Quarterly Report
June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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FORWARD-LOOKING INFORMATION

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

AGRICULTURAL AND ECONOMIC CONDITIONS

This agricultural and economic conditions summary for the second quarter of 2025 focuses on overall macroeconomic conditions, as well as agricultural economic conditions with focus on agricultural commodities of significant impact to the Compeer portfolio, including grain, dairy, and swine. Macroeconomically, current inflation, unemployment, and other associated data were considered.

The Compeer portfolio continues to maintain low delinquencies and strong credit quality. While grain prices remain challenging, dairy and hog industries benefited from lower feed costs and continue to experience prices that result in solid financial positions. Macroeconomically, the labor market is remarkably stable, inflation is somewhat elevated, and the Federal Reserve funds target rate stayed constant throughout the second quarter of 2025. Economic uncertainty continued to rise, particularly in early April 2025 and again in mid-May 2025, due to uncertainty around fiscal policy, including but not limited to trade policy and tariffs. This caused initial volatility in equity and bond markets during the second quarter of 2025, which then stabilized as the quarter progressed. Despite broader macroeconomic uncertainty, Compeer's core markets remained relatively consistent throughout this time period.

Agricultural Conditions
The United States Department of Agriculture (USDA) Economic Research Service estimated a $180.1 billion net farm income forecast for 2025. A significant portion of the expected net farm income growth stemmed from the forecasted $33.1 billion increase in direct government payments to farms in 2025, much of which is from the supplemental ad hoc disaster assistance provided to farmers and ranchers through the American Relief Act enacted in December 2024. The One Big Beautiful Bill Act, enacted in July 2025, includes increases in pricing formulas for traditional Farm Bill Title I Commodity programs, that will further increase forecast direct government payments for crop year 2025, but not paid until 2026. Revenue protection crop insurance guarantees were set in February 2025 with CME Group based average discovery prices of $4.70 per bushel for corn and $10.54 per bushel for soybeans. The February 2025 price discovery values are higher than the second quarter of 2025 World Agricultural Supply and Demand Estimate (WASDE) and CME Group traded prices.

Industry Conditions
The following forecasts focus on commodities with the highest concentrations in Compeer's loan portfolio. These forecasts apply to the industry in general, and individual producers might experience varying performance levels relative to the industry.

<u>Grain</u>
The June 2025 USDA Acreage report estimated corn planted area for all purposes in 2025 at 95.2 million acres, up 5% or 4.61 million acres from last year. This represented the third highest planted acreage ever in the United States (U.S.). Area harvested for corn grain, at 86.8 million acres, was also up 5% from last year. Soybean planted area for 2025 was estimated at 83.4 million acres, down 4% from last year. Illinois, Minnesota, and Wisconsin reported 22.74, 19.17, and 7.91 million planted acres across all commodities respectively. All three states' corn acres were up, while overall planted acres were down slightly from 2024 reporting. In the June 2025 Quarterly Grain Stocks report, corn stocks totaled 4.64 billion bushels, down 7% year-over-year, while soybeans stocks totaled 1.01 billion bushels, up 4% year-over-year.

The July 2025 USDA WASDE report forecasted the 2025/26 U.S. corn outlook at lower supplies, domestic use, and ending stocks; however, the forecast season-average farm price received by producers remained unchanged at $4.20 per bushel. Lower corn stocks reflected an increase in exports that was partly offset by lower feed and residual use for 2024/25. The 2025/26 outlook for U.S. soybeans forecasted slightly lower production, higher crush, reduced exports, and increased ending stocks compared to the June 2025 WASDE which caused the bean forecast to drop to $10.10 per bushel, $0.15 lower. With higher soybean oil prices supporting crush margins and higher crush in 2025/26, soybean meal production was raised to 1.2 million short tons. With lower U.S. soybean exports partly offset by higher crush, ending stocks were increased to 310 million short tons. The soybean meal price was lowered $20 to $290 per short ton and the soybean oil price was raised $0.07 to $0.53 per pound.

Dairy

The June 2025 USDA Milk Production report showed a 1.6% increase in milk production in the U.S. during May 2025, for total production of 19.9 billion pounds. Production per cow in the U.S. averaged 2,110 pounds for May 2025, 7 pounds above May 2024. The number of milk cows on farms in the U.S. continued to increase slightly, at 9.45 million head in May 2025, 114,000 head more than May 2024, and 5,000 head more than April 2025. Despite this national growth, declines in cow numbers and milk production continued in Wisconsin, Minnesota, and Illinois.

Due to the increases in both cows and production per cow, national production estimates continued to forecast more milk supply, while demand has varied depending on class. Butter, nonfat dry milk (NDM), and whey prices increased in the July 2025 WASDE report on robust demand. In July 2025, the Class IV price was raised to $19.05 per hundredweight (cwt) from $18.85 per cwt in June 2025 on higher butter and NDM prices. In contrast, the Class III price for July 2025 was lowered to $18.50 per cwt from $18.65 per cwt in June 2025, as lower cheese prices and demand more than offset higher whey prices. The July 2025 all milk price was forecast to be higher at $22 per cwt, an increase from the end of first quarter of 2025, but still lower than the beginning of 2025.

Swine

The June 2025 USDA Quarterly Hogs and Pigs report showed U.S. inventory of all hogs and pigs at 75.1 million head, slightly up year-over-year and an increase over the first quarter of 2025. Breeding inventory, at 5.98 million head, was down slightly from last year, and down slightly from the previous quarter. Market hog inventory stood at 69.2 million head, slightly up from last year. Pigs per litter averaged 11.75 during the second quarter of 2025. Operations with over 5,000 hogs under contract comprised 53% of the total inventory, up 1% from the prior year. The July 2025 WASDE projected the live equivalent price at $69.69 per cwt for the second quarter of 2025 and $76 per cwt for the third quarter of 2025, both increases over prior reports despite increased hog production.

Economic Conditions

During the second quarter of 2025, the national nonfarm unemployment rate showed little change, staying at 4.2% for both April 2025 and May 2025, before falling minimally to 4.1% in June 2025. Seasonally adjusted job growth was 158,000 in April 2025, 144,000 in May 2025, and 147,000 in June 2025, showing an overall stable job market. The Personal Consumption Expenditures index indicated year-over-year inflation at 2.2% in April 2025 and 2.3% in May 2025 and showed personal income, outlays, and savings all decreased during the same timeframe. Declines in energy-related expenditures were a major cause of lower inflation and outlays early in the second quarter of 2025.

In response to somewhat elevated inflation and solid unemployment data, the Federal Reserve continued their 2025 rates pause, leaving the Federal Funds target rate at 4.25-4.5%. The Federal Reserve slowed their pace of quantitative tightening in April 2025 and continued the slower pace into May 2025 and June 2025. During the second quarter of 2025, 30-year fixed rate mortgage rates rose quickly before moderating and then falling, ending the second quarter of 2025 at 6.7% near where rates began the quarter. The June 2025 release of the S&P CoreLogic Case-Shiller Index continued to rise unadjusted, although when adjusted for seasonality showed some slight pullback in house pricing at 327.9 points and a slower monthly growth rate of 0.61% month-over-month.

Trade policy impacts on economic conditions were evident, especially in the early part of the second quarter when bond markets experienced volatility. Volatility eased as the quarter progressed. Real gross domestic product growth showed a decrease at an annual rate of 0.5% in the first quarter of 2025, according to the third estimate released by the U.S. Bureau of Economic Analysis in June 2025, primarily driven by increased imports ahead of new tariff policies set for the second quarter of 2025.

Throughout the second quarter of 2025, a 10% baseline tariff across all imports was in effect as well as higher rates for some categories or goods and countries of origin. An exemption from new tariffs for items covered under prior trade policy in the United States Mexico Canada Agreement was in place (which included most agricultural goods traded with Mexico and Canada). A 90-day pause on reciprocal tariff policy was also in effect throughout the second quarter of 2025. In April 2025, additional tariffs on imports from China increased to 145% and were matched with 125% counter-tariffs by China on U.S. exports before being lowered to an additional 30% in mid-May 2025 while negotiations continued on a permanent agreement. WASDE reports in April 2025, May 2025, and June 2025 contained a disclaimer that “the WASDE report only considers trade policies that are in effect at the time of publication and assumes that these policies remain in place for the duration of the forecast period.” However, this additional disclaimer was dropped in the July 2025 WASDE report.

LOANS HELD TO MATURITY

Loans Held to Maturity

Loans held to maturity were $31.1 billion at June 30, 2025, an increase of $578.0 million from December 31, 2024. The increase was broad-based across many of our business units, led by our Marketplace Development and Capital Markets business units.

Portfolio Credit Quality

The credit quality of our portfolio declined slightly from December 31, 2024. Adversely classified loans increased to 3.6% of the portfolio at June 30, 2025, from 3.2% of the portfolio at December 31, 2024. Adversely classified loans are loans we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

In certain circumstances, the Federal Agricultural Mortgage Corporation (Farmer Mac) and other government agency guarantee programs are used to reduce the risk of loss. At June 30, 2025, $1.3 billion of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) As of:		**June 30, 2025**		December 31, 2024
Loans:				
Nonaccrual	**$**	**465,797**	$	341,388
Accruing loans 90 days or more past due		**40,061**		10,644
Total nonperforming loans		**505,858**		352,032
Other property owned		**4,678**		6,675
Total nonperforming assets	**$**	**510,536**	$	358,707
Total nonperforming loans as a percentage of total loans		**1.6%**		1.2%
Nonaccrual loans as a percentage of total loans		**1.5%**		1.1%
Current nonaccrual loans as a percentage of total nonaccrual loans		**46.5%**		46.7%
Total delinquencies as a percentage of total loans[1]		**1.3%**		1.1%

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

Our nonperforming assets increased from December 31, 2024, but remained at acceptable levels. Despite the increase in nonperforming assets, total nonperforming loans as a percentage of total loans as well as the total delinquencies as a percentage of total loans were well within our established risk management guidelines.

The increase in nonaccrual loans during the first half of 2025 continued to be isolated and mostly attributed to a limited number of loans within our Animal Agriculture and Agri-Access business units. This is reflected in the increase in nonaccrual loans, as well as in the increase in total nonperforming loans as a percentage of total loans, nonaccrual loans as a percentage of total loans, and total delinquencies as a percentage of total loans. Even with this upward trend, nonaccrual loans remained at an acceptable level at June 30, 2025, and December 31, 2024.

The increase in accruing loans 90 days or more past due was primarily due to one real estate mortgage participation client purchased within our Agri-Access business unit. Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection.

Allowance for Credit Losses on Loans

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

The required level of allowance for credit losses on loans is adjusted through the provision for credit losses expense. Provision for credit losses expense and loan recoveries increase the allowance, while reversals of provision for credit losses expense and loan charge-offs decrease the allowance. See the Provision for Credit Losses sub-section (within the Results of Operations section) for a discussion on the impact that the increases in the allowance for credit losses on loans had on the provision for credit losses expense during 2025.

Allowance for Credit Losses on Loans and Coverage Ratios

(dollars in thousands) As of:		**June 30, 2025**		December 31, 2024
Allowance for credit losses on loans	**$**	**146,662**	$	113,022
Allowance for credit losses on loans as a percentage of:				
Loans		**0.5%**		0.4%
Nonaccrual loans		**31.5%**		33.1%
Total nonperforming loans		**29.0%**		32.1%

The increase in allowance for credit losses on loans from December 31, 2024, was primarily related to a limited number of loans within our Animal Agriculture and Agri-Access business units and deteriorating credit quality in adversely classified loans within our AgTech Financing business unit.

LOANS HELD FOR SALE

We originate loans held for sale under our secondary market program, which is a rural residential mortgage program designed to provide qualified borrowers with options for competitive rate financing of rural homes in small towns or that are part of a hobby farm, pastureland, or tillable acreage. Loans closed under this rural residential mortgage program will be sold to and securitized by third-party investors, Farmer Mac and Federal Home Loan Mortgage Corporation (Freddie Mac).

We sold loans originated under this program in the secondary market totaling $44.5 million through June 30, 2025, compared to $27.5 million for the same period in 2024. As of June 30, 2025, we had loans held for sale of $4.9 million, compared to $26.6 million as of December 31, 2024.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the six months ended June 30,		2025		2024
Net income	**$**	**241,742**	$	253,789
Return on average assets		**1.4%**		1.6%
Return on average equity		**9.2%**		10.2%

Changes presented in the profitability information table relate directly to:

- Changes in net income discussed in this section
- Changes in assets discussed in the Loans Held to Maturity and Loans Held for Sale sections
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income

(in thousands) For the six months ended June 30,		2025		2024		Increase (decrease) in net income
Net interest income	**$**	**386,256**	$	379,749	**$**	**6,507**
Provision for credit losses		**49,864**		58,828		**8,964**
Non-interest income		**127,213**		133,657		**(6,444)**
Non-interest expense		**217,656**		198,895		**(18,761)**
Provision for income taxes		**4,207**		1,894		**(2,313)**
Net income	**$**	**241,742**	$	253,789	**$**	**(12,047)**

Net Interest Income

Changes in Net Interest Income

(in thousands) For the six months ended June 30,		2025 vs 2024
Changes in volume	**$**	**19,033**
Changes in interest rates		**(19,730)**
Changes in nonaccrual interest income and other		**7,204**
Net change	**$**	**6,507**

Provision for Credit Losses

The “Provision for credit losses” in the Consolidated Statements of Comprehensive Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. Provision for credit losses on loans for the six months ended June 30, 2025, is due to a limited number of loans within our Animal Agriculture and Agri-Access business units and deteriorating credit quality in adversely classified loans within our AgTech Financing business unit. We anticipate the provision for credit losses to increase throughout the remainder of the year, with the majority of this increase stemming from a limited number of loans.

Non-Interest Income

The change in non-interest income was primarily due to a decrease in patronage income.

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

Patronage Income

(in thousands) For the six months ended June 30,		2025		2024
Patronage from AgriBank	**$**	**48,053**	$	58,008
AgDirect partnership distribution		**2,570**		2,916
Other patronage		**643**		546
Total patronage income	**$**	**51,266**	$	61,470

The associations within AgriBank’s District have seen tremendous loan growth over the past five years due to strong borrower demand. This strong growth requires greater aggregate capital for AgriBank, including capital retention to maintain their financial position, which results in less earnings available for patronage. Therefore, patronage income decreased in 2025 compared to the same period in 2024. The patronage rate earned on the average daily balance of our wholesale note payable to AgriBank was 13.2 basis points during the first half of 2025, consistent with AgriBank's capital plan, down from 23.7 basis points for the same period of 2024.

Non-Interest Expense

The change in non-interest expense was primarily due to an increase in salaries and benefits expense and other operating expense.

Salaries and Employee Benefits Expense: Salaries and employee benefits expense includes salary, benefit, and variable compensation expenses. These expenses increased due to annual merit increases and additional new employees hired as the Association has grown.

Other Operating Expense: Other operating expense increased due to losses on a limited number of leases and an increase in legal expenses.

Provision for Income Taxes

The change in provision for income taxes was primarily related to our estimate of taxes based on taxable income.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable is scheduled to mature on October 31, 2027. We intend to renegotiate the note payable no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. We also fund our portfolio from equity and subordinated debt.

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

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

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

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

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

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

Total equity increased $160.2 million from December 31, 2024, primarily due to net income for the period partially offset by patronage distribution accruals.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 9 in our 2024 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	**June 30, 2025**	December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**12.0%**	12.3%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**12.3%**	12.7%	6.0%	2.5%	8.5%
Total capital ratio	**13.4%**	13.7%	8.0%	2.5%	10.5%
Permanent capital ratio	**13.0%**	13.4%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**12.1%**	12.5%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**11.5%**	11.7%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loans Held to Maturity section, and off-balance sheet commitments, as disclosed in Note 13 in our 2024 Annual Report.

CERTIFICATION

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

Stephanie Wise
Board Chair
Compeer Financial, ACA

Jase L. Wagner
President and Chief Executive Officer
Compeer Financial, ACA

Betsy Horton
Chief Financial Officer
Compeer Financial, ACA

August 6, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Compeer Financial, ACA
(in thousands)

As of:	June 30, 2025	December 31, 2024
	(Unaudited)	
ASSETS		
Loans held to maturity	**$ 31,140,564**	$ 30,562,522
Allowance for credit losses on loans	**146,662**	113,022
Net loans held to maturity	**30,993,902**	30,449,500
Loans held for sale	**4,918**	26,554
Net loans	**30,998,820**	30,476,054
Cash	**2,400**	2,400
Investment securities	**2,182,866**	1,892,514
Assets held for lease, net	**160,165**	169,045
Accrued interest receivable	**362,228**	354,250
Investment in AgriBank, FCB	**1,221,760**	1,214,354
Premises and equipment, net	**121,589**	120,390
Other assets	**448,792**	488,422
Total assets	**$ 35,498,620**	$ 34,717,429
LIABILITIES		
Note payable to AgriBank, FCB	**$ 29,293,426**	$ 28,666,750
Subordinated debt	**200,000**	200,000
Accrued interest payable	**276,026**	271,470
Patronage distribution payable	**213,167**	199,898
Other liabilities	**220,507**	243,976
Total liabilities	**30,203,126**	29,582,094
Contingencies and commitments (Note 4)		
EQUITY		
Preferred stock	**100,000**	100,000
Capital stock and participation certificates	**55,785**	53,103
Capital stock and participation certificates receivable	**(47,320)**	(43,412)
Additional paid-in capital	**1,780,603**	1,780,603
Allocated retained earnings	**110,176**	110,331
Unallocated retained earnings	**3,302,417**	3,141,264
Accumulated other comprehensive loss	**(6,167)**	(6,554)
Total equity	**5,295,494**	5,135,335
Total liabilities and equity	**$ 35,498,620**	$ 34,717,429

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Compeer Financial, ACA
(in thousands)
(Unaudited)

		Three Months Ended			Six Months Ended
For the period ended June 30,		**2025**	2024	**2025**	2024
Interest income		**$ 473,167**	$ 458,349	**$ 933,662**	$ 901,916
Interest expense		**278,575**	267,640	**547,406**	522,167
Net interest income		**194,592**	190,709	**386,256**	379,749
Provision for credit losses		**29,889**	55,533	**49,864**	58,828
Net interest income after provision for credit losses		**164,703**	135,176	**336,392**	320,921
Non-interest income					
Patronage income		**22,348**	26,965	**51,266**	61,470
Net operating lease income		**3,515**	3,522	**7,184**	6,552
Financially related services income		**13,705**	11,102	**28,906**	25,651
Fee and other non-interest income		**19,044**	25,141	**39,857**	39,984
Total non-interest income		**58,612**	66,730	**127,213**	133,657
Non-interest expense					
Salaries and employee benefits		**64,769**	63,381	**132,721**	127,077
Farm Credit System insurance		**6,736**	6,401	**13,439**	12,644
Other operating expense		**31,848**	29,807	**61,656**	57,493
Other non-interest expense		**8,677**	1,158	**9,840**	1,681
Total non-interest expense		**112,030**	100,747	**217,656**	198,895
Income before income taxes		**111,285**	101,159	**245,949**	255,683
Provision for (benefit from) income taxes		**8,072**	(3,174)	**4,207**	1,894
Net income		**$ 103,213**	$ 104,333	**$ 241,742**	$ 253,789
Other comprehensive income					
Employee benefit plans activity		**$ 193**	$ 154	**$ 387**	$ 307
Total other comprehensive income		**193**	154	**387**	307
Comprehensive income		**$ 103,406**	$ 104,487	**$ 242,129**	$ 254,096

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Compeer Financial, ACA
(in thousands)
(Unaudited)

	Preferred Stock	Capital Stock and Participation Certificates and Receivable, Net	Additional Paid-In Capital	Allocated Retained Earnings	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance at December 31, 2023	$ 100,000	$ 13,202	$ 1,780,603	$ 162,937	$ 2,816,109	$ (7,275)	$ 4,865,576
Net income	--	--	--	--	253,789	--	253,789
Other comprehensive income	--	--	--	--	--	307	307
Redemption of prior year allocated patronage	--	--	--	(157)	24	--	(133)
Preferred stock dividends	--	--	--	--	(2,438)	--	(2,438)
Other distributions	--	--	--	--	(6,500)	--	(6,500)
Unallocated retained earnings designated for patronage distributions	--	--	--	--	(76,083)	--	(76,083)
Capital stock and participation certificates issued	--	4,963	--	--	--	--	4,963
Capital stock and participation certificates retired	--	(1,534)	--	--	--	--	(1,534)
Additions to capital stock and participation certificates receivable, net	--	(5,637)	--	--	--	--	(5,637)
Balance at June 30, 2024	$ 100,000	$ 10,994	$ 1,780,603	$ 162,780	$ 2,984,901	$ (6,968)	$ 5,032,310
Balance at December 31, 2024	$ 100,000	$ 9,691	$ 1,780,603	$ 110,331	$ 3,141,264	$ (6,554)	$ 5,135,335
Net income	**--**	**--**	**--**	**--**	**241,742**	**--**	**241,742**
Other comprehensive income	**--**	**--**	**--**	**--**	**--**	**387**	**387**
Redemption of prior year allocated patronage	**--**	**--**	**--**	**(155)**	**15**	**--**	**(140)**
Preferred stock dividends	**--**	**--**	**--**	**--**	**(2,438)**	**--**	**(2,438)**
Other distributions	**--**	**--**	**--**	**--**	**(7,150)**	**--**	**(7,150)**
Unallocated retained earnings designated for patronage distributions	**--**	**--**	**--**	**--**	**(71,016)**	**--**	**(71,016)**
Capital stock and participation certificates issued	**--**	**4,547**	**--**	**--**	**--**	**--**	**4,547**
Capital stock and participation certificates retired	**--**	**(1,865)**	**--**	**--**	**--**	**--**	**(1,865)**
Additions to capital stock and participation certificates receivable, net	**--**	**(3,908)**	**--**	**--**	**--**	**--**	**(3,908)**
Balance at June 30, 2025	**$ 100,000**	**$ 8,465**	**$ 1,780,603**	**$ 110,176**	**$ 3,302,417**	**$ (6,167)**	**$ 5,295,494**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Consolidation

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

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business.

Standard and effective date	Description	Adoption status and financial statement impact
In December 2023, the FASB issued Accounting Standards Update (ASU) 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance is effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding percentages and information by state jurisdiction to the rate reconciliation and income taxes paid disclosures.	We adopted this standard for the year ended December 31, 2025. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.
In November 2024, the FASB issued ASU 2024-03 "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosure (Subtopic 220-40): Disaggregation of Income Statement Expenses." This guidance is effective for public business entities for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. This guidance can be applied either prospectively for reporting periods after the effective date or retrospectively for all periods presented. Early adoption is permitted.	The standard requires enhanced disclosures related to the disaggregation of certain costs and expense categories such as employee compensation, depreciation, and selling expenses. The standard also requires qualitative disclosure around certain relevant expense categories that are not disaggregated quantitatively.	We expect to adopt the standard for our fiscal year ending December 31, 2027, and for interim periods beginning in 2028. We are currently assessing the impact of this standard on our financial statement disclosures.

NOTE 2: LOANS HELD TO MATURITY AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of:	**June 30, 2025**		December 31, 2024	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	**$ 16,271,428**	**52.3%**	$ 15,765,866	51.6%
Production and intermediate-term	**4,648,483**	**14.9%**	5,001,507	16.4%
Agribusiness	**6,514,266**	**20.9%**	6,215,229	20.3%
Other	**3,706,387**	**11.9%**	3,579,920	11.7%
Total	**$ 31,140,564**	**100.0%**	$ 30,562,522	100.0%

The other category is composed of rural infrastructure, rural residential real estate, and agricultural export finance related loans as well as finance leases and certain assets characterized as mission related investments. Total loans include loans held to maturity and finance leases (hereinafter collectively referred to as loans).

Throughout Note 2 accrued interest receivable on loans of $346.0 million at June 30, 2025, and $337.6 million at December 31, 2024, has been excluded from the amortized cost of loans and is presented in “Accrued interest receivable” in the Consolidated Statements of Condition.

Credit Quality

Credit risk arises from the potential inability of a borrower to meet its payment obligation and exists in our outstanding loans, letters of credit, and unfunded loan commitments. We manage credit risk associated with our lending activities through an analysis of the credit risk profile of an individual borrower based on management established underwriting standards and board approved lending policies. The evaluation of the borrower’s credit risk profile may include analysis of several factors including, but not limited to, credit history, repayment capacity, financial position, and collateral. Real estate mortgage loans must be secured by first liens on the real estate. As required by the Farm Credit Administration (FCA) 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.

We use 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 6-point scale addressing loss given default. Probability of default is our assumption of the probability that a borrower will experience a default during the next twelve months. Each of the 14 probability of default rating categories carries a distinct percentage of default probability and is associated with a FCA Uniform Classification System credit quality category. The loss given default is our assumption as to the anticipated principal loss on a specific loan assuming default occurs. 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 as nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. We review the probability of default category on at least an annual basis, or when a credit action is taken.

We utilize the FCA Uniform Classification System, which categorizes loans into five credit quality categories, based on their assigned probability of default rating. The categories are:

- Acceptable – loans are non-criticized loans representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- Other assets especially mentioned (special mention) – loans are currently collectible but exhibit some potential weakness. These loans involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – loans exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – loans exhibit similar weaknesses as substandard loans. Doubtful loans have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – loans are considered uncollectible.

We had no loans categorized as loss at June 30, 2025, or December 31, 2024.

The probability of default rate of the acceptable category reflects almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from the acceptable category to special mention and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) or doubtful rating indicates that the probability of default is almost certain.

Credit Quality of Loans as a Percentage of Total Loans

As of June 30, 2025	Acceptable	Special Mention	Substandard/ Doubtful	Total
Real estate mortgage	**95.2%**	**1.9%**	**2.9%**	**100.0%**
Production and intermediate-term	**90.1%**	**4.5%**	**5.4%**	**100.0%**
Agribusiness	**91.3%**	**3.7%**	**5.0%**	**100.0%**
Other	**96.5%**	**1.6%**	**1.9%**	**100.0%**
Total	**93.7%**	**2.7%**	**3.6%**	**100.0%**

As of December 31, 2024	Acceptable	Special Mention	Substandard/ Doubtful	Total
Real estate mortgage	95.6%	1.6%	2.8%	100.0%
Production and intermediate-term	93.2%	3.2%	3.6%	100.0%
Agribusiness	91.4%	3.8%	4.8%	100.0%
Other	97.0%	1.5%	1.5%	100.0%
Total	94.5%	2.3%	3.2%	100.0%

Credit Quality and Origination Year of Loans

(in thousands)	Term Loans by Origination Year							Revolving Loans Converted to	
Amortized Cost as of June 30, 2025	2025	2024	2023	2022	2021	Prior	Revolving Loans	Term Loans	Total
Real estate mortgage									
Acceptable	$ 1,605,199	$ 2,249,460	$ 1,307,539	$ 1,517,517	$ 2,281,626	$ 6,176,013	$ 324,905	$ 22,861	$ 15,485,120
Special mention	20,438	29,982	29,705	68,832	24,595	107,399	34,400	174	315,525
Substandard/doubtful	3,295	22,193	33,945	68,514	101,852	215,391	23,512	2,081	470,783
Total real estate mortgage	$ 1,628,932	$ 2,301,635	$ 1,371,189	$ 1,654,863	$ 2,408,073	$ 6,498,803	$ 382,817	$ 25,116	$ 16,271,428
Production and intermediate-term									
Acceptable	$ 472,986	$ 513,882	$ 316,285	$ 253,833	$ 161,136	$ 165,036	$ 2,301,544	$ 5,496	$ 4,190,198
Special mention	25,008	21,850	14,867	5,121	3,217	3,379	135,344	679	209,465
Substandard/doubtful	5,478	25,534	15,435	6,408	2,913	12,896	133,996	46,160	248,820
Total production and intermediate-term	$ 503,472	$ 561,266	$ 346,587	$ 265,362	$ 167,266	$ 181,311	$ 2,570,884	$ 52,335	$ 4,648,483
Agribusiness									
Acceptable	$ 540,762	$ 1,015,328	$ 664,200	$ 686,415	$ 329,606	$ 924,446	$ 1,782,081	$ 2,082	$ 5,944,920
Special mention	22,099	52,485	21,845	58,734	40,575	14,695	31,159	--	241,592
Substandard/doubtful	2,543	39,349	3,486	38,563	68,805	62,380	112,010	618	327,754
Total agribusiness	$ 565,404	$ 1,107,162	$ 689,531	$ 783,712	$ 438,986	$ 1,001,521	$ 1,925,250	$ 2,700	$ 6,514,266
Other									
Acceptable	$ 339,037	$ 732,458	$ 993,102	$ 443,828	$ 269,905	$ 690,364	$ 104,310	$ 2,062	$ 3,575,066
Special mention	1,493	12,914	8,499	15,425	8,717	13,879	125	--	61,052
Substandard/doubtful	489	27,742	16,746	5,699	1,777	16,382	1,434	--	70,269
Total other	$ 341,019	$ 773,114	$ 1,018,347	$ 464,952	$ 280,399	$ 720,625	$ 105,869	$ 2,062	$ 3,706,387
Total									
Acceptable	$ 2,957,984	$ 4,511,128	$ 3,281,126	$ 2,901,593	$ 3,042,273	$ 7,955,859	$ 4,512,840	$ 32,501	$ 29,195,304
Special mention	69,038	117,231	74,916	148,112	77,104	139,352	201,028	853	827,634
Substandard/doubtful	11,805	114,818	69,612	119,184	175,347	307,049	270,952	48,859	1,117,626
Total	$ 3,038,827	$ 4,743,177	$ 3,425,654	$ 3,168,889	$ 3,294,724	$ 8,402,260	$ 4,984,820	$ 82,213	$ 31,140,564
Charge-offs for the Six Months Ended June 30, 2025									
Production and intermediate-term	$ --	$ --	$ 292	$ 844	$ --	$ 756	$ 563	$ 210	$ 2,665
Agribusiness	--	4,976	452	2,212	1,332	5,098	695	69	14,834
Total	$ --	$ 4,976	$ 744	$ 3,056	$ 1,332	$ 5,854	$ 1,258	$ 279	$ 17,499

	Term Loans by Origination Year							Loans Converted to	
Amortized Cost as of December 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Term Loans	Total
Real estate mortgage									
Acceptable	$ 2,618,732	$ 1,434,388	$ 1,614,956	$ 2,382,797	$ 2,205,558	$ 4,437,352	$ 351,274	$ 20,073	$ 15,065,130
Special mention	22,279	25,274	56,709	19,708	34,051	68,907	29,461	310	256,699
Substandard/doubtful	6,981	20,133	71,673	93,276	101,062	123,701	25,102	2,109	444,037
Total real estate mortgage	$ 2,647,992	$ 1,479,795	$ 1,743,338	$ 2,495,781	$ 2,340,671	$ 4,629,960	$ 405,837	$ 22,492	$ 15,765,866
Production and intermediate-term									
Acceptable	$ 764,141	$ 453,478	$ 330,506	$ 212,578	$ 120,023	$ 114,805	$ 2,661,834	$ 7,594	$ 4,664,959
Special mention	25,143	9,911	5,614	4,110	3,375	1,332	108,050	627	158,162
Substandard/doubtful	19,084	9,344	4,604	1,670	9,635	5,565	88,819	39,665	178,386
Total production and intermediate-term	$ 808,368	$ 472,733	$ 340,724	$ 218,358	$ 133,033	$ 121,702	$ 2,858,703	$ 47,886	$ 5,001,507
Agribusiness									
Acceptable	$ 1,102,693	$ 713,270	$ 730,489	$ 397,715	$ 271,402	$ 772,464	$ 1,684,221	$ 4,041	$ 5,676,295
Special mention	35,186	657	72,971	30,217	51,016	8,045	39,993	--	238,085
Substandard/doubtful	45,377	2,545	34,827	102,234	13,376	19,449	82,548	493	300,849
Total agribusiness	$ 1,183,256	$ 716,472	$ 838,287	$ 530,166	$ 335,794	$ 799,958	$ 1,806,762	$ 4,534	$ 6,215,229
Other									
Acceptable	$ 759,997	$ 1,011,391	$ 559,049	$ 311,210	$ 150,291	$ 577,267	$ 99,722	$ 2,274	$ 3,471,201
Special mention	14,661	6,355	1,461	17,146	8,574	4,844	875	--	53,916
Substandard/doubtful	25,290	4,095	5,307	1,733	2,950	14,012	1,416	--	54,803
Total other	$ 799,948	$ 1,021,841	$ 565,817	$ 330,089	$ 161,815	$ 596,123	$ 102,013	$ 2,274	$ 3,579,920
Total									
Acceptable	$ 5,245,563	$ 3,612,527	$ 3,235,000	$ 3,304,300	$ 2,747,274	$ 5,901,888	$ 4,797,051	$ 33,982	$ 28,877,585
Special mention	97,269	42,197	136,755	71,181	97,016	83,128	178,379	937	706,862
Substandard/doubtful	96,732	36,117	116,411	198,913	127,023	162,727	197,885	42,267	978,075
Total	$ 5,439,564	$ 3,690,841	$ 3,488,166	$ 3,574,394	$ 2,971,313	$ 6,147,743	$ 5,173,315	$ 77,186	$ 30,562,522
Charge-offs for the Six Months Ended June 30, 2024									
Real estate mortgage	$ --	$ --	$ --	$ --	$ --	$ 3,028	$ --	$ --	$ 3,028
Production and intermediate-term	--	16	892	141	304	2,579	261	417	4,610
Agribusiness	--	--	--	1,586	--	--	274	41	1,901
Other	--	--	--	34	--	65	--	--	99
Total	$ --	$ 16	$ 892	$ 1,761	$ 304	$ 5,672	$ 535	$ 458	$ 9,638

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands) **As of June 30, 2025**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 89,482**	**$ 124,877**	**$ 214,359**	**$ 16,057,069**	**$ 16,271,428**	**$ 33,466**
Production and intermediate-term	**45,364**	**112,096**	**157,460**	**4,491,023**	**4,648,483**	**1,271**
Agribusiness	**3,483**	**12,631**	**16,114**	**6,498,152**	**6,514,266**	**--**
Other	**19,003**	**12,786**	**31,789**	**3,674,598**	**3,706,387**	**5,324**
Total	**$ 157,332**	**$ 262,390**	**$ 419,722**	**$ 30,720,842**	**$ 31,140,564**	**$ 40,061**

As of December 31, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 92,180	$ 74,750	$ 166,930	$ 15,598,936	$ 15,765,866	$ --
Production and intermediate-term	39,382	61,119	100,501	4,901,006	5,001,507	--
Agribusiness	17,481	21,644	39,125	6,176,104	6,215,229	--
Other	17,401	17,480	34,881	3,545,039	3,579,920	10,644
Total	$ 166,444	$ 174,993	$ 341,437	$ 30,221,085	$ 30,562,522	$ 10,644

Nonaccrual Loans

Nonaccrual Loans Information

	As of June 30, 2025		**For the Six Months Ended June 30, 2025**
(in thousands)	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	**$ 195,585**	**$ 103,719**	**$ 2,456**
Production and intermediate-term	**146,119**	**35,353**	**1,429**
Agribusiness	**106,750**	**68,640**	**--**
Other	**17,343**	**10,242**	**12**
Total	**$ 465,797**	**$ 217,954**	**$ 3,897**

	As of December 31, 2024		For the Six Months Ended June 30, 2024
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized (Reversed)
Nonaccrual loans:			
Real estate mortgage	$ 135,682	$ 83,525	$ 843
Production and intermediate-term	88,485	33,405	(4,483)
Agribusiness	102,120	29,540	--
Other	15,101	8,498	18
Total	$ 341,388	$ 154,968	$ (3,622)

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

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

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

Loan Modifications at Amortized Cost

(dollars in thousands) **For the six months ended June 30, 2025**	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Combination - Interest Rate Reduction and Payment Deferral	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Real estate mortgage	**$ 2,276**	**$ 3,459**	**$ 3,290**	**$ --**	**$ 1,192**	**$ 348**	**$ 10,565**	**0.04%**
Production and intermediate-term	**1,057**	**12,994**	**788**	**10,341**	**6**	**103**	**25,289**	**0.08%**
Agribusiness	**--**	**3,384**	**--**	**27**	**--**	**--**	**3,411**	**0.01%**
Total	**$ 3,333**	**$ 19,837**	**$ 4,078**	**$ 10,368**	**$ 1,198**	**$ 451**	**$ 39,265**	**0.13%**
Loan modifications granted as a percentage of total loans	**0.01%**	**0.07%**	**0.01%**	**0.03%**	**0.01%**	**0.00%**	**0.13%**	

For the six months ended June 30, 2024	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Combination - Interest Rate Reduction and Payment Deferral	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Real estate mortgage	$ 588	$ 3,012	$ 5,658	$ --	$ --	$ --	$ 9,258	0.03%
Production and intermediate-term	1,121	39,402	403	5,130	--	4,910	50,966	0.17%
Agribusiness	221	16,856	--	--	--	--	17,077	0.06%
Total	$ 1,930	$ 59,270	$ 6,061	$ 5,130	$ --	$ 4,910	$ 77,301	0.26%
Loan modifications granted as a percentage of total loans	0.01%	0.19%	0.02%	0.02%	--	0.02%	0.26%	

Financial Effect of Loan Modifications

For the six months ended June 30, 2025	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Interest rate reduction	**0.1%**			
Term extension		**295**		
Payment deferral			**14**	
Combination - interest rate reduction and payment deferral	**0.4%**		**11**	
Combination - term extension and payment deferral		**189**	**189**	
Production and intermediate-term				
Interest rate reduction	**2.3%**			
Term extension		**22**		
Payment deferral			**9**	
Combination - interest rate reduction and term extension	**5.5%**	**11**		
Combination - interest rate reduction and payment deferral	**9.0%**		**24**	
Combination - term extension and payment deferral		**6**	**6**	
Agribusiness				
Term extension		**3**		
Principal forgiveness				**1,845**
Combination - interest rate reduction and term extension	**8.5%**	**20**		

For the six months ended June 30, 2024	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Interest rate reduction	4.2%			
Term extension		33		
Payment deferral			11	
Principal forgiveness				3,453
Production and intermediate-term				
Interest rate reduction	4.5%			
Term extension		8		
Payment deferral			9	
Principal forgiveness				16,083
Combination - interest rate reduction and term extension	5.8%	26		
Combination - term extension and payment deferral		11	9	
Combination - term extension and principal forgiveness		85		1
Agribusiness				
Interest rate reduction	2.0%			
Term extension		32		
Principal forgiveness				40,474
Other				
Principal forgiveness				73

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

Loan Modifications that Subsequently Defaulted

(in thousands) **For the six months ended June 30, 2025**	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral
Production and intermediate-term	**$ 612**	**$ 9,986**	**$ --**	**$ 5,098**	**$ 1,100**
Agribusiness	**--**	**100**	**--**	**--**	**--**
Total	**$ 612**	**$ 10,086**	**$ --**	**$ 5,098**	**$ 1,100**

For the six months ended June 30, 2024	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral
Production and intermediate-term	$ --	$ 4,074	$ 445	$ --	$ 101
Agribusiness	--	8,198	--	--	--
Total	$ --	$ 12,272	$ 445	$ --	$ 101

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

Payment Status of Loan Modifications

(in thousands) **As of June 30, 2025**	Not Past Due or Less Than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	**$ 15,968**	**$ 833**	**$ --**	**$ 16,801**
Production and intermediate-term	**39,731**	**1,147**	**8,684**	**49,562**
Agribusiness	**30,125**	**334**	**--**	**30,459**
Total	**$ 85,824**	**$ 2,314**	**$ 8,684**	**$ 96,822**

As of June 30, 2024		Not Past Due or Less Than 30 Days Past Due		30-89 Days Past Due		90 Days or More Past Due		Total
Real estate mortgage	$	16,019	$	--	$	1,835	$	17,854
Production and intermediate-term		67,316		2,083		1,828		71,227
Agribusiness		19,056		--		--		19,056
Total	$	102,391	$	2,083	$	3,663	$	108,137

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

Additional commitments were $5.0 million at June 30, 2025, and $59.4 million at December 31, 2024, to lend to borrowers experiencing financial difficulty whose loans were modified during the six months ended June 30, 2025, and during the year ended December 31, 2024, respectively.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type which are the segments used to estimate the allowance for credit losses. As our lending authorities limit the types of loans we can originate, our portfolio is concentrated in the agriculture sector. The credit risk associated with each of our portfolio segments includes a strong correlation to agricultural commodity prices and input costs. Specifically, for our real estate mortgage segment, the value of agricultural land that serves as collateral is a key risk characteristic. Additionally, unemployment rates and gross domestic product levels are additional key risk characteristics attributable to our portfolio. We consider these characteristics, among others, in assigning internal risk ratings and forecasting credit losses on our loan portfolio and related unfunded commitments.

We develop our reasonable and supportable forecast by considering and utilizing a multitude of macroeconomic variables. The key macroeconomic variables that most significantly affect our estimate of the allowance for credit losses on loans and unfunded commitments include the following: cash receipts for corn, soybeans, dairy, and swine; selected input costs for producers (land cash rents and prices of seed, fertilizer, and feed); net farm income; United States real gross domestic product; Dow Jones total stock market index; civilian unemployment rates; consumer price index, housing price index; agricultural land values; and interest rates (prime and conventional mortgage rates).

We consider multiple macroeconomic scenarios in the estimate of the allowance for credit losses on loans and unfunded commitments which include base, adverse, and positive scenarios. The adverse scenario includes macroeconomic factors reflecting downside potential relative to the base scenario. The positive scenario includes potential upside in the macroeconomic factors above the base scenario. As of June 30, 2025, we utilized only the base scenario in determining our estimate of the allowance for credit losses on loans and unfunded commitments. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

Changes in Allowance for Credit Losses

(in thousands)

Six months ended June 30,		**2025**		2024
Allowance for Credit Losses on Loans				
Balance at beginning of period	**$**	**113,022**	$	75,630
Provision for credit losses on loans		**48,509**		58,541
Loan recoveries		**2,630**		762
Loan charge-offs		**(17,499)**		(9,638)
Balance at end of period	**$**	**146,662**	$	125,295
Allowance for Credit Losses on Unfunded Commitments				
Balance at beginning of period	**$**	**5,839**	$	8,617
Provision for credit losses on unfunded commitments		**1,355**		287
Balance at end of period	**$**	**7,194**	$	8,904
Total allowance for credit losses	**$**	**153,856**	$	134,199

The change in the allowance for credit losses on loans from December 31, 2024, was primarily related to a limited number of loans within our Animal Agriculture and Agri-Access business units and deteriorating credit quality in adversely classified loans within our AgTech Financing business unit.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $2.2 billion at June 30, 2025, and $1.9 billion at December 31, 2024. Our investment securities consisted of:

- Mortgage-backed securities (MBS) issued by the Federal Agricultural Mortgage Corporation (Farmer Mac) or by the United States Department of Agriculture (USDA)
- Asset-backed securities (ABS) guaranteed by SBA or USDA
- Municipal revenue bonds and corporate debt securities (Bonds)

The investment securities have been classified as held-to-maturity. MBS are generally longer-term investments and ABS are generally shorter-term investments. Farmer Mac guaranteed investments are typically MBS while SBA investments are typically ABS and USDA guaranteed investments may be comprised of either MBS or ABS. All of our investment securities, except $35.4 million at June 30, 2025, compared to $66.0 million at December 31, 2024, were fully guaranteed by Farmer Mac, SBA, or USDA. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

There was no allowance for credit losses on investment securities at June 30, 2025, or December 31, 2024.

Additional Investment Securities Information

(dollars in thousands) **As of June 30, 2025**	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
MBS and bonds	**$ 669,319**	**$ 3,615**	**$ (45,790)**	**$ 627,144**	**4.4%**
ABS	**1,513,547**	**7,544**	**(5,009)**	**1,516,082**	**6.0%**
Total	**$ 2,182,866**	**$ 11,159**	**$ (50,799)**	**$ 2,143,226**	**5.5%**

As of December 31, 2024	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
MBS and bonds	$ 679,384	$ 2,197	$ (55,581)	$ 626,000	4.2%
ABS	1,213,130	2,004	(22,722)	1,192,412	5.2%
Total	$ 1,892,514	$ 4,201	$ (78,303)	$ 1,818,412	4.9%

Accrued interest receivable on investment securities is presented in “Accrued interest receivable” in the Consolidated Statements of Condition and was $16.2 million at June 30, 2025, and $16.6 million at December 31, 2024.

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $47.8 million and $43.2 million for the six months ended June 30, 2025, and 2024, respectively.

Contractual Maturities of Investment Securities

(in thousands) **As of June 30, 2025**	Amortized Cost
Less than one year	**$ 20,278**
One to five years	**48,189**
Five to ten years	**825,439**
More than ten years	**1,288,960**
Total	**$ 2,182,866**

Actual maturity of the investment securities may be less than contractual maturity due to prepayments.

NOTE 4: CONTINGENCIES AND COMMITMENTS

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

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. On an ongoing basis, management (after consultation with legal counsel) assesses our liabilities and contingencies in connection with such proceedings. For those matters where it is probable that we will incur losses and the amounts of the losses can be reasonably estimated, we record an expense and corresponding liability in the Consolidated Financial Statements. We had no such probable losses recognized as of June 30, 2025. We are subject to a certain pending matter for which management has assessed that risk of loss, though not probable, is reasonably possible at June 30, 2025. We do not believe that the estimated loss related to this pending matter is material to our consolidated financial position, based upon currently available information. We cannot rule out the possibility that other such actions or outcomes will be material to our consolidated results of operations in the future.

Refer to Note 13 in our 2024 Annual Report for additional detail regarding contingencies and commitments.

NOTE 5: FAIR VALUE MEASUREMENTS

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

Recurring Basis

The following represents a summary of the assets, valuation techniques, and inputs used to measure fair value on a recurring basis:

Loans Held For Sale: The loans held for sale portfolio is held at fair value. Fair value is based on prices for other similar mortgage loans with similar characteristics. As necessary, these prices are adjusted for typical securitization activities, including servicing value, portfolio composition, market conditions, and liquidity. We had loans held for sale of $4.9 million and $26.6 million as of June 30, 2025, and December 31, 2024, respectively, which were valued using Level 3 inputs. There were no fair value gains or losses related to these loans for the six months ended June 30, 2025, or 2024.

Non-Recurring Basis

We may also be required, from time to time, to measure certain assets at fair value on a non-recurring basis. The following represents a summary of the assets, valuation techniques, and inputs used to measure fair value on a non-recurring basis:

Loans Held to Maturity: Represents the carrying amount of loans evaluated individually for credit losses and deemed to be collateral dependent. The carrying value amount is based on the estimated value of the underlying collateral, less costs to sell. When the fair value of the collateral, less costs to sell, is less than the amortized cost basis of the loan, a specific allowance for expected credit losses is established. Costs to sell represent transaction costs and are not included as a component of the collateral's estimated fair value. Typically, the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters and, therefore, are classified as Level 3 fair value measurements.

Other Property Owned: Represents the fair value of foreclosed assets measured based on the collateral value, which is generally determined using appraisals, or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses observable market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, they are classified as Level 3.

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands)

As of June 30, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans held to maturity	**$ --**	**$ --**	**$ 146,859**	**$ 146,859**
Other property owned	**--**	**--**	**4,764**	**4,764**

As of December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans held to maturity	$ --	$ --	$ 118,225	$ 118,225
Other property owned	--	--	6,990	6,990

NOTE 6: SUBSEQUENT EVENTS

We have evaluated subsequent events through August 6, 2025, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.