025	**$ 6,266,685**	**$ 123,813,880**	**$ -**	**$ 371,395,411**	**$ (284,408)**	**$ 501,191,568**

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

AGTRUST, ACA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

AgTrust, ACA, including its wholly owned subsidiaries, AgTrust, PCA and AgTrust, FLCA (collectively called the "Association"), is a member-owned cooperative that provides credit and credit-related services to, or for the benefit of, eligible borrowers/stockholders for qualified agricultural and rural purposes in the counties of Bell, Borden, Bosque, Bowie, Burnet, Camp, Cass, Cochran, Cooke, Coryell, Dallas, Delta, Denton, Eastland, Ellis, Erath, Falls, Fannin, Fisher, Freestone, Grayson, Hamilton, Hill, Hood, Johnson, Kent, Lamar, Lampasas, Limestone, McLennan, Milam, Mitchell, Morris, Navarro, Nolan, Palo Pinto, Parker, Red River, Scurry, Shackelford, Somervell, Stephens, Tarrant, Taylor, Throckmorton, Titus, Williamson, Wise and Young in the state of Texas, and all counties in the state of New Mexico with the exception of San Juan County and a portion of Rio Arriba County lying west of the Continental Divide. The Association is a lending institution of the Farm Credit System, which was established by Acts of Congress to meet the needs of American agriculture.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2024, as contained in the 2024 Annual Report to Stockholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2025. Descriptions of the significant accounting policies are included in the 2024 Annual Report to Stockholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Adopted or Issued 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. 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 ON LOANS:

A summary of loans follows:

Loan Type	March 31, 2025 Amount	December 31, 2024 Amount
Production agriculture:		
Real estate mortgage	**$ 2,424,203,954**	$ 2,422,443,376
Production and intermediate-term	**227,176,863**	251,979,243
Agribusiness:		
Loans to cooperatives	**22,553,014**	10,772,567
Processing and marketing	**213,944,923**	198,526,087
Farm-related business	**49,860,282**	53,547,454
Communication	**35,763,751**	41,141,056
Energy	**36,706,502**	38,966,911
Water and wastewater	**10,074,423**	10,131,879
Rural residential real estate	**13,071,827**	13,408,476
International	**14,102,406**	15,265,890
Lease receivables	**963,210**	1,000,206
Total	**$ 3,048,421,155**	$ 3,057,183,145

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations.

The following table presents information regarding the balances of participations purchased and sold at March 31, 2025:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 39,464,490	$ 203,828,310	$ 3,828,729	$ -	$ 43,293,219	$ 203,828,310
Production and intermediate-term	68,301,689	66,077,266	-	-	68,301,689	66,077,266
Agribusiness	203,284,078	13,909,919	-	1,243,754	203,284,078	15,153,673
Communication	35,763,751	-	-	-	35,763,751	-
Energy	36,706,502	-	-	-	36,706,502	-
Water and wastewater	10,074,423	-	-	-	10,074,423	-
International	14,102,406	-	-	-	14,102,406	-
Lease receivables	963,210	-	-	-	963,210	-
Total	$ 408,660,549	$ 283,815,495	$ 3,828,729	$ 1,243,754	$ 412,489,278	$ 285,059,249

The Association is authorized under the Farm Credit Act to accept "advance conditional payments" (ACPs) from borrowers. To the extent the borrower's access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against the borrower's related loan balance. The Association held $15,009,057 and $17,155,263 in funds which are netted against the loan balance at March 31, 2025, and December 31, 2024, respectively. Unrestricted advance conditional payments are included in liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. Balances of unrestricted ACPs were $517,341 and $388,381 at March 31, 2025, and December 31, 2024, respectively.

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The Association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, institutions that make loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85 percent of the original appraised value of the property taken as security or up to 97 percent of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The Association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan, assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The Association reviews, at least on an annual basis or when a credit action is taken, the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. These categories are defined as follows:

- Acceptable — assets are expected to be fully collectible and represent the highest quality,
- Other Assets Especially Mentioned (OAEM) — assets are currently collectible but exhibit some potential weakness,
- Substandard — assets exhibit some serious weakness in repayment capacity, equity, or collateral pledged on the loan,

The following table shows the amortized cost of loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of March 31, 2025, and December 31, 2024:

	March 31, 2025	December 31, 2024
Real estate mortgage		
Acceptable	**99%**	99%
OAEM	**0%**	0%
Substandard	**1%**	1%
	100%	100%
Production and intermediate-term		
Acceptable	**97%**	97%
OAEM	**2%**	2%
Substandard	**1%**	1%
	100%	100%
Loan to cooperatives		
Acceptable	**100%**	100%
OAEM	**0%**	0%
Substandard	**0%**	0%
	100%	100%
Processing and marketing		
Acceptable	**94%**	93%
OAEM	**5%**	5%
Substandard	**1%**	2%
	100%	100%
Farm-related business		
Acceptable	**100%**	100%
OAEM	**0%**	0%
Substandard	**0%**	0%
	100%	100%
Communication		
Acceptable	**100%**	100%
OAEM	**0%**	0%
Substandard	**0%**	0%
	100%	100%
Energy		
Acceptable	**100%**	100%
OAEM	**0%**	0%
Substandard	**0%**	0%
	100%	100%
Water and wastewater		
Acceptable	**100%**	100%
OAEM	**0%**	0%
Substandard	**0%**	0%
	100%	100%
Rural residential real estate		
Acceptable	**99%**	100%
OAEM	**1%**	0%
Substandard	**0%**	0%
	100%	100%
International		
Acceptable	**100%**	100%
OAEM	**0%**	0%
Substandard	**0%**	0%
	100%	100%
Lease Receivables		
Acceptable	**100%**	100%
OAEM	**0%**	0%
Substandard	**0%**	0%
	100%	100%
Total loans		
Acceptable	**99%**	99%
OAEM	**1%**	1%
Substandard	**0%**	0%
	100%	100%

Accrued interest receivable on loans of $24,982,838 and $26,335,028 at March 31, 2025, and December 31, 2024, have been excluded from the amortized cost of loans and reported separately in the consolidated balance sheet. The Association did not write off any accrued interest receivable during the three months ended March 31, 2025, and 2024.

The following table reflects nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned and related credit quality statistics:

	March 31, 2025	December 31, 2024
Nonaccrual loans:		
Real estate mortgage	$ 10,854,923	$ 930,581
Production and intermediate-term	414,871	512,812
Rural residential real estate	40,618	40,049
Total nonaccrual loans	11,310,412	1,483,442
Accruing loans 90 days or more past due:		
Real estate mortgage	134,723	109,204
Total accruing loans 90 days or more past due	134,723	109,204
Other property owned	1,107,128	1,579,844
Total nonperforming assets	$ 12,552,263	$ 3,172,490
Nonaccrual loans as a percentage of total loans	0.4%	0.0%
Nonperforming assets as a percentage of total loans and other property owned	0.4%	0.1%
Nonperforming assets as a percentage of capital	2.5%	0.7%

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for loan losses, as well as interest income recognized on nonaccrual during the period:

	March 31, 2025			Interest Income Recognized
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended March 31, 2025
Nonaccrual loans:				
Real estate mortgage	$ -	$ 10,854,923	$ 10,854,923	$ 15,196
Production and intermediate-term	-	414,871	414,871	14,596
Rural residential real estate	-	40,618	40,618	2,493
Total nonaccrual loans	$ -	$ 11,310,412	$ 11,310,412	$ 32,285

	December 31, 2024			Interest Income Recognized
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended March 31, 2024
Nonaccrual loans:				
Real estate mortgage	$ -	$ 930,581	$ 930,581	$ 6,453
Production and intermediate-term	81,804	431,008	512,812	201
Rural residential real estate	-	40,049	40,049	1,666
Total nonaccrual loans	$ 81,804	$ 1,401,638	$ 1,483,442	$ 8,320

The following tables provide an aging analysis of past due loans at amortized cost by portfolio segment as of:

March 31, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$24,840,699	$ -	$24,840,699	$ 2,399,363,255	$ 2,424,203,954	$ -
Production and intermediate-term	570,000	454,212	1,024,212	226,152,651	227,176,863	134,723
Loans to cooperatives	-	-	-	22,553,014	22,553,014	-
Processing and marketing	-	-	-	213,944,923	213,944,923	-
Farm-related business	-	-	-	49,860,282	49,860,282	-
Communication	-	-	-	35,763,751	35,763,751	-
Energy	-	-	-	36,706,502	36,706,502	-
Water and wastewater	-	-	-	10,074,423	10,074,423	-
Rural residential real estate	328,756	-	328,756	12,743,071	13,071,827	-
International	-	-	-	14,102,406	14,102,406	-
Lease receivables	-	-	-	963,210	963,210	-
Total	$25,739,455	$ 454,212	$26,193,667	$ 3,022,227,488	$ 3,048,421,155	$ 134,723

December 31, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 15,035,360	$ 109,204	$ 15,144,564	$ 2,407,298,812	$ 2,422,443,376	$ 109,204
Production and intermediate-term	231,040	401,293	632,333	251,346,910	251,979,243	-
Loans to cooperatives	-	-	-	10,772,567	10,772,567	-
Processing and marketing	-	-	-	198,526,087	198,526,087	-
Farm-related business	-	-	-	53,547,454	53,547,454	-
Communication	-	-	-	41,141,056	41,141,056	-
Energy	-	-	-	38,966,911	38,966,911	-
Water and wastewater	-	-	-	10,131,879	10,131,879	-
Rural residential real estate	-	-	-	13,408,476	13,408,476	-
International	-	-	-	15,265,890	15,265,890	-
Lease receivables	-	-	-	1,000,206	1,000,206	-
Total	$ 15,266,400	$ 510,497	$ 15,776,897	$ 3,041,406,248	$ 3,057,183,145	$ 109,204

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the sale of the collateral. The collateral dependent loans are primarily real estate mortgage and rural residential real estate loans.

Loan Modifications to Borrowers Experiencing Financial Difficulties

For loan modifications granted to borrowers during 2025, the following table shows the amortized cost basis of the outstanding balances reflected in the consolidated balance sheet as of March 31, 2025, disaggregated by loan type and type of modification granted.

For the Three Months Ended March 31, 2025	Real estate mortgage		
	Amortized Cost Basis	% of Total Loans	Financial Effect of Loan Modifications
Payment Deferral	$ 1,180,869	0%	Provided six month payment deferral.
Total	$ 1,180,869		

The Association had no loan modifications to borrowers during the quarter ended March 31, 2024, that have an active status or an amortized cost greater than zero.

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended March 31, 2025, was $31,934. There was no accrued interest receivable related to loan modifications to borrowers experiencing financial difficulty for the three months ended March 31, 2024.

There were no loans to borrowers experiencing financial difficulties that subsequently defaulted and that received a modification in the twelve months before default during the three months ended March 31, 2025, and 2024, respectively.

The following table sets forth an aging analysis at March 31, 2025, of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2025:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$ 1,216,045	$ -	$ -
Production and intermediate-term	-	-	59,015
Agribusiness	339,727	-	-
Total	$ 1,555,772	$ -	$ 59,015

There were no additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the three months ended March 31, 2025.

Allowance for Credit Losses

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15 percent of the Association's lending and leasing limit base but the Association's Boards of Directors have generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communications	Energy	Water and wastewater	Rural Residential Real Estate	International	Lease Receivables	Total
Allowance for credit losses on loans:										
Balance at December 31, 2024	$ 4,829,360	$ 306,224	$ 930,090	$ 71,891	$ 21,492	$ 9,415	$ 27,811	$ 9,797	$ 175	$ 6,206,255
Recoveries	-	-	200	-	-	-	-	-	-	200
(Reversal of) provision for credit losses on loans	(205,167)	(65,784)	(52,239)	(5,155)	11,200	(124)	(1,225)	(895)	(33)	(319,422)
Balance at March 31, 2025	$ 4,624,193	$ 240,440	$ 878,051	$ 66,736	$ 32,692	$ 9,291	$ 26,586	$ 8,902	$ 142	$ 5,887,033
Allowance for credit losses on unfunded commitments:										
Balance at December 31, 2024	$ 73,752	$ 49,104	$ 121,740	$ 3,227	$ 992	$ 2,667	$ -	$ 6,053	$ -	$ 257,535
(Reversal of) provision for credit losses on unfunded commitments	(1,149)	(7,200)	(36,663)	(2,960)	(663)	(844)	-	(1,268)	-	(50,747)
Balance at March 31, 2025	$ 72,603	$ 41,904	$ 85,077	$ 267	$ 329	$ 1,823	$ -	$ 4,785	$ -	$ 206,788
Total allowance for credit losses:	$ 4,696,796	$ 282,344	$ 963,128	$ 67,003	$ 33,021	$ 11,114	$ 26,586	$ 13,687	$ 142	$ 6,093,821

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communications	Energy	Water and wastewater	Rural Residential Real Estate	International	Lease Receivables	Total
Allowance for credit losses on loans:										
Balance at December 31, 2023	$ 4,757,449	$ 2,225,962	$ 942,233	$ 60,465	$ 120,123	$ 12,188	$ 32,316	$ 12,092	$ 355	$ 8,163,183
Recoveries	-	3,300	346	-	-	-	-	-	-	3,646
Provision for (reversal of) credit losses on loans	(293,756)	805,142	(5,544)	696	(15,866)	(1,199)	(800)	(841)	(36)	487,796
Balance at March 31, 2024	$ 4,463,693	$ 3,034,404	$ 937,035	$ 61,161	$ 104,257	$ 10,989	$ 31,516	$ 11,251	$ 319	$ 8,654,625
Allowance for credit losses on unfunded commitments:										
Balance at December 31, 2023	$ 23,994	$ 31,049	$ 241,357	$ 2,953	$ 475	$ 2,767	$ -	$ 9,031	$ -	$ 311,626
(Reversal of) provision for credit losses on unfunded commitments	(529)	4,593	(22,532)	(685)	1,173	(23)	-	(121)	-	(18,124)
Balance at March 31, 2024	$ 23,465	$ 35,642	$ 218,825	$ 2,268	$ 1,648	$ 2,744	$ -	$ 8,910	$ -	$ 293,502
Total allowance for credit losses:	$ 4,487,158	$ 3,070,046	$ 1,155,860	$ 63,429	$ 105,905	$ 13,733	$ 31,516	$ 20,161	$ 319	$ 8,948,127

Discussion of Changes in Allowance for Credit Losses

The ACL decreased $369,969 to $6,093,821 at March 31, 2025, as compared to $6,463,790 at December 31, 2024. This is primarily due to a historical loss analysis supporting the adoption of a less punitive probability of default (PD) curve. The PD curve is updated on an annual basis to incorporate changes in internal default trends.

NOTE 3 —LEASES:

The components of lease expense were as follows:

	For the Three Months Ended	
Classification	**March 31, 2025**	March 31, 2024
Operating lease cost	**$ 421,648**	$ 224,598
Net lease cost	**$ 421,648**	$ 224,598

Other information related to leases was as follows:

	For the Three Months Ended	
	March 31, 2025	March 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 310,357**	$ 215,571

Lease term and discount rate are as follows:

	March 31, 2025	December 31, 2024
Weighted average remaining lease term in years		
Operating leases	**9.1**	9.4
Weighted average discount rate		
Operating leases	**3.8%**	3.9%

Future minimum lease payments under non-cancellable leases as of March 31, 2025, were as follows:

	Operating Leases
2025	1,173,403
2026	1,405,132
2027	1,312,883
2028	1,301,348
2029	1,226,765
Thereafter	6,586,516
Total lease payments	$ 13,006,047

NOTE 4 — CAPITAL:

The Association's Board of Directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the Association's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the Board of Directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an Association's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the Board.

Regulatory Capitalization Requirements

Risk-adjusted:	Regulatory Minimums with Buffer	As of March 31, 2025
Common equity tier 1 ratio	7.00%	13.64%
Tier 1 capital ratio	8.50%	13.64%
Total capital ratio	10.50%	13.85%
Permanent capital ratio	7.00%	13.67%
Non-risk-adjusted:		
Tier 1 leverage ratio	5.00%	13.94%
UREE leverage ratio	1.50%	13.74%

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

Risk-adjusted assets is calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the deduction of the allowance for credit losses from risk-adjusted assets for the permanent capital ratio.

The ratios are based on a three-month average daily balance in accordance with FCA regulations and are calculated as follows:

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

If the capital ratios fall below the minimum regulatory requirements, including the capital conservation and leverage buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary bonus payments to senior officers are restricted or prohibited without prior FCA approval.

The details for the amounts used in the calculation of the regulatory capital ratios as of March 31, 2025:

	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 294,950,872	$ 294,950,872	$ 294,950,872	$ 294,950,872
Paid-in capital	123,822,771	123,822,771	123,822,771	123,822,771
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	6,256,800	6,256,800	6,256,800	6,256,800
Nonqualified allocated equities not subject to revolvement	65,733,966	65,733,966	65,733,966	65,733,966
Allowance for credit losses subject to certain limitations	-	-	6,411,733	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(58,030,954)	(58,030,954)	(58,030,954)	(58,030,954)
	$ 432,733,455	$ 432,733,455	$ 439,145,188	$ 432,733,455
Denominator:				
Risk-adjusted assets excluding allowance	$ 3,229,602,913	$ 3,229,602,913	$ 3,229,602,913	$ 3,229,602,913
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(58,030,954)	(58,030,954)	(58,030,954)	(58,030,954)
Allowance for credit losses on loans	-	-	-	(6,158,097)
	$ 3,171,571,959	$ 3,171,571,959	$ 3,171,571,959	$ 3,165,413,862

	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	$ 294,950,872	$ 294,950,872
Paid-in capital	123,822,771	123,822,771
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	6,256,800	-
Nonqualified allocated equities not subject to revolvement	65,733,966	65,733,966
Amount of allocated investments in other System institutions	(58,030,954)	(58,030,954)
	$ 432,733,455	$ 426,476,655
Denominator:		
Total Assets	3,163,430,446	3,163,430,446
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(59,277,346)	(59,277,346)
	$ 3,104,153,100	$ 3,104,153,100

	March 31, 2025	December 31, 2024
Capital stock and participation certificates	$ 6,266,685	$ 6,245,530
Additional paid-in-capital	123,813,880	123,813,880
Retained earnings	371,395,411	355,059,993
Accumulated other comprehensive income	(284,408)	(277,778)
Total capital	$ 501,191,568	$ 484,841,625

The Association's accumulated other comprehensive income relates entirely to its nonpension other postretirement benefits. The following table summarizes the change in accumulated other comprehensive income for the three months ended March 31, 2025:

	2025	2024
Accumulated other comprehensive (loss) income at January 1	$ (277,778)	$ 35,125
Amortization of prior service credits included in salaries and employee benefits	(6,630)	(6,630)
Other comprehensive loss	(6,630)	(6,630)
Accumulated other comprehensive (loss) income at March 31	$ (284,408)	$ 28,495

NOTE 5 — INCOME TAXES:

AgTrust, ACA conducts its business activities through two wholly owned subsidiaries. Long-term mortgage lending activities are conducted through a wholly owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are conducted through a wholly owned PCA subsidiary. The PCA subsidiary and the ACA holding company are subject to income tax. AgTrust, ACA operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, AgTrust, ACA can exclude from taxable income amounts distributed as qualified patronage in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage. Deferred taxes are recorded at the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the institution and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized.

As of March 31, 2025, the deferred income tax valuation allowance was $11,964,216.

NOTE 6 — FAIR VALUE MEASUREMENTS:

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 14 in the 2024 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

March 31, 2025	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in non-qualified benefits trusts	**$1,160,517**	**$ -**	**$ -**	**$ 1,160,517**
Total assets	**$1,160,517**	**$ -**	**$ -**	**$ 1,160,517**

December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Assets held in non-qualified benefits trusts	$ 974,997	$ -	$ -	$ 974,997
Total assets	$ 974,997	$ -	$ -	$ 974,997

Assets and liabilities measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

March 31, 2025	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$ -**	**$ -**
Other property owned	**-**	**-**	**1,107,128**	**1,107,128**

December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ 60,748	$ 60,748
Other property owned	-	-	1,579,844	1,579,844

Valuation Techniques

As more fully discussed in Note 2 to the 2024 Annual Report to Stockholders, authoritative 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. The following represent a brief summary of the valuation techniques used for the Association's assets and liabilities. For a more complete description, see the 2024 Annual Report to Stockholders.

Assets Held in Nonqualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Standby Letters of Credit

The fair value of letters of credit approximates the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

Loans Evaluated for Impairment

For certain loans evaluated for impairment 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 the other property owned involves the use of independent appraisals and other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. As a result, these fair value measurements fall within Level 3 of the hierarchy.

NOTE 7 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs for other postretirement benefit costs for the three months ended March 31:

Three months ended March 31:

	Other Benefits	
	2025	2024
Service cost	**$ 23,868**	$ 21,299
Interest cost	**85,550**	81,644
Amortization of prior service (credits) costs	**(6,630)**	(6,630)
Net periodic benefit cost	**$ 102,788**	$ 96,313

The Association's liability for the unfunded accumulated obligation for these benefits at March 31, 2025, was $6,569,127 and is included in other liabilities on the balance sheet.

The components of net periodic benefit cost other than the service cost component are included in the line item "other components of net periodic postretirement benefit cost" in the income statement.

The structure of the district's defined benefit pension plan is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (Bank and Associations). The Association recognizes its amortized annual contributions to the plan as an expense. As of March 31, 2025, $239,145 of contributions have been made. As of March 31, 2025, the Association has expensed and recognized $59,786.

NOTE 8 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Association is involved in various legal proceedings in the normal course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the Association.

NOTE 9 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through May 9, 2025, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of May 9, 2025.