2025 QUARTERLY REPORT

March 31, 2025

FARM CREDIT EAST

Management's Discussion and Analysis

The following commentary is a review of the financial condition and results of operations of Farm Credit East, ACA (the Association) for the three-month period ended March 31, 2025. This commentary should be read in conjunction with the accompanying unaudited consolidated financial statements and notes included in this report, as well as the 2024 Annual Report. Dollar amounts are in thousands unless otherwise noted.

Farm Credit East's annual and quarterly reports to stockholders are available on the Association's website, **Farmcrediteast.com** or can be obtained upon request by calling the Association's main office at 860-741-4380. Annual reports are available 75 days after year end and quarterly reports are available 40 days after each calendar quarter end. Additionally, the financial condition and results of operations of CoBank, ACB (Bank), materially affect the risk associated with stockholder investments in Farm Credit East, ACA. To obtain a free copy of the CoBank Annual Report to Stockholders, please contact us at one of our offices or by accessing **CoBank.com**.

The accompanying financial statements were prepared under the oversight of the Association's Audit Committee.

Results of Operations

Farm Credit East posted strong financial results for the three months ending March 31, 2025. Net income was $89.8 million, an increase of $15.6 million as compared with the same period in 2024. The following table reflects the key performance results *($ in millions)*.

For the three months ended March 31	2025	2024
Net income	$ 89.8	$ 74.2
Net interest income	$ 100.8	$ 89.3
Net interest margin	3.18%	3.11%
Return on average assets	2.76%	2.49%
Return on average members' equity	14.96%	13.21%

Net Interest Income

Net interest income was $100.8 million for the three months ended March 31, 2025, a $11.5 million increase over the same period in 2024. The increase in net interest income is primarily a result of increased loan volume and the benefit of the Association's hedging strategy. For further discussion regarding hedging strategy, see Note 5 to the consolidated financial statements "Derivative Instruments and Hedging Activities".

Information regarding the average daily balances and average rates earned on our portfolio and interest paid on interest bearing liabilities follow:

For the three months ended March 31	2025	2024
Net interest income	$ 100,844	$ 89,270
Average balances:		
Average interest earning loans	$ 12,867,106	$ 11,537,000
Average interest-bearing liabilities	$ 10,783,203	$ 9,633,297
Average rates:		
Interest earning loans	6.65%	7.29%
Interest bearing liabilities	4.15%	4.65%
Interest rate spread	2.50%	2.64%
Net interest margin (net interest income as a percentage of average interest earning loans)	3.18%	3.11%

Noninterest income

Noninterest income was $32.4 million for the three months ended March 31, 2025, a $4.2 million increase over the same period in 2024. Included in other noninterest income is $2.3 million in refunds received for a portion of excess Insurance Fund premiums paid in prior years. These refunds are generally a nonrecurring item and represent the Association's portion of the excess in the System-wide Insurance Fund above the required minimum secure base amount.

Patronage income is a significant part of the Association's noninterest income and totaled $20.6 million an increase of $1.2 million compared to a year ago. The Association receives patronage income based on its note payable with CoBank and for loans originated by the Association and sold to CoBank and other Farm Credit entities.

Noninterest income also includes fees for financially related services, compensation on participation loans, and loan fees and other noninterest income. These noninterest income sources totaled $9.5 million for the three months ending March 31, 2025, an increase of $0.8 million from 2024.

Noninterest expense

Noninterest expenses totaled $37.9 million for the three months ended March 31, 2025, a $3.2 million increase from March 31, 2024. Salaries and employee benefits are the primary component of noninterest expense and totaled $21.3 million for the three months ending March 31, 2025, an increase of $1.4 million or 6.7% compared to the same period a year ago. This increase is primarily due to normal annual salary adjustments along with slightly higher staffing levels.

Insurance Fund premiums were $2.5 million for the three months ending March 31, 2025, a $0.2 million increase compared to the same period a year ago. Insurance Fund premium rates are set by the Farm Credit System Insurance Corporation and were ten basis points of adjusted insured debt obligations for the first three months of both 2025 and 2024.

Noninterest expenses also include occupancy and equipment expense and other operating expenses, which include technology costs. These other operating expenses were $14.1 million for the three months ended March 31, 2025, an increase of $1.6 million compared to the same period a year ago. This increase is primarily due to higher technology expenses associated with new digital initiatives and updating systems.

Loan Portfolio

Loans outstanding were $13.0 billion at March 31, 2025, an increase of $59.4 million, or 0.5% from December 31, 2024. Compared to March 31, 2024, loan volume grew $1.2 billion or 10.5%. The year over year growth was driven by the capital markets portfolio which increased $613.1 million or 13.1% and our branch marketplace-based farm loan portfolio grew $523.2 million, or 9.3% as strong demand for agricultural products continues to benefit our local producers. While we make loans to qualified borrowers in agricultural and rural sectors and to certain related entities, our loan portfolio is also diversified by loan participations purchased and sold, geographic locations served, commodities financed and loan size.

Nonperforming Assets

Nonperforming assets are comprised of nonaccrual loans, loans 90 days past due still accruing interest and other property owned and are presented in the following table:

	March 31, 2025	December 31, 2024
Nonaccrual loans	$ 77,743	$ 68,389
Accruing loans 90 days or more past due	-	-
Other property owned (OPO)	-	-
Total nonperforming assets	$ 77,743	$ 68,389
Nonaccrual loans to total loans	0.60%	0.53%
Nonperforming assets to total loans and OPO	0.60%	0.53%
30+ day delinquencies as a % of total performing loans	0.24%	0.17%

The $9.4 million increase in nonperforming assets during the first three months was primarily due to an increase in nonaccrual loans to customers in the agribusiness sector. In general, the Association is adequately secured on much of the $77.7 million in nonaccrual loan volume at March 31, 2025. However, the Association has established specific loan loss allowances of $12.6 million in relation to $51.5 million of the nonaccrual portfolio.

Credit Quality

The Association reviews the credit quality of the loan portfolio on an ongoing basis as part of our risk management practices. Each loan is classified according to the Uniform Classification System (UCS). Overall credit quality remains strong with adverse loans at 2.5%. The following table presents statistics based on UCS classified as a percent of total loans.

March 31	2025	2024
Acceptable	93.34%	94.05%
Special mention	4.21	3.86
Substandard/doubtful	2.45	2.09
Total	100.00%	100.00%

To further manage portfolio risk, the Association is a Preferred Lender under the USDA's Farm Service Agency guarantee program and as of March 31, 2025, has guarantees totaling $317.5 million. In addition, the Association has loan guarantees with State agencies totaling $32.8 million.

Provision and Allowance for Credit Losses on Loans

The Association monitors the loan portfolio on a regular basis to determine if an increase or decrease to the allowance for credit losses is required. The allowance for loan losses covers the funded portion of loans outstanding, while the reserve for unfunded commitments covers losses on unfunded lending commitments.

For the three months ending March 31, 2025, the Association recorded a $4.9 million provision for credit losses. The credit loss provision is primarily due to portfolio loan growth and to a lesser extent by a slight deterioration in credit quality. For the three months ending March 31, 2024, Farm Credit East recorded a $8.0 million provision for loan losses.

Information regarding comparative allowance coverage, as a percentage of key loan categories, are presented in the following table:

March 31	2025	2024
Components:		
Allowance for loan losses	$ 82,651	$ 73,003
Reserve for unfunded commitments	15,231	20,061
Allowance for credit losses (ACL)	$ 97,882	$ 93,064
Allowance for loan losses as a percentage of:		
Total loans	0.64%	0.62%
Nonaccrual loans	106.31%	323.12%
Nonperforming assets	106.31%	323.12%

For further discussion regarding the allowance for loan losses, refer to Note 2 to the consolidated financial statements "Loans and Allowance for Credit Losses".

Liquidity and Funding Sources

The Association's primary source of funding is CoBank. Funds are obtained through borrowing on a revolving line of credit governed by a General Financing Agreement. At March 31, 2025, the Association's note payable to CoBank totaled $10.8 billion.

The line of credit available to the Association is formula-driven based on Association loan volume and credit quality. Because of the funding relationship with CoBank, the Association does not maintain large balances in cash or other liquid investments. Substantially all of the Association's assets are pledged as security to CoBank. The Association is in full compliance with its financing agreement with CoBank and has capacity under the agreement to borrow funds needed to meet anticipated loan demand.

Members' Equity

In conjunction with its annual financial planning process, the Association's Board of Directors reviews and approves a Capitalization Plan. The objective of the plan is to build and maintain adequate capital for continued financial viability and to provide for growth necessary to meet customer needs. Members' equity, which is available as loanable funds, was $2.5 billion at March 31, 2025, and consisted of capital stock and participation certificates of $19.6 million, additional paid in capital of $354.2 million, unallocated retained earnings of $2.1 billion, and accumulated other comprehensive losses of ($19.9) million.

Capital Plan and Regulatory Requirements

The Board of Directors establishes a formal capital adequacy plan that addresses capital goals in relation to risks. The capital adequacy plan assesses the capital level necessary for financial viability and to provide for growth. Our plan is updated annually and approved as part of the Association's annual Business Plan.

Our capital and leverage ratios exceeded regulatory minimums. If these capital standards are not met, our regulator, the Farm Credit Administration (FCA) can impose restrictions, including limiting our ability to pay patronage distributions and retire equities. For additional information on Capital Regulations, see Note 3 to the consolidated financial statements "Members' Equity."

Forward-Looking Statements

Certain information included in this report contains forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Words such as "believes," "could," "estimates," "anticipates," "may," "should," "will," or other variations of these terms or similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made in light of experience, historical trends, current conditions, and expected future developments. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, but are not limited to fluctuations in the economy, the relative strengths, and weaknesses in the agricultural credit sectors and in the real estate market, and the actions taken by the Federal Reserve in implementing monetary policy.

Certification

The undersigned certify that they have reviewed this report, and it has been prepared in accordance with all applicable statutory and regulatory requirements and that the information contained herein is true, accurate and complete to the best of their knowledge and belief. There were no material changes in the internal control over financial reporting during the three months ending March 31, 2025.

/s/	/s/	/s/
Michael J. Reynolds	Andrew N. Grant	John P. Knopf
Chief Executive Officer	Chief Financial Officer	Chair of the Board

Dated: May 8, 2025

CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	Unaudited March 31, 2025	December 31, 2024
ASSETS		
Loans	$ 12,977,307	$ 12,917,865
Less: Allowance for credit losses on loans	82,651	78,272
Net loans	12,894,656	12,839,593
Cash	19,853	25,252
Accrued interest receivable	65,771	66,672
Investment in CoBank, ACB	334,599	332,231
Premises and equipment, net	26,731	26,958
Other assets	84,218	124,967
Total Assets	$ 13,425,828	$ 13,415,673
LIABILITIES		
Notes payable to CoBank, ACB	$ 10,829,437	$ 10,762,587
Patronage distributions payable	35,000	140,000
Accrued interest payable	38,692	38,169
Reserve for unfunded commitments	15,231	14,699
Other liabilities	56,793	73,566
Total Liabilities	$ 10,975,153	$ 11,029,021
MEMBERS' EQUITY		
Capital stock and participation certificates	$ 19,560	$ 19,481
Additional paid-in capital	354,163	354,163
Unallocated retained earnings	2,096,879	2,042,072
Accumulated other comprehensive loss	(19,927)	(29,064)
Total Members' Equity	$ 2,450,675	$ 2,386,652
Total Liabilities and Members' Equity	$ 13,425,828	$ 13,415,673

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited and dollars in thousands)

	For the three months ended March 31,	
	2025	**2024**
INTEREST INCOME		
Loans	$ 212,495	$ 210,464
Other	1,398	590
Total interest income	213,893	211,054
INTEREST EXPENSE		
Notes payable to CoBank, ACB	113,042	121,778
Other	7	6
Total interest expense	113,049	121,784
Net interest income	100,844	89,270
Provision for credit losses	4,854	7,982
Net interest income after provision for credit losses	95,990	81,288
NONINTEREST INCOME		
Patronage income	20,640	19,419
Financially related services	6,024	5,631
Compensation on participation loans, net	1,264	1,465
Loan fees and other noninterest income	4,497	1,671
Total noninterest income	32,425	28,186
NONINTEREST EXPENSE		
Salaries and employee benefits	21,274	19,929
Insurance Fund premiums	2,538	2,297
Occupancy and equipment	1,117	1,108
Other operating expenses	12,953	11,322
Total noninterest expenses	37,882	34,656
Income before income taxes	90,533	74,818
Provision for income taxes	726	664
Net Income	$ 89,807	$ 74,154
OTHER COMPREHENSIVE INCOME (LOSS)		
Net change in retirement plan liabilities	140	122
Net change in cash flow hedges	8,997	(6,555)
Other Comprehensive Income (loss)	9,137	(6,433)
Comprehensive Income	$ 98,944	$ 67,721

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(unaudited and dollars in thousands)

	Capital Stock and Participation Certificates	Additional Paid-in-Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Members' Equity
Balance at December 31, 2023	$ 18,956	$ 354,163	$ 1,845,429	$ (43,878)	$ 2,174,670
Comprehensive income	-	-	74,154	(6,433)	67,721
Capital stock and participation certificates issued	471	-	-	-	471
Capital stock and participation certificates retired	(381)	-	-	-	(381)
Patronage Distribution payable	-	-	(33,250)	-	(33,250)
Balance at March 31, 2024	$ 19,046	$ 354,163	$ 1,886,333	$ (50,311)	$ 2,209,231
Balance at December 31, 2024	$ 19,481	$ 354,163	$ 2,042,072	$ (29,064)	$ 2,386,652
Comprehensive income	-	-	89,807	9,137	98,944
Capital stock and participation certificates issued	364	-	-	-	364
Capital stock and participation certificates retired	(285)	-	-	-	(285)
Patronage Distribution payable	-	-	(35,000)	-	(35,000)
Balance at March 31, 2025	$ 19,560	$ 354,163	$ 2,096,879	$ (19,927)	$ 2,450,675

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

(unaudited and dollars in thousands except as noted)

NOTE 1 – Organization and Significant Accounting Policies

Farm Credit East, ACA (the Association or ACA) and its subsidiaries are part of the Farm Credit System. A description of the organization and operations of the Association, 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 Stockholders (Annual Report). These unaudited first quarter 2025 financial statements should be read in conjunction with the 2024 Annual Report to Stockholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Certain disclosures included in the annual financial statement have been condensed 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 Stockholders.

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

Recently Adopted or Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. 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. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association’s financial condition, results of operations or cash flows.

NOTE 2 – Loans and Allowance for Credit Losses

Loans Outstanding

Loans outstanding by loan type are shown below.

	March 31, 2025		December 31, 2024	
Real estate mortgage	$ 4,821,747	37.2%	$ 4,775,932	37.0%
Production and intermediate term	4,022,346	31.0	4,112,724	31.8
Agribusiness	3,204,282	24.7	3,121,886	24.2
Rural infrastructure	784,634	6.0	766,220	5.9
Rural residential real estate	101,072	0.8	97,984	0.8
Other	43,226	0.3	43,119	0.3
Total	$ 12,977,307	100.0%	$ 12,917,865	100.0%

Credit Quality

One credit quality indicator the Association utilizes is the Farm Credit Administration Uniform Loan Classification System that categorizes loans into five categories. The 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, and/or collateral pledged on the loan,
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable, and
- Loss – assets are considered uncollectible.

The following tables show loans classified under the Farm Credit Administration (FCA) Uniform Loan Classification System as a percentage of total loans by loan type.

March 31, 2025	Acceptable	OAEM	Substandard /Doubtful	Total
Real estate mortgage	34.7%	1.5%	1.0%	37.2%
Production and intermediate term	28.8	1.5	0.7	31.0
Agribusiness	22.9	1.0	0.8	24.7
Rural infrastructure	5.8	0.2	-	6.0
Rural residential real estate	0.8	-	-	0.8
Other	0.3	-	-	0.3
Total	93.3%	4.2%	2.5%	100.0%

December 31, 2024	Acceptable	OAEM	Substandard /Doubtful	Total
Real estate mortgage	34.4%	1.6%	1.0%	37.0%
Production and intermediate term	29.6	1.7	0.5	31.8
Agribusiness	22.5	1.1	0.6	24.2
Rural infrastructure	5.7	0.2	-	5.9
Rural residential real estate	0.8	-	-	0.8
Other	0.3	-	-	0.3
Total	93.3%	4.6%	2.1%	100.0%

Accrued interest receivable on loans of $65.8 million and $66.7 million at March 31, 2025, and December 31, 2024, respectively, have been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets. The Association wrote off accrued interest receivable of $0.2 million for both the three months ended March 31, 2025, and 2024.

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

	March 31, 2025	December 31, 2024
Nonaccrual loans		
Real estate mortgage	$ 11,538	$ 18,301
Production and intermediate term	5,135	7,177
Agribusiness	58,824	40,629
Rural Infrastructure	1,835	1,860
Rural residential real estate	411	422
Total nonaccrual loans	$ 77,743	$ 68,389
Accruing loans 90 days or more past due	$ -	$ -
Total nonperforming loans	$ 77,743	$ 68,389
Other property owned (OPO)	$ -	$ -
Total nonperforming assets	$ 77,743	$ 68,389
Nonaccrual loans to total loans	0.60%	0.53%
Nonperforming assets to total loans and OPO	0.60%	0.53%
Nonperforming assets as a percentage of capital	3.17%	2.87%

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

	March 31, 2025			For the Three Months Ended March 31, 2025
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Nonaccrual Loans:				
Real estate mortgage	$ 6,243	$ 5,295	$ 11,538	$ 1,547
Production and intermediate term	4,104	1,031	5,135	89
Agribusiness	40,746	18,078	58,824	(174)
Rural infrastructure	441	1,394	1,835	-
Rural residential real estate	-	411	411	2
Total	$ 51,534	$ 26,209	$ 77,743	$ 1,464

The Association has established specific loan loss allowances of $12.6 million in relation to the $51.5 million nonaccrual portfolio.

	December 31, 2024			For the Three Months Ended March 31, 2024
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Nonaccrual Loans:				
Real estate mortgage	$ 6,578	$ 11,723	$ 18,301	$ 365
Production and intermediate term	6,037	1,140	7,177	253
Agribusiness	20,353	20,276	40,629	6
Rural infrastructure	441	1,419	1,860	-
Rural residential real estate	-	422	422	1
Total	$ 33,409	$ 34,980	$ 68,389	$ 625

The Association had established specific loan loss allowances of $13.0 million in relation to the $33.4 million nonaccrual portfolio as of December 31, 2024.

Loan Delinquencies

The following tables provide an aging of past due loans at amortized cost by loan type:

March 31, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 10,852	$ 8,213	$ 19,065	$4,802,682	$ 4,821,747	$ -
Production and intermediate term	21,162	1,962	23,124	3,999,222	4,022,346	-
Agribusiness	1,747	12,522	14,269	3,190,013	3,204,282	-
Rural infrastructure	-	-	-	784,634	784,634	-
Rural residential real estate	3	126	129	100,943	101,072	-
Other	-	-	-	43,226	43,226	-
Total	$ 33,764	$ 22,823	$ 56,587	$12,920,720	$ 12,977,307	$ -

December 31, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	Accruing Loans 90 days or More Past Due
Real estate mortgage	$ 9,376	$ 14,615	$ 23,991	$ 4,751,941	$ 4,775,932	$ -
Production and intermediate term	10,126	5,905	16,031	4,096,693	4,112,724	-
Agribusiness	4,292	7,268	11,560	3,110,326	3,121,886	-
Rural infrastructure	-	-	-	766,220	766,220	-
Rural residential real estate	337	130	467	97,517	97,984	-
Other	-	-	-	43,119	43,119	-
Total	$ 24,131	$ 27,918	$ 52,049	12,865,816	$ 12,917,865	$ -

Allowance for Credit Losses

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting guidelines and internal lending limits. In addition, customer and commodity concentration lending limits have been established by the Association to manage credit exposure.

A summary of changes in the allowance for credit losses by loan type are as follows.

March 31, 2025	Real Estate Mortgage	Production and Intermediate	Agribusiness	Rural infrastructure	Rural Residential Real Estate	Other	Total
Allowance for Credit Losses on Loans							
Beginning balance	$ 20,981	$ 25,633	$ 27,945	$ 2,898	$ 775	$ 40	$ 78,272
Charge-offs	(24)	(120)	(5)	-	-	-	(149)
Recoveries	2	131	73	-	-	-	206
Provision (reversal) for credit losses	205	2,197	2,049	(156)	33	(6)	4,322
Ending balance	$ 21,164	$ 27,841	$ 30,062	$ 2,742	$ 808	$ 34	$ 82,651
Reserve for Unfunded Commitments							
Beginning balance	$ 771	$ 4,772	$ 8,407	$ 494	$ 39	$ 216	$ 14,699
Provision (reversal) for credit losses	(62)	575	52	(33)	5	(5)	532
Ending balance	$ 709	$ 5,347	$ 8,459	$ 461	$ 44	$ 211	$ 15,231
Total Allowance for Credit Losses	$ 21,873	$ 33,188	$ 38,521	$ 3,203	$ 852	$ 245	$ 97,882

December 31, 2024	Real Estate Mortgage	Production and Intermediate	Agribusiness	Rural infrastructure	Rural Residential Real Estate	Other	Total
Allowance for Credit Losses on Loans							
Beginning balance	$ 20,396	$ 18,292	$ 23,190	$ 3,692	$ 673	$ 10	$ 66,253
Charge-offs	-	(2,073)	(3,559)	-	-	-	(5,632)
Recoveries	11	1,078	31	-	2	-	1,122
Provision for credit losses	574	8,336	8,283	(794)	100	30	16,529
Ending balance	$ 20,981	$ 25,633	$ 27,945	$ 2,898	$ 775	$ 40	$ 78,272
Reserve for Unfunded Commitments							
Beginning balance	$ 1,375	$ 6,342	$ 11,266	$ 433	$ 49	$ 302	$ 19,767
Provision for credit losses	(604)	(1,570)	(2,859)	61	(10)	(86)	(5,068)
Ending balance	$ 771	$ 4,772	$ 8,407	$ 494	$ 39	$ 216	$ 14,699
Total Allowance for Credit Losses	$ 21,752	$ 30,405	$ 36,352	$ 3,392	$ 814	$ 256	$ 92,971

Discussion of Changes in Allowance for Credit Losses

The allowance for credit losses on loans was $97.9 million at March 31, 2025, and $93.0 million at December 31, 2024. The increase in allowance primarily relates to portfolio loan growth and to a lesser extent by a slight deterioration in credit quality.

NOTE 3 – Members' Equity

Capital stock and participation certificates

In accordance with the Farm Credit Act, and the Association's capitalization Bylaws and Capitalization Plan, each Association borrower, as a condition of borrowing, is required at the time the loan is made, to invest in Class B stock for agricultural loans or Class B participation certificates for country home and farm related business loans. Association Bylaws require that borrowers acquire capital stock or participation certificates, as a condition of borrowing, at least the lesser of $1,000 or 2% of the amount of the loan, and not more than 10% of the amount of the loan.

Pursuant to the Association Capitalization Plan, the Association Board has determined that Class B stock and Class B participation certificates shall be issued as follows:

For all loans (except where indicated below) Class B stock and Class B participation certificates shall be issued equal to one thousand dollars per customer as a condition of borrowing from this Association. For purposes of borrower stock, a customer is defined as the primary borrower on a loan. The intent of this policy is for each primary customer to have one thousand dollars of stock, regardless of the number of loans or balance on those loans to that customer. Stock shall be purchased at the beginning of a customer's relationship and will not be retired until all loans to that customer are paid in full and there are no funds available for advances.

Exceptions to this policy are:

- At the time of the Farm Credit East mergers (in 2010, 2014 and 2022), certain customers with less than one thousand dollars of stock were "grandfathered" at the stock level at conversion. Grandfathered customer stock will be frozen at converted levels until all loans are repaid, at which time the stock will be retired, or increased to one thousand dollars at the time of a future advance or credit action
- Certain small borrowers (customers with total commitment less than ten thousand dollars initially) will be issued at 10% of the initial commitment, consistent with by-law limitations
- Certain interests in loans sold to other financial institutions
- Loans to be sold into the secondary market

The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made but usually does not make a cash investment. The aggregate par value is added to the principal amount of the related loan obligation. The Association retains a first lien on the stock or participation certificates owned by borrowers. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding stock or participation certificates. All stock and participation certificates are retired at the discretion of the Association's Board of Directors after considering the capitalization plan as well as regulatory and other requirements.

Regulatory capitalization requirements

The Farm Credit Administration (FCA) sets minimum regulatory capital requirements for Banks and Associations. At March 31, 2025, the Association's capital and leverage ratios exceeded regulatory minimums as shown in the following table.

March 31	2025	2024	FCA Minimum with Buffer
Common Equity Tier 1 Capital Ratio (CET1)	15.05%	15.33%	7.00%
Tier 1 Capital Ratio	15.05%	15.33%	8.50%
Total Capital Ratio	15.70%	16.00%	10.50%
Permanent Capital Ratio	15.09%	15.37%	7.00%
Tier 1 Leverage Ratio	16.35%	16.78%	5.00%
UREE Leverage Ratio	16.20%	16.62%	1.50%

Patronage Distribution

In December 2024, the Board of Directors approved a patronage resolution. This resolution will allow the Association to pay a patronage refund on 2025 income provided the capital goals and earnings for the Association are achieved. The patronage program is described more fully in the 2024 Annual Report to Stockholders.

Accumulated Other Comprehensive (Loss)

The Association reports accumulated other comprehensive (loss) as a component of members' equity. Other comprehensive income refers to revenue, expenses, gains and losses that under GAAP are reported as an element of members' equity and comprehensive income but excluded from net income. Other comprehensive (loss) results from the recognition of the retirement plans net unamortized gains and losses and prior service costs or credits of ($24.6) million and ($24.8) million at March 31, 2025, and at December 31, 2024, respectively. Also included in accumulated other comprehensive income/loss is the unrealized holding gain or loss on cash flow derivatives of $4.7 million and ($4.3) million at March 31, 2025, and December 31, 2024, respectively. There are no other items affecting comprehensive income or loss.

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 an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The fair value measurement is not an indication of liquidity. See Note 2 and Note 15 to the 2024 Annual Report to Stockholders for additional information.

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

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
March 31, 2025				
Derivative assets	$ -	$ 7,647	$ -	$ 7,647
Assets held in trust	$ 8,267	$ -	$ -	$ 8,267
Rural business investment companies	$ -	$ -	$ 5,454	$ 5,454
December 31, 2024				
Derivative assets	$ -	$ 2,888	$ -	$ 2,888
Assets held in trust	$ 8,585	$ -	$ -	$ 8,585
Rural business investment companies	$ -	$ -	$ 4,569	$ 4,569
Liabilities:				
March 31, 2025				
Derivative liabilities	$ -	$ 2,951	$ -	$ 2,951
December 31, 2024				
Derivative liabilities	$ -	$ 7,189	$ -	$ 7,189

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

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
March 31, 2025				
Nonaccrual Loans	$ -	$ -	$ 65,167	$ 65,167
Other Property Owned	$ -	$ -	$ -	$ -
December 31, 2024				
Nonaccrual Loans	$ -	$ -	$ 55,381	$ 55,381

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the Balance Sheet for each of the fair value hierarchy values are summarized below:

	March 31, 2025			December 31, 2024		
	Carrying Amount	Fair Value	Fair Value Hierarchy	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial assets:						
Loans, net	$ 12,894,656	$ 12,646,703	Level 3	$ 12,839,593	$ 12,655,969	Level 3
Cash	$ 19,853	$ 19,853	Level 1	$ 25,252	$ 25,252	Level 1
Financial liabilities:						
Notes payable to ACB	$ 10,829,437	$ 10,580,148	Level 3	$10,762,587	$10,463,204	Level 3

Valuation Techniques

As more fully discussed in Note 2 to the 2024 Annual Report to Stockholders, accounting 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.

NOTE 5 – Derivative Instruments and Hedging Activities

Uses of Derivatives

The Association enters into interest rate swaps to stabilize net interest income on variable priced loan assets, to the extent they are funded with equity. Under interest rate swap arrangements, the Association agrees with other parties (CoBank) to exchange, at specified intervals, payment streams calculated on a specified notional principal amount, with at least one stream based on a specified floating rate index. The

Association's interest-earning assets, to the degree they are funded with debt, are matched with similarly priced and termed liabilities. Volatility in net interest income comes from equity funded variable priced assets. To the degree that variable priced assets are funded with equity, interest rate swaps in which the Association pays the floating rate and receives the fixed rate (receive fixed swaps) are used to reduce the impact of market fluctuations on the Association's net interest income.

The notional amounts of derivatives are shown in the following table:

	March 31, 2025	December 31, 2024
Interest rate contracts	$ 1,870,000	$ 1,815,000

Accounting for Derivative Instruments and Hedging Activities

The Association records derivatives as assets and liabilities at their fair value in the consolidated balance sheets and records changes in the fair value of a derivative in accumulated other comprehensive income (loss). The Association only enters into cash flow hedge transactions.

Cash Flow Hedges

The Association uses "receive fixed/pay variable" interest rate swaps to hedge the risk of overall changes in the cash flows of an asset. The asset is defined as a pool of long-term variable rate loans equal to the notional amount of the swaps and not exceeding the Association's equity position. These swaps, which qualify for hedge accounting, have up to a three-year term, with a pay rate indexed to a SOFR.

Summary of Derivative Instruments and Hedging Activities

A summary of the impact of derivative financial instruments in the consolidated balance sheets is shown in the following table:

	Derivative Assets [1]	Derivative Liabilities [2]
March 31, 2025		
Interest rate contracts	$ 7,647	$ 2,951
December 31, 2024		
Interest rate contracts	$ 2,888	$ 7,189

[1] Derivative assets are included in other assets in the consolidated balance sheets
[2] Derivative liabilities are included in other liabilities in the consolidated balance sheets

A summary of the impact of derivative financial instruments in the consolidated statements of comprehensive income is shown in the following tables:

	Net Amount of Gain or (Loss) Recognized in Income on Derivatives [1]	
March 31	**2025**	**2024**
Interest rate contracts	$ (2,801)	$ (10,626)

[1] Located in interest expense in the consolidated statements of income for each of the respective periods presented.

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income (Loss) on Derivatives	
March 31	**2025**	**2024**
Interest rate contracts	$ 8,997	$ (6,555)

Counterparty Credit Risk

The Association is exposed to credit loss in the event of nonperformance by other parties to the interest rate swap agreement. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Association's credit risk will equal the fair value gain in a derivative. The Association minimizes the credit (or repayment) risk by only entering into transactions with CoBank, its funding bank and are collateralized through loan agreements. Notwithstanding collateral and netting provisions, our derivative assets and liabilities are not offset in the accompanying consolidated balance sheets.

NOTE 6 – Subsequent Events

The Association has evaluated subsequent events through May 8, 2025, which is the date the financial statements were issued or available to be issued. No additional subsequent event items met the criteria for disclosure.

Senior Officers

Michael J. Reynolds	President and Chief Executive Officer
Dario G. Arezzo	Executive Vice President and Chief Financial Services Officer
Briana S. Beebe	Executive Vice President and Chief Operating Officer
Janice P. Bitter	Executive Vice President and Chief Communications Officer
Alena C. Gfeller	Executive Vice President, General Counsel and Corporate Secretary
Andrew N. Grant	Executive Vice President and Chief Financial Officer
Ryan S. Hrobuchak	Executive Vice President and Chief Risk Officer
Daniel A. Nicholson	Senior Vice President and Chief Audit Executive
William P. Kohler	Executive Vice President and Chief Information Officer
David H. Pugh	Executive Vice President and Chief Lending Officer

Board of Directors

John P. Knopf, Chair	Elected	Dairy	Canandaigua, NY
LouAnne F. King, Vice Chair	Elected	Dairy	Madrid, NY
Christopher Cebula	Appointed	At Large	Honeoye Falls, NY
James V. Crane	Elected	Potato	Exeter, ME
David F. Folino	Elected	Maple Syrup	Starksboro, VT
Laurie K. Griffen	Elected	Sod	Stillwater, NY
Philip J. Jones	Elected	Ag Retail	Shelton, CT
Brett D. Kreher	Elected	Poultry & Eggs	Clarence, NY
Joseph W. McWatters	Appointed	At Large	Hamburg, NY
James A. Robbins II	Elected	Forestry	Searsmont, ME
Douglas W. Shelmidine	Elected	Dairy	Adams, NY
Kyle Thygesen	Elected	Dairy	Tunbridge, VT
Peter H. Triandafillou	Appointed	Customer	Orono, ME
Joel R. Viereck	Elected	Vegetable	Woolwich, NJ
Amy L Walker-Bailey	Elected	Dairy	Fort Ann, NY
Terry R. Zittel	Elected	Vegetables	Eden, NY

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