Yosemite Farm Credit

MARCH 2025

QUARTERLY REPORT

HELPING OUR MEMBERS PROSPER!

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A MESSAGE TO OUR MEMBERS

Financial Highlights

We are pleased to inform you of the Association's financial progress during the three months ending March 31, 2025. The financial condition of the Association is sound. The Association remains capitalized to withstand adversity, sufficiently liquid to meet obligations as they come due, and able to earn profits to further enhance total shareholders' equity. This quarterly shareholder report was prepared under the oversight of the Audit Committee.

Loans decreased by $18.9 million in the three months ended March 31, 2025. The decrease is primarily due to pay downs by members, partially offset by new loans and advances on existing loans.

The note payable to CoBank, ACB (CoBank) decreased $124.9 million from year-end due to pay down on loans as explained above, and by the receipt of 2024 CoBank patronage and Association earnings.

The Association's first quarter 2025 net earnings were $30.2 million, which is approximately $1.1 million higher than the same period in the prior year.

Net interest income before the provision for credit losses decreased $0.6 million during the first quarter compared to the same period last year. The decrease was primarily due to lower interest rates resulting in decreased income on Association owned funds.

The quarterly review of credit risk resulted in the Association recording a provision for credit losses of $0.1 million in the first quarter 2025, compared to $0.3 million in the first quarter 2024.

The Association's total non-interest expense increased approximately $0.6 million during the first quarter compared to the same period prior year. The increase was due to a $0.5 million increase in salaries, benefits, other operating expenses, and $0.1 million in Farm Credit Insurance Fund premiums due to portfolio growth.

Credit quality decreased to 93.7% Acceptable/OAEM at March 31, 2025, compared to 95.5% at March 31, 2024. Nonaccrual loan volume is $105.7 million and represents 2.2% of total loan volume. The volume of delinquent accounts of accrual loans and leases decrease to 1.2% compared to 1.8% as of March 31, 2024. The overall decrease in credit quality was driven by back to back years of low commodity prices in our almond and fruit & tree nut commodities.

The Association advance conditional payment accounts, offering an interest rate up to 3.85% for the month of March, increased $39.0 million from $100.8 million at year-end to $139.8 million at March 31, 2025.

Thank you

To our Members, we appreciate the confidence you have placed in the Yosemite Farm Credit Team. It is a privilege to serve you. To our prospective Members, we welcome the opportunity to assist with your agricultural financing needs.

Thomas J. Maring
Board Chair

Tracy V. Sparks
President and CEO

Matthew McNelis
Executive VP and CFO

The Shareholders' investment in the Association is materially affected by the financial condition and the results of operations of CoBank. The CoBank, FCB and CoBank District quarterly and annual reports are available free of charge by accessing CoBank's website, www.Cobank.com, or may be obtained at no charge by contacting us at 806 W. Monte Vista Avenue, P.O. Box 3278, Turlock California, 95381-3278 or by calling (209) 667-2366.

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF CONDITION
March 31, 2025
($ in thousands)

	March 31, 2025 (unaudited)	December 31, 2024 (audited)
ASSETS		
Loans	$ 4,723,657	$ 4,742,565
Less allowance for loan losses	13,044	13,090
Net loans	4,710,613	4,729,475
Cash	940	21,814
Investment securities - held-to-maturity	1,313	1,506
Accrued interest receivable	56,641	94,538
Investment in CoBank, ACB	118,905	117,955
Premises and equipment, net	17,358	17,685
Other assets	12,758	31,650
Total assets	$ 4,918,528	$ 5,014,623
LIABILITIES		
Note payable to CoBank, ACB	$ 3,900,998	$ 4,025,931
Advance conditional payments	139,757	100,785
Accrued interest payable	12,822	13,284
Patronage distribution payable	—	36,200
Other liabilities	9,985	13,655
Total liabilities	4,063,562	4,189,855
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock and participation certificates	1,881	1,900
Unallocated retained earnings	853,085	822,868
Accumulated other comprehensive Income	—	—
Total shareholders' equity	854,966	824,768
Total liabilities and shareholders' equity	$ 4,918,528	$ 5,014,623

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

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
March 31, 2025
($ in thousands)

	Quarter Ended 3/31/2025	Quarter Ended 3/31/2024 (unaudited)
INTEREST INCOME		
Loans	$ 72,979	$ 74,802
Investment securities	19	28
Total interest income	72,998	74,830
INTEREST EXPENSE		
Note payable to CoBank, ACB	37,495	38,476
Advance conditional payments	1,279	1,551
Total interest expense	38,774	40,027
Net interest income	34,224	34,803
Provision for credit losses	128	337
Net interest income after provision for credit losses	34,096	34,466
NON-INTEREST INCOME		
Patronage distribution from Farm Credit Institutions	6,742	5,898
Financially related services income	31	23
Other non-interest income	1,676	431
Total non-interest income	8,449	6,352
NON-INTEREST EXPENSE		
Salaries and employee benefits	8,324	7,613
Occupancy and equipment	466	535
Farm Credit Insurance Fund premium	967	896
Other non-interest expense	2,571	2,677
Total non-interest expense	12,328	11,721
Income before income taxes	30,217	29,097
Provision for income taxes	—	2
Net income	$ 30,217	$ 29,095
COMPREHENSIVE INCOME		
Amortization of retirement costs	—	—
Total comprehensive income	$ 30,217	$ 29,095

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

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
March 31, 2025
($ in thousands)

	Capital Stock & Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2023	$ 1,911	$ 759,938	$ 1	$ 761,850
Comprehensive income		29,095		29,095
Stock and participation certificates issued	21			21
Stock and participation certificates retired	(34)			(34)
Balance at March 31, 2024 (unaudited)	$ 1,898	$ 789,033	$ 1	$ 790,932
Balance at December 31, 2024	$ 1,900	$ 822,868	$ —	$ 824,768
Comprehensive income		30,217		30,217
Stock and participation certificates issued	19			19
Stock and participation certificates retired	(38)			(38)
Balance at March 31, 2025 (unaudited)	1,881	853,085	$ —	$ 854,966

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

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF CASH FLOWS
March 31, 2025
($ in thousands)

	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 30,217	$ 29,095
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	128	337
Depreciation and amortization	329	323
Gain on sale of premises and equipment	(20)	—
Stock patronage received from CoBank	(244)	(226)
Changes in operating assets and liabilities:		
Decrease in accrued interest receivable	37,897	34,320
Decrease in other assets	18,187	16,177
(Decrease)/increase in accrued interest payable	(462)	252
Decrease in other liabilities	(3,845)	(2,231)
Net cash provided by operating activities	82,187	78,047
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease/increase in loans	18,908	(2,382)
Retirement of stock in CoBank	—	—
Payments received on investment securities	193	247
Purchase of premises and equipment, net	18	(206)
Net cash provided by/(used) in investing activities	19,119	(2,341)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment on note payable to CoBank	(124,933)	(60,649)
Increase/(decrease) in advance conditional payments	38,972	(6,345)
Patronage distributions	(36,200)	(33,500)
Retirement of capital stock and participation certificates, net	(19)	(13)
Net cash used in financing activities	(122,180)	(100,507)
Net decrease in cash	(20,874)	(24,801)
Cash at beginning of period	21,814	24,801
Cash at end of period	$ 940	$ —
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 39,236	$ 39,775
Cash paid for income taxes	$ —	$ —
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Net charge-offs	$ —	$ —
Transfer of allowance to reserve for unfunded commitments	$ (174)	$ (219)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Thousands, Except as Noted)
(Unaudited)

Note 1 – Organization and Significant Accounting Policies

A description of the organization and operations of Yosemite Farm Credit, ACA, the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2024, are contained in the 2024 Annual Report to Shareholders. These unaudited first quarter 2025 financial statements should be read in conjunction with the 2024 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with GAAP for interim financial information. Certain disclosures included in the annual financial statements have been considered or omitted from these financial statements as they are not required for interim financial statements under U.S. GAAP and the rules of the Farm Credit Administration (FCA). This report 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 Shareholders.

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 Shareholders. 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 Issued or Adopted Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities, and require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e).
- Include certain amounts that are already required to be disclosed under current generally accepted accounting principles (GAAP) in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Association is currently assessing the potential impact of this standard on its disclosures.

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09 - Income Taxes: Improvements to Income Tax Disclosures." The amendments in this ASU 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 enhanced rate reconciliation will require tabular reporting by amount and percentage for specifically defined reconciling items as well as additional information for reconciling items that meet a quantitative threshold of greater than 5 percent of the amount computed by multiplying pre-tax income by the applicable statutory income tax rate. The ASU will also eliminate the requirement to disclose an estimate of the range of the reasonably possible change in the unrecognized tax benefits balances in the next 12 months. The amendments in this ASU are effective for public business entity for annual periods beginning after December 15, 2024 and should be applied on a prospective basis, although retrospective application is permitted. The adoption of this guidance is not expected to have a material impact on our consolidated financial position, results of operations or cash flows. Income taxes paid will require disaggregated disclosure by federal, state, and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid.

In November 2023, the FASB issued ASU 2023-07 - Segment Reporting: Improvements to Reportable Segment Disclosures. The amendments in this ASU improve reportable segment disclosure but do not change the definition of segment, method of determining a segment of the criteria for aggregating operating segments. The standard requires a public entity to disclose, on an annual and interim basis, the following:

- significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss,
- composition and aggregate amount of other segment items, which represent the difference between profit or loss and segment revenues less significant segment expenses,
- the title and position of the CODM, and
- an explanation of how the CODM uses the reported segment measures in assessing segment performance and deciding how to allocate resources.

Even if a public entity has a single reportable segment, it is required to provide all disclosures set forth in the standard and all existing segment disclosures. The ASU became effective for for the annual financial statement period ended December 31, 2024, and interim financial statements period ended March 31, 2025 under a modified retrospective approach. The adoption of this guidance did not have an impact on our financial condition or results of operations.

Note 2 – Loans and Allowance for Loan Losses

A summary of loans by type follows:

	March 31, 2025	December 31, 2024
Real estate mortgage	$ 3,159,377	$ 3,185,194
Production & intermediate-term	837,501	877,283
Agribusiness	603,420	581,507
Communication	53,108	46,838
Energy	57,532	49,020
Water/Waste Disposal	11,266	1,257
Rural Resident Real Estate	1,453	1,466
Total	$ 4,723,657	$ 4,742,565

Accrued interest receivable on loans of $56.6 million and $94.5 million at March 31, 2025, and December 31, 2024, have been excluded from the amortized cost of loans and reported separately in the Condensed Combined Statement of Condition. The Association has not written off any accrued interest receivable for the three months ended March 31, 2025.

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

The following table presents information regarding participation purchased and sold at March 31, 2025:

	Participations with Other Farm Credit Institutions		Participations with Non-Farm Credit Institutions		Total Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 212,486	$ 378,084	$ —	$ —	$ 212,486	$ 378,084
Production and intermediate-term	117,881	144,984	—	—	117,881	144,984
Agribusiness	458,707	106,291	4,984	—	463,691	106,291
Communication	53,108	—	—	—	53,108	—
Energy	57,532	—	—	—	57,532	—
Water/Waste Disposal	11,266	—	—	—	11,266	—
Total	$ 910,980	$ 629,359	$ 4,984	$ —	$ 915,964	$ 629,359

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 entity 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, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The entity 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 institution 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,
- doubtful — assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable, and
- loss — assets are considered uncollectible.

The following table shows loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of:

	March 31, 2025	December 31, 2024
Real estate mortgage		
Acceptable	88.5 %	90.4 %
OAEM	5.5	4.2
Substandard	6.0	5.4
Total	100.0 %	100.0 %
Production & intermediate-term		
Acceptable	84.1 %	87.7 %
OAEM	7.6	5.6
Substandard	8.2	6.6
Doubtful	0.1	0.1
Total	100.0 %	100.0 %
Agribusiness		
Acceptable	90.4 %	89.5 %
OAEM	3.5	3.9
Substandard	4.3	4.7
Doubtful	1.8	1.9
Total	100.0 %	100.0 %
Communication		
Acceptable	100.0 %	100.0 %
Total	100.0 %	100.0 %
Energy		
Acceptable	100.0 %	100.0 %
Total	100.0 %	100.0 %
Water/Waste Disposal		
Acceptable	88.8 %	— %
Doubtful	11.2 %	100.0 %
Total	100.0 %	100.0 %
Rural residential real estate		
Acceptable	100.0 %	100.0 %
Total	100.0 %	100.0 %
All Loans		
Acceptable	88.2 %	89.9 %
OAEM	5.5	4.4
Substandard	6.1	5.5
Doubtful	0.2	0.2
Total	100.0 %	100.0 %

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	$ 64,642	$ 33,544
Production and intermediate-term	8,729	7,023
Agribusiness	31,109	32,640
Water/Waste Disposal	$ 1,257	$ 1,257
Total nonaccrual loans	$ 105,737	$ 74,464
Accrual loans 90 days or more past due		
Real estate mortgage	19,675	13,948
Production and intermediate-term	5,035	217
Agribusiness	5,145	—
Total accruing loans 90 days or more past due	29,855	14,165
Total nonperforming loans	135,592	88,629
Other property owned	—	—
Total nonperforming assets	$ 135,592	$ 88,629
Nonaccrual loans as a percentage of total loans	2.24 %	1.57 %
Nonperforming assets as a percentage of total loans and other property owned	2.87 %	1.87 %
Nonperforming assets as a percentage of capital	15.86 %	10.75 %

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 ending March 31, 2025 and December 31, 2024.

March 31, 2025	Amortized Cost with Allowance	Amortized Cost without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$ —	$ 64,642	$ 89
Production and intermediate-term	770	7,959	5
Agribusiness	28,425	2,684	—
Water/Waste Disposal	1,257	—	—
Total nonaccrual loans	$ 30,452	$ 75,285	$ 94

December 31, 2024	Amortized Cost with Allowance	Amortized Cost without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$ —	$ 33,544	$ 428
Production and intermediate-term	770	6,253	247
Agribusiness	28,559	4,081	6
Water/Waste Disposal	1,257	—	—
Total nonaccrual loans	$ 30,586	$ 43,878	$ 681

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	$ 6,477	$ 89,472	$ 95,949	$ 3,063,428	$ 3,159,377	$ 19,675
Production and intermediate-term	17,292	11,867	29,159	808,342	837,501	5,035
Agribusiness	2,831	11,988	14,819	588,601	603,420	5,145
Communication	—	—	—	53,108	53,108	—
Energy	—	—	—	57,532	57,532	—
Water/Waste Disposal	—	—	—	11,266	11,266	—
Rural residential real estate	—	—	—	1,453	1,453	—
Total	$ 26,600	$ 113,327	$ 139,927	$ 4,583,730	$ 4,723,657	$ 29,855

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	$ 2,511	$ 37,662	$ 40,173	$ 3,145,021	$ 3,185,194	$ 13,948
Production and intermediate-term	3,335	5,639	8,974	868,309	877,283	217
Agribusiness	145	10,958	11,103	570,404	581,507	—
Communication	—	—	—	46,838	46,838	—
Energy	—	—	—	49,020	49,020	—
Water/Waste Disposal	—	—	—	1,257	1,257	—
Rural residential real estate	—	—	—	1,466	1,466	—
Total	$ 5,991	$ 54,259	$ 60,250	$ 4,682,315	$ 4,742,565	$ 14,165

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

Loan Modifications to Borrowers Expecting Financial Difficulties

Upon the adoption of the guidance, Financial Instruments - Credit Losses, Troubled Debt Restructurings and Vintage Disclosure, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty. Loan modifications are negotiated and administered under the Farm Credit Administration's Borrower Rights regulations and Yosemite Farm Credit, ACA Borrower Rights policy to support members who are experiencing financial difficulty. Our loan modifications are handled on a case-by-case basis to achieve mutually agreeable terms that maximize loan collectability and meet the borrower's financial needs. Modifications can be in the form of one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant payment delay or term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during the first quarter of 2025 and 2024, disaggregated by loan type and type of modification granted.

	For the Quarter Ended March 31, 2025				
	Term or Payment Extension	Payment Deferral	Combination – Term or Payment Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Real estate mortgage	$ —	$ 8,513	$ 1,294	$ 9,807	0.31 %
Production & intermediate-term	3,065	4,609	118	7,792	0.93 %
Agribusiness	832	999	—	1,831	0.30 %
Total	$ 3,897	$ 14,121	$ 1,412	$ 19,430	0.41 %

	For the Quarter Ended March 31, 2024				
	Term or Payment Extension	Payment Deferral	Combination – Term or Payment Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 6,612	$ 11,494	$ —	$ 18,106	0.59 %
Production & intermediate-term	2,487	229	500	3,216	0.45 %
Total	$ 9,099	$ 11,723	$ 500	$ 21,322	0.48 %

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended March 31, 2025, and March 31, 2024 was $1.2 million and $0.5 million, respectively

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2025:

	Term or Payment Extension
	Financial Effect
Production & intermediate-term	Increased weighted-average maturities on loans by 617 days
Agribusiness	Increased weighted-average maturities on loans by 456 days

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted-average 395 days payment deferral
Production & intermediate-term	Provided a weighted-average 507 days payment deferral
Agribusiness	Provided a weighted-average 485 days payment deferral

	Combination - Term or Payment Extension and Payment Deferral
	Financial Effect
Real estate mortgage	Increased weighted-average maturities on loans by 4,125 days
Real estate mortgage	Provided a weighted-average 730 days payment deferral
Production & intermediate-term	Increased weighted-average maturities on loans by 1,072 days
Production & intermediate-term	Provided a weighted-average 730 days payment deferral

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2024:

	Term or Payment Extension
	Financial Effect
Real estate mortgage	Increased weighted-average maturities on loans by 4,746 days
Production & intermediate-term	Increased weighted-average maturities on loans by 945 days

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted-average 416 days payment deferral
Production & intermediate-term	Provided a weighted-average 335 days payment deferral

	Combination - Term or Payment Extension and Payment Deferral
	Financial Effect
Production & intermediate-term	Increased weighted-average maturities on loans by 3,611 days
Production & intermediate-term	Provided a weighted-average 122 days payment deferral

There were no loans that were reported as loan modifications granted to borrowers experiencing financial difficulty that were modified in the 12 months prior to March 31, 2024, or 2025, that had a payment default in the three months ended March 31, 2024, or 2025, respectively.

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

	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	$ 27,291	$ —	$ 15,114
Production & intermediate-term	11,231	960	13,477
Agribusiness	1,665	—	7,939
Total	$ 40,187	$ 960	$ 36,530

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2024 ($ thousands):

	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	$ 16,217	$ 1,615	$ 10,104
Production & intermediate-term	3,270	—	835
Total	$ 19,487	$ 1,615	$ 10,939

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the three months ended March 31, 2025, and 2024 were $1.9 million and $0.8 million, respectively.

Allowance for Credit Losses

The credit risk rating methodology is a key component of the institution's allowance for credit losses evaluation, and is generally incorporated into the institution's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the institution to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the institution's lending and leasing limit base but the institutions' boards of directors have generally established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities, and to the Banks' (other than CoBank) loan participations.

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

Allowance for Loan Losses	Balance at December 31, 2024	Charge-offs and Recoveries Net	Transfers (to) from Reserve for Unfunded Commitments	Provision for loan losses (loan loss reversals)	Balance at March 31, 2025
Real estate mortgage	$ 2,272	$ —	$ 14	$ (58)	$ 2,228
Production and intermediate-term	2,418	—	(126)	388	2,680
Agribusiness	7,769	—	(91)	(181)	7,497
Communication	201	—	29	(33)	197
Energy	41	—	—	12	53
Water/Waste Disposal	388	—	—	—	388
Rural residential real estate	1	—	—	—	1
Total	$ 13,090	$ —	$ (174)	$ 128	$ 13,044

Allowance for Unfunded Commitment	Balance at December 31, 2024	Transfers from (to) Allowance for Loan Losses	Balance at March 31, 2025	Total allowance for credit losses
Real estate mortgage	$ 285	$ (14)	$ 271	$ 2,499
Production & intermediate-term	1,107	126	1,233	3,913
Agribusiness	136	91	227	7,724
Communication	121	(29)	92	289
Energy	43	—	43	96
Water/Waste Disposal	—	—	—	388
Rural residential real estate	—	—	—	1
Total	$ 1,692	$ 174	$ 1,866	$ 14,910

Total allowance for credit losses includes the provision for credit losses/(credit loss reversals) of $13,044 thousand plus the allowance for unfunded commitment of $1,866 thousand.

Allowance for Loan Losses	Balance at December 31, 2023	Charge-offs and Recoveries Net	Transfers (to) from Reserve for Unfunded Commitments	Provision for loan losses (loan loss reversals)	Balance at March 31, 2024
Real estate mortgage	$ 839	$ —	$ 14	$ 30	$ 883
Production and intermediate-term	3,125	—	(133)	470	3,462
Agribusiness	1,413	—	(109)	(94)	1,210
Communication	130	—	(2)	(22)	106
Energy	69	—	11	(47)	33
Rural residential real estate	1	—	—	—	1
Total	$ 5,577	$ —	$ (219)	$ 337	$ 5,695

Allowance for Unfunded Commitment	Balance at December 31, 2023	Transfers from (to) Allowance for Loan Losses	Balance at March 31, 2024	Total allowance for credit losses
Real estate mortgage	$ 85	$ (14)	$ 71	$ 954
Production & intermediate-term	1,022	133	1,155	4,617
Agribusiness	67	109	176	1,386
Communication	138	2	140	246
Energy	23	(11)	12	45
Rural residential real estate	—	—	—	1
Total	$ 1,335	$ 219	$ 1,554	$ 7,249

The allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures. The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancellable. The ACL comprises the allowance for credit losses on loans (ACLL) and the allowance for unfunded commitments, which is presented on the balance sheet in other liabilities. The association uses a single economic scenario over reasonable and supportable forecast period of 12 months. Subsequent to the forecast period, the institution explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the expected life of the loan portfolio. The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables, including unemployment rates, real gross domestic product levels, inflation rates, federal funds rate, export levels and government and consumer spending, as well as agricultural commodity and input prices.

Note 3 – Capital

The following sets forth the regulatory capital ratio requirements and ratios at March 31, 2025:

Ratios	**Ratios as of March 31, 2025**	**Minimum with Buffer***	**Minimum Requirement**
Common Equity Tier 1 Capital	13.99%	7.0%	4.5%
Tier 1 Capital	13.99%	8.5%	6.0%
Total Capital	14.28%	10.5%	8.0%
Tier 1 Leverage**	15.00%	5.0%	4.0%
Unallocated Retained Earnings (URE) and URE Equivalents Leverage	14.96%	1.5%	1.5%
Permanent Capital	14.03%	7.0%	7.0%

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

An existing regulation empowers FCA to direct a transfer of funds or equities by one or more System institutions to another System institution under specified circumstances. This regulation has not been utilized to date. The Association has not been called upon to initiate any transfers and is not aware of any proposed action under this regulation.

Note 4 – 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. The fair value measurement is not an indication of liquidity. See Note 16 to the 2024 Annual Report to Shareholders for a more complete description. There are no assets or liabilities measured at fair value on a recurring basis at March 31, 2025.

Assets and liabilities measured at fair value on a non-recurring basis are summarized below ($ thousands).

March 31, 2025	Total Fair Value Level 3	Total Gains (Losses)
Assets:		
Impaired loans	$23,010.7	$(7,441.5)

December 31, 2024	Total Fair Value Level 3	Total Gains (Losses)
Assets:		
Impaired loans	$22,674.8	$(7,911.1)

With regard to nonrecurring measurements for impaired loans, it is not practicable to provide specific information on inputs as each collateral property is unique. The Association utilizes appraisals to value these loans and take into account unobservable inputs such as, income and expense, comparable sales, replacement cost and comparability adjustments.

Valuation Techniques

As more fully discussed in Note 16 of the 2024 Annual Report to Shareholders, the FASB 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 by the System institution for assets and liabilities measured at fair value. For a more complete description, see Notes to the 2024 Annual Report to Shareholders.

> ***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.

Note 5 – Subsequent Events

The Association has evaluated subsequent events through May 2, 2025, which is the date the financial statements were issued, and no material subsequent events were identified.