AgWest FARM CREDIT

2025 Quarterly Report

March 31, 2025

Quarterly Report
March 31, 2025
AgWest Farm Credit, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations
The following commentary is a review of the consolidated financial condition and results of operations of AgWest Farm Credit, an Agricultural Credit Association (ACA) and its wholly-owned subsidiaries (collectively referred to as AgWest) for the three months ended March 31, 2025. These comments should be read in conjunction with the unaudited consolidated financial statements and related notes included in this report, as well as the 2024 AgWest Annual Report to Stockholders. Dollar amounts are in thousands unless otherwise stated.

Effective January 1, 2023, Farm Credit West, ACA (Farm Credit West) and its PCA and FLCA subsidiaries merged with and into Northwest Farm Credit Services, ACA (the continuing association) and its respective PCA and FLCA subsidiaries (Northwest FCS). Northwest FCS acquired 100 percent of the assets and liabilities of Farm Credit West. In connection with the merger, Northwest FCS and its PCA and FLCA subsidiaries changed their names to AgWest Farm Credit, ACA, AgWest Farm Credit, PCA and AgWest Farm Credit, FLCA, respectively.

AgWest and its predecessors' quarterly and annual reports to stockholders may be obtained free of charge on AgWest's website, www.AgWestFC.com, or upon request at AgWest Farm Credit, ACA, P.O. Box 2515, Spokane, Washington 99220-2515, by telephone at (509) 340-5300, or toll free at (866) 552-9172. Additionally, the financial condition and results of operations of CoBank, ACB (CoBank), may materially affect the risk associated with stockholder investments in AgWest. Stockholders of AgWest may obtain copies of CoBank's financial statements free of charge by accessing CoBank's website, www.cobank.com, or upon request at AgWest.

The consolidated financial statements were prepared under the oversight of the Audit Committee.

Forward-Looking Statements
Certain statements contained in this report that are not historical facts are 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 trend, current conditions and expected future developments. However, actual results and developments may differ materially from AgWest's expectations and predictions due to a number of risks and uncertainties that are beyond its control. These risks and uncertainties include, but are not limited to risks and uncertainty associated with the evolving domestic and international political environment, government trade policies in the United States and other countries, international territorial disputes, merger integration, fluctuations in the economy, the relative strengths and weaknesses in the agricultural credit sectors and real estate market, and the actions taken by the Federal Reserve in implementing monetary policy. Readers are cautioned not to place undue reliance on these forward-looking statements. AgWest will not update any forward-looking statements to reflect events or circumstances arising after they are made.

Results of Operations
Net income for the three months ended March 31, 2025, was $200.8 million compared to $186.3 million for the same period of the prior year. The increase between the three month comparative period was primarily due to increases in Net interest income and Noninterest income, partially offset by increases in Noninterest expense and the Provision for credit losses.

Net interest income was $228.9 million for the three months ended March 31, 2025, compared to $212.5 million for the same period of the prior year. The increase in Net interest income for the three month comparative periods is presented in the following table:

Change between the three months ended March 31, 2025 and 2024	*Change in income/expense*	*Change in rate*	*Change in volume*
Interest income on total loans	$ 1,744	$ (40,102)	$ 41,846
Interest income on investment securities	2,361	972	1,389
Total interest income	**$ 4,105**	**$ (39,130)**	**$ 43,235**
Total interest expense	12,299	40,473	(28,174)
Net interest income	**$ 16,404**	**$ 1,343**	**$ 15,061**

Net interest margin is a measure of the interest earned on assets compared to interest paid on interest-bearing liabilities. Information regarding the average daily balances and average rates earned and paid are presented in the following tables:

For the three months ended March 31,	*2025*	*2024*
Net interest income	$ 228,925	$ 212,521
Average balances:		
Total loans	$ 31,346,158	$ 28,970,871
Investment securities	1,925,114	1,765,249
Average interest earning assets	**$ 33,271,272**	**$ 30,736,120**
Note payable to CoBank, ACB	$ 27,614,519	$ 25,273,503
Advanced conditional payments and other interest bearing liabilities	688,241	732,725
Average interest bearing liabilities	**$ 28,302,760**	**$ 26,006,228**
Net interest margin	2.79%	2.78%

During the three months ended March 31, 2025 and 2024, there were Provision for credit losses of $14.4 million and $8.4 million, respectively. The increase in Provision for credit losses for the three month comparative periods was due to an increase in the Allowance for credit losses (ACL) in the current quarter compared to the prior period. The ACL is comprised of the Allowance for loan losses (ALL) and the reserve for unfunded commitments, which is presented on the Consolidated Balance Sheets in Other liabilities. Refer to Note 3 to the consolidated financial statements for additional discussion on the provision and allowance for credit losses.

Noninterest income for the three months ended March 31, 2025 and 2024, was $80.5 million and $67.0 million respectively, an increase of $13.5 million. The increase in Noninterest income between the three month comparative periods was primarily due to an increase in Patronage, Financially related services income and a Farm Credit System Insurance Corporation (Insurance Fund) refund received in March 2025, which is recorded within Other noninterest income.

Noninterest expense for the three months ended March 31, 2025 and 2024, was $94.1 million and $84.0 million, respectively, an increase of $10.1 million. The increase in Noninterest expense for the three month comparative periods was primarily due to an increase in Salaries and employee benefits, Information technology services and Insurance fund premiums. These increases were partially offset by a decrease in Other noninterest expenses.

Financial Condition

Loan Portfolio

Loans by type are presented in the following table:

	March 31, 2025	*December 31, 2024*	*Change*
Production agriculture:			
Real estate mortgage	$ 14,575,440	$ 14,669,504	$ (94,064)
Production and intermediate-term	7,634,729	8,530,753	(896,024)
Agribusiness:			
Processing and marketing	4,371,057	4,206,353	164,704
Loans to cooperatives	1,030,382	884,443	145,939
Farm-related business	974,640	894,606	80,034
Rural infrastructure:			
Energy	913,789	968,680	(54,891)
Communications	852,379	714,042	138,337
Water and waste disposal	326,349	321,950	4,399
Rural residential real estate	198,088	206,094	(8,006)
Financing leases	171,826	180,164	(8,338)
Other	123,765	123,803	(38)
Total	**$ 31,172,444**	**$ 31,700,392**	**$ (527,948)**

The following table shows the primary agricultural commodities produced by AgWest members based on the Standard Industrial Classification System (SIC) published by the federal government. This system is used to assign commodity or industry categories based on the primary business of the customer. Further diversification exists within the identified commodities as most member operations produce more than one commodity.

	March 31, 2025	*December 31, 2024*
Tree nuts	11.9%	12.2%
Dairy	11.1%	12.3%
Agricultural processing	8.6%	8.3%
Cattle and livestock	8.4%	8.2%
Tree fruit	7.4%	7.6%
Grains	6.9%	7.0%
Wine/Vineyard	6.6%	6.3%
Forest products	6.2%	5.9%
Agricultural services	5.3%	4.7%
Other concentrations in aggregate	27.6%	27.5%
Total	**100.0%**	**100.0%**

Agricultural processing includes the processing and preparation of agricultural products to be suitable for the market and consumption. Agricultural services includes equipment and input supply providers, ensuring the health and productivity of crops and livestock, and facilitation of the efficient production and distribution of food and other agricultural products.

For additional information on the industries served by AgWest, visit Industry Insights in the Education and Resources section of www.AgWestFC.com.

Nonperforming assets consist of nonaccrual loans, accrual loans 90 days or more past due, and other property owned. A summary of nonperforming assets is presented in the following table:

		March 31, 2025		December 31, 2024
Nonperforming assets:				
Nonaccrual loans	$	408,882	$	322,914
Accrual loans 90 days or more past due		113,643		28,608
Other property owned, net		6,832		6,932
Total nonperforming assets	**$**	**529,357**	**$**	**358,454**

Total nonperforming assets at March 31, 2025, increased by $170.9 million compared to December 31, 2024. Nonaccrual loans increased by $86.0 million. The increase as compared to year-end is primarily due to transfers in to nonaccrual during the current year. Accrual loans 90 days or more past due increased by $85.0 million from December 31, 2024. These past due loans were believed to be fully collectible and are actively managed. The status of these loans will continue to be assessed until they are paid off, brought current, or a restructuring action has been finalized.

The ACL at March 31, 2025, was $213.0 million compared to $198.5 million at December 31, 2024. The increase as compared to year-end is primarily due to declining credit quality, an increase in specific reserves, and shifts in macroeconomic factors, partially offset by a decrease in total loans. For additional information, refer to Note 1 and Note 3 to the consolidated financial statements.

At March 31, 2025, Patronage receivable decreased by $165.2 million compared to December 31, 2024, as a result of the receipt of prior year patronage, partially offset by accruals recorded related to the estimate of Patronage receivable for 2025.

At March 31, 2025, Patronage payable decreased by $306.2 million compared to December 31, 2024, as a result of the disbursement of prior year patronage, partially offset by accruals recorded related to the estimate of Patronage payable for 2025.

Liquidity, Investment Securities and Funding Source

The primary source of AgWest liquidity and funding is a direct loan from CoBank that is reported as a Note payable to CoBank, ACB in the Consolidated Balance Sheets. The funding arrangement is governed by the General Financing Agreement. AgWest is currently in compliance with this agreement, including repayment, pursuant to the terms and conditions of each debt obligation to CoBank and does not foresee issues with obtaining funding or maintaining liquidity and sensitivity requirements. At March 31, 2025, AgWest's Note payable to CoBank, ACB was $27.5 billion which is net of $228.6 million in remaining unamortized net discounts related to the merger. For additional information, refer to Note 1 to the consolidated financial statements.

AgWest has two secondary sources of liquidity and funding, with the first being a liquidity investments portfolio managed by AgWest. The liquidity investments portfolio holds investment securities primarily to maintain a liquidity reserve and to assist with interest rate risk management. In accordance with Board-approved policies, AgWest purchases high credit quality investment securities to ensure the investment portfolio is readily marketable and available to serve as a source of liquidity in the event of disruption to AgWest's normal funding sources. Additional investment securities information is in Note 1 and Note 2 to the consolidated financial statements. AgWest's other secondary source of liquidity and funding is through an uncommitted federal funds line of credit with Wells Fargo Bank, N.A. The amount available through this line is $125.0 million and is intended to provide liquidity for disaster recovery or other emergency situations. At March 31, 2025, no balance was outstanding on this line of credit.

Certification

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

Bill Perry
President and CEO
May 9, 2025

Tom Nakano
Chief Financial Officer
May 9, 2025

Douglas C. Filipponi
Chair of the Board
May 9, 2025

AgWest Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands) (unaudited)

	March 31, 2025	December 31, 2024
ASSETS		
Cash	$ 26,112	$ 76,566
Investment securities	2,041,886	1,845,064
Loans	31,172,444	31,700,392
Less: allowance for loan losses	192,500	179,000
Net loans	30,979,944	31,521,392
Accrued interest receivable	348,941	412,901
Investment in CoBank, ACB	896,846	889,490
Patronage receivable	62,221	227,409
Investment in Farm Credit System entities	37,843	37,829
Premises and equipment, net	115,442	109,311
Other assets	214,482	212,887
Total assets	$ 34,723,717	$ 35,332,849
LIABILITIES		
Note payable to CoBank, ACB	$ 27,516,102	$ 28,003,456
Advance conditional payments and other interest bearing liabilities	731,615	616,202
Accrued interest payable	175,070	169,652
Patronage payable	108,246	414,435
Other liabilities	121,803	174,139
Total liabilities	28,652,836	29,377,884
MEMBERS' EQUITY		
Capital stock and participation certificates	38,840	38,706
Less: capital stock and participation certificates receivable	(38,840)	(38,706)
Additional paid-in-capital	2,149,282	2,149,282
Accumulated other comprehensive loss	(8,814)	(32,317)
Unallocated retained earnings	3,930,413	3,838,000
Total members' equity	6,070,881	5,954,965
Total liabilities and members' equity	$ 34,723,717	$ 35,332,849

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

AgWest Farm Credit, ACA

Consolidated Statements of Income and Comprehensive Income

(dollars in thousands) (unaudited)

	For the three months ended March 31, 2025	2024
NET INTEREST INCOME		
Interest income	$ 534,221	$ 530,116
Interest expense	305,296	317,595
Net interest income	228,925	212,521
Provision for credit losses	14,380	8,425
Net interest income after provision for credit losses	214,545	204,096
NONINTEREST INCOME		
Patronage	54,237	51,254
Financially related services	8,190	5,976
Loan and other fees	7,186	6,017
Other noninterest income	10,904	3,731
Total noninterest income	80,517	66,978
NONINTEREST EXPENSE		
Salaries and employee benefits	52,395	45,368
Information technology services	16,777	12,374
Insurance fund premiums	6,368	5,800
Occupancy and equipment	3,997	4,137
Other noninterest expenses	14,585	16,299
Total noninterest expense	94,122	83,978
Income before income taxes	200,940	187,096
Provision for income taxes	177	815
Net income	$ 200,763	$ 186,281
OTHER COMPREHENSIVE INCOME		
Net pension adjustment	$ (5)	$ (72)
Net change in unrealized gains (losses) on investment securities	23,508	(15,828)
Other comprehensive income (loss)	23,503	(15,900)
Total comprehensive income	$ 224,266	$ 170,381

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

Consolidated Statements of Changes in Members' Equity

(dollars in thousands) (unaudited)

	Capital stock and participation certificates and receivable	Unallocated retained earnings	Additional paid-in-capital	Accumulated other comprehensive income (loss)	Total members' equity
Balance at December 31, 2023	$ 4,680	$ 3,490,909	$ 2,149,282	$ (23,946)	$ 5,620,925
Comprehensive income (loss)	—	186,281	—	(15,900)	170,381
Capital stock and participation certificates issued	415	—	—	—	415
Capital stock and participation certificates retired	(412)	—	—	—	(412)
Less: capital stock and participation certificates receivable	(80)	—	—	—	(80)
Patronage	—	(105,396)	—	—	(105,396)
Balance at March 31, 2024	**$ 4,603**	**$ 3,571,794**	**$ 2,149,282**	**$ (39,846)**	**$ 5,685,833**
Balance at December 31, 2024	$ —	$ 3,838,000	$ 2,149,282	$ (32,317)	$ 5,954,965
Comprehensive income	—	200,763	—	23,503	224,266
Capital stock and participation certificates issued	807	—	—	—	807
Capital stock and participation certificates retired	(673)	—	—	—	(673)
Less: capital stock and participation certificates receivable	(134)	—	—	—	(134)
Patronage	—	(108,350)	—	—	(108,350)
Balance at March 31, 2025	**$ —**	**$ 3,930,413**	**$ 2,149,282**	**$ (8,814)**	**$ 6,070,881**

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

AgWest Farm Credit, ACA

Notes to Consolidated Financial Statements (unaudited)

NOTE 1 – Organization and Significant Accounting Policies

Organization
A description of the organization and operations of AgWest Farm Credit, ACA (AgWest), the significant accounting policies followed, and the financial condition and results of operations for the year ended December 31, 2024, are contained in the 2024 AgWest Annual Report to Stockholders. These unaudited results for the three months ended March 31, 2025 should be read in conjunction with the 2024 AgWest Annual Report to Stockholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the financial services industry for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for the fair statement of results for the interim period. 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 Consolidated Statements of Income and Comprehensive Income 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 AgWest Annual Report to Stockholders and remain unchanged unless otherwise noted in this report. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the financial services industry.

Effective January 1, 2023, Farm Credit West, ACA (Farm Credit West) and its PCA and FLCA subsidiaries merged with and into Northwest Farm Credit Services, ACA (the continuing association) and its respective PCA and FLCA subsidiaries (Northwest FCS). Northwest FCS acquired 100 percent of the assets and liabilities of Farm Credit West. In connection with the merger, Northwest FCS and its PCA and FLCA subsidiaries changed their names to AgWest Farm Credit, ACA, AgWest Farm Credit, PCA and AgWest Farm Credit, FLCA, respectively. The merger was accounted for as a business combination using the acquisition method of accounting. Pursuant to these rules, AgWest acquired the assets and assumed the liabilities of Farm Credit West at their acquisition-date fair value.

Principles of Consolidation
The consolidated financial statements present the financial results of AgWest Farm Credit, ACA and its subsidiaries AgWest Farm Credit, FLCA and AgWest Farm Credit, PCA. All intercompany transactions and balances have been eliminated in consolidation.

Recently Issued or Adopted 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 tax paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on AgWest's financial condition, results of operations or cash flows.

NOTE 2 – Investment Securities

Investment balances are carried at fair value. See Note 1 to the consolidated financial statements for information regarding investments acquired through merger.

The following is a summary of investments held and classified as available-for-sale:

	U.S. Treasury debt securities			
	Amortized cost	*Gross unrealized gains*	*Gross unrealized losses*	*Fair value*
March 31, 2025	$ 2,048,908	$ 7,091	$ (14,113)	**$ 2,041,886**
December 31, 2024	$ 1,875,595	$ 131	$ (30,662)	**$ 1,845,064**

A summary of amortized cost, fair value and weighted average yield of investment securities by contractual maturity at March 31, 2025 follows:

	Contractual Maturity			
March 31, 2025	*One year or less*	*One to five years*	*Five to ten years*	*Total*
U.S. Treasury debt securities				
Amortized cost	$ 496,861	$ 1,031,952	$ 520,095	**$ 2,048,908**
Fair value	$ 495,492	$ 1,020,865	$ 525,529	**$ 2,041,886**
Weighted average yield	3.66%	3.58%	4.25%	3.77%

The following table shows gross unrealized losses and fair value, aggregated by the length of time the securities have been in a continuous unrealized loss position, where the length of continuous loss position is based on the date the unrealized loss was first identified:

	Less than 12 months		*Greater than 12 months*	
March 31, 2025	*Fair value*	*Unrealized losses*	*Fair Value*	*Unrealized losses*
U.S. Treasury debt securities	$ 438,842	$ (1,510)	$ 398,954	$ (12,603)

As of March 31, 2025, AgWest expects to collect all principal and interest on its investment securities. AgWest does not intend to sell the securities in significant unrealized loss positions nor is it likely that AgWest will be required to sell such securities for regulatory, liquidity or other purposes.

NOTE 3 – Loans and Allowance for Credit Losses

Loan balances are generally carried at their principal amount outstanding, adjusted for net business combination discounts, deferred loan fees net of costs, and charge-offs. The remaining net business combination discounts at March 31, 2025 and December 31, 2024, were $410.7 million and $428.4 million, respectively.
A summary of loans follows:

	March 31, 2025	*December 31, 2024*
Real estate mortgage	$ 14,575,440	$ 14,669,504
Production and intermediate-term	7,634,729	8,530,753
Agribusiness	6,376,079	5,985,402
Rural infrastructure	2,092,517	2,004,672
Rural residential real estate	198,088	206,094
Financing leases	171,826	180,164
Other	123,765	123,803
Total loans	**$ 31,172,444**	**$ 31,700,392**

AgWest may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume and comply with FCA regulations. The following tables present information regarding participations purchased and sold.

Participations purchased volume in the tables excludes syndications:

	Farm Credit institutions		*Non- Farm Credit institutions*		*Total*	
March 31, 2025	*Participations purchased*	*Participations sold*	*Participations purchased*	*Participations sold*	*Participations purchased*	*Participations sold*
Real estate mortgage	$ 836,660	$ 3,147,071	$ —	$ —	$ 836,660	$ 3,147,071
Production and intermediate-term	1,255,444	4,913,147	—	—	1,255,444	4,913,147
Agribusiness	2,538,639	2,082,032	2,167	—	2,540,806	2,082,032
Rural infrastructure	2,092,517	—	—	—	2,092,517	—
Financing leases	50,173	12,294	—	—	50,173	12,294
Other	90,444	—	32,134	—	122,578	—
Total	**$ 6,863,877**	**$10,154,544**	**$ 34,301**	**$ —**	**$ 6,898,178**	**$10,154,544**

	Farm Credit institutions		*Non- Farm Credit institutions*		*Total*	
December 31, 2024	*Participations purchased*	*Participations sold*	*Participations purchased*	*Participations sold*	*Participations purchased*	*Participations sold*
Real estate mortgage	$ 832,858	$ 3,178,565	$ —	$ —	$ 832,858	$ 3,178,565
Production and intermediate-term	1,385,461	4,886,605	2,191	—	1,387,652	4,886,605
Agribusiness	2,345,350	2,022,983	—	—	2,345,350	2,022,983
Rural infrastructure	2,004,672	—	—	—	2,004,672	—
Financing leases	51,260	14,055	—	—	51,260	14,055
Other	90,370	—	32,134	—	122,504	—
Total	**$ 6,709,971**	**$10,102,208**	**$ 34,325**	**$ —**	**$ 6,744,296**	**$10,102,208**

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in AgWest's outstanding loans, letters of credit and unfunded loan commitments. AgWest manages credit risk associated with lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its lending staff.

The credit risk management process begins with an analysis of the borrower's credit history and, among other factors, includes the following:

- Character – borrower integrity, credit history and management capabilities,
- Capital – ability of the operation to survive unanticipated risks and support growth,
- Capacity – repayment capacity of the borrower based on cash flows from operations or other sources of income,
- Collateral – lender protection in the event of default and also to serve as a secondary source of loan repayment and,
- Conditions – intended use of the loan funds, terms and restrictions.

Differential analysis is applied to various loan requests based on the overall risk of the request in relation to the association's risk-bearing capacity.

AgWest uses a two-dimensional loan risk rating model based on internally generated combined Farm Credit System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default in the next 12 months and a separate scale addressing loss given default, defined as the economic loss the association would expect to have in a default event. 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. AgWest generally reviews the probability of default category on an annual basis or when a credit action is taken.

AgWest classifies loans according to the FCA Uniform Loan Classification System (UCS). Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. The following are definitions of the five UCS classifications:

- 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.
- Loss – assets are considered uncollectible.

The following tables show loans classified under the UCS as a percentage of total loans by loan type:

March 31, 2025	*Acceptable*	*OAEM*	*Substandard/ doubtful*	*Total*
Real estate mortgage	89.4%	4.7%	5.9%	100.0%
Production and intermediate-term	83.8%	8.7%	7.5%	100.0%
Agribusiness	91.9%	5.0%	3.1%	100.0%
Rural infrastructure	98.6%	1.3%	0.1%	100.0%
Rural residential real estate	97.2%	0.8%	2.0%	100.0%
Financing leases	82.5%	12.3%	5.2%	100.0%
Other	100.0%	0.0%	0.0%	100.0%
Total	**89.2%**	**5.5%**	**5.3%**	**100.0%**

December 31, 2024	*Acceptable*	*OAEM*	*Substandard/ doubtful*	*Total*
Real estate mortgage	89.8%	4.8%	5.4%	100.0%
Production and intermediate-term	86.0%	8.8%	5.2%	100.0%
Agribusiness	92.1%	4.7%	3.2%	100.0%
Rural infrastructure	98.5%	0.8%	0.7%	100.0%
Rural residential real estate	97.3%	0.8%	1.9%	100.0%
Financing leases	81.9%	13.0%	5.1%	100.0%
Other	100.0%	0.0%	0.0%	100.0%
Total	**89.8%**	**5.6%**	**4.6%**	**100.0%**

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned as presented in the following table:

	March 31, 2025	December 31, 2024
Nonaccrual loans:		
Real estate mortgage	$ 148,766	$ 131,918
Production and intermediate-term	242,228	173,619
Agribusiness	14,374	14,019
Rural infrastructure	2,396	2,396
Rural residential real estate	1,118	962
Total nonaccrual loans	**$ 408,882**	**$ 322,914**
Accrual loans 90 days or more past due:		
Real estate mortgage	$ 106,895	$ 12,903
Production and intermediate-term	4,875	15,705
Agribusiness	1,873	—
Total accrual loans 90 days or more past due	**$ 113,643**	**$ 28,608**
Total nonperforming loans	**$ 522,525**	**$ 351,522**
Other property owned, net	6,832	6,932
Total nonperforming assets	**$ 529,357**	**$ 358,454**
Nonaccrual loans as a percentage of total loans	**1.3 %**	**1.0 %**
Nonperforming assets as a percentage of total loans and other property owned	**1.7 %**	**1.1 %**
Nonperforming assets as a percentage of members' equity	**8.7 %**	**6.0 %**

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

March 31, 2025	*Amortized cost with allowance*	*Amortized cost without allowance*	*Total amortized cost*	*Interest income recognized*
Nonaccrual loans:				
Real estate mortgage	$ 2,202	$ 146,564	$ 148,766	$ 1,064
Production and intermediate-term	136,285	105,943	242,228	938
Agribusiness	10,903	3,471	14,374	1
Rural infrastructure	2,396	—	2,396	—
Rural residential real estate	—	1,118	1,118	49
Total nonaccrual loans	**$ 151,786**	**$ 257,096**	**$ 408,882**	**$ 2,052**

December 31, 2024	*Amortized cost with allowance*	*Amortized cost without allowance*	*Total amortized cost*	*Interest income recognized*
Nonaccrual loans:				
Real estate mortgage	$ 2,202	$ 129,716	$ 131,918	$ 6,422
Production and intermediate-term	88,071	85,548	173,619	1,061
Agribusiness	10,902	3,117	14,019	114
Rural infrastructure	2,396	—	2,396	—
Rural residential real estate	—	962	962	70
Total nonaccrual loans	**$ 103,571**	**$ 219,343**	**$ 322,914**	**$ 7,667**

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

March 31, 2025	*Current loans*	*30-89 days past due*	*90+ days past due*	*Total past due*	*Total*	*Recorded investment 90+ days and accruing interest*
Real estate mortgage	$ 14,307,726	$ 81,238	$ 186,476	$ 267,714	$ 14,575,440	$ 106,895
Production and intermediate-term	7,461,787	83,921	89,021	172,942	7,634,729	4,875
Agribusiness	6,297,526	62,700	15,853	78,553	6,376,079	1,873
Rural infrastructure	2,084,374	8,143	—	8,143	2,092,517	—
Rural residential real estate	197,467	126	495	621	198,088	—
Financing leases	171,826	—	—	—	171,826	—
Other	123,765	—	—	—	123,765	—
Total	**$ 30,644,471**	**$ 236,128**	**$ 291,845**	**$ 527,973**	**$ 31,172,444**	**$ 113,643**

December 31, 2024	*Current loans*	*30-89 days past due*	*90+ days past due*	*Total past due*	*Total*	*Recorded investment 90+ days and accruing interest*
Real estate mortgage	$ 14,552,654	$ 56,058	$ 60,792	$ 116,850	$ 14,669,504	$ 12,903
Production and intermediate-term	8,381,289	60,550	88,914	149,464	8,530,753	15,705
Agribusiness	5,950,184	21,351	13,867	35,218	5,985,402	—
Rural infrastructure	2,004,672	—	—	—	2,004,672	—
Rural residential real estate	204,875	509	710	1,219	206,094	—
Financing leases	180,164	—	—	—	180,164	—
Other	123,803	—	—	—	123,803	—
Total	**$ 31,397,641**	**$ 138,468**	**$ 164,283**	**$ 302,751**	**$ 31,700,392**	**$ 28,608**

Loan Modifications to Borrowers Experiencing Financial Difficulty

The following tables show the amortized cost at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted:

For the three months ended March 31, 2025	*Interest rate reduction*	*Term extension*	*Payment deferral*	*Interest rate reduction and term extension*	*Term extension and payment deferral*	*Total*	*Modification as a percentage of loan class*
Real estate mortgage	$ —	$ —	$ 7,170	$ 3,176	$ 350	$ 10,696	0.1%
Production and intermediate-term	—	2,469	—	—	72,374	74,843	1.0%
Agribusiness	—	—	—	—	18,832	18,832	0.3%
Total	**$ —**	**$ 2,469**	**$ 7,170**	**$ 3,176**	**$ 91,556**	**$104,371**	0.3%

For the three months ended March 31, 2024	*Interest rate reduction*	*Term extension*	*Payment deferral*	*Interest rate reduction and term extension*	*Term extension and payment deferral*	*Total*	*Modification as a percentage of loan class*
Real estate mortgage	$ 2,043	$ —	$ 2,371	$ —	$ —	$ 4,414	0.0%
Production and intermediate-term	—	7,205	368	—	26,882	34,455	0.5%
Agribusiness	—	—	—	—	22,473	22,473	0.4%
Total	**$ 2,043**	**$ 7,205**	**$ 2,739**	**$ —**	**$ 49,355**	**$61,342**	0.2%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended March 31, 2025 and 2024, were $2.2 million and $0.8 million, respectively.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty:

For the three months ended March 31, 2025	*Weighted average interest rate pre-modification*	*Weighted average interest rate post-modification*	*Weighted average term extensions (months)*	*Weighted average payments deferred (months)*
Real estate mortgage	3.73 %	3.60 %	117	132
Production and intermediate-term	— %	— %	12	12
Agribusiness	— %	— %	20	20

For the three months ended March 31, 2024	*Weighted average interest rate pre-modification*	*Weighted average interest rate post-modification*	*Weighted average term extensions (months)*	*Weighted average payments deferred (months)*
Real estate mortgage	3.40 %	2.80 %	—	12
Production and intermediate-term	— %	— %	11	10
Agribusiness	— %	— %	10	10

The following tables present the amortized cost of loans to borrowers experiencing financial difficult that have defaulted during the three months ended March 31, 2025 and 2024, and received a modification in the twelve months before default:

For the three months ended March 31, 2025	*Interest rate reduction*	*Term extension*	*Payment deferral*	*Interest rate reduction and term extension*	*Term extension and payment deferral*
Real estate mortgage	$ —	$ —	$ 1,771	$ —	$ —
Production and intermediate-term	—	—	—	—	2,851
Total	**$ —**	**$ —**	**$ 1,771**	**$ —**	**$ 2,851**

For the three months ended March 31, 2024	*Interest rate reduction*	*Term extension*	*Payment deferral*	*Interest rate reduction and term extension*	*Term extension and Payment deferral*
Real estate mortgage	$ —	$ —	$ 182	$ —	$ —
Production and intermediate-term	—	11,772	—	7,763	—
Total	**$ —**	**$ 11,772**	**$ 182**	**$ 7,763**	**$ —**

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

	Payment status of loans modified in the past 12 months		
	Current loans	*30-89 days past due*	*90+ days past due*
Real estate mortgage	$ 20,924	$ 395	$ 1,771
Production and intermediate-term	100,763	9,369	3,057
Agribusiness	28,736	13,000	—
Rural infrastructure	1,840	—	—
Total	**$ 152,263**	**$ 22,764**	**$ 4,828**

The following table presents an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2024:

	Payment status of loans modified in the past 12 months		
	Current loans	*30-89 days past due*	*90+ days past due*
Real estate mortgage	$ 20,030	$ 1,370	$ 182
Production and intermediate-term	32,546	59,143	19,535
Agribusiness	24,522	—	—
Rural infrastructure	—	—	—
Total	**$ 77,098**	**$ 60,513**	**$ 19,717**

Additional commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the three months ended March 31, 2025 and 2024, were $10.0 million and $23.0 million, respectively.

Allowance for Credit Losses

The credit risk rating methodology is a key component of AgWest's ACL evaluation and is generally incorporated into its loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by AgWest to manage credit exposure. The regulatory limit to a single borrower or lessee is 15 percent of AgWest's lending and leasing limit base, although the board of directors have established more restrictive lending limits. The ACL is made up of the Allowance for loan losses on the Consolidated Balance Sheets and the reserve for unfunded commitments, reported in Other liabilities, on the Consolidated Balance Sheets. The provision for credit losses or credit loss reversal is related to both loans and the reserve for unfunded commitments reported in the Consolidated Statements of Income and Comprehensive Income.

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

	Real estate mortgage	*Production and intermediate-term*	*Agribusiness*	*Rural infrastructure*	*Rural residential real estate*	*Financing leases*	*Other*	*Total*
Allowance for loan losses:								
Balance at December 31, 2024	$ 61,630	$ 71,727	$ 34,869	$ 8,030	$ 262	$ 1,976	$ 506	$179,000
Charge-offs	(14)	(6)	(1)	—	—	—	—	(21)
Recoveries	92	49	—	—	—	—	—	141
Provision for loan losses (loan loss reversal)	6,942	6,420	(23)	307	(27)	(233)	(6)	13,380
Balance at March 31, 2025	**$ 68,650**	**$ 78,190**	**$ 34,845**	**$ 8,337**	**$ 235**	**$ 1,743**	**$ 500**	**$192,500**
Reserve for unfunded commitments:								
Balance at December 31, 2024	$ 2,417	$ 7,632	$ 8,335	$ 1,081	$ —	$ —	$ 35	$ 19,500
Provision (reversal) for unfunded lending commitments	83	1,227	(254)	(60)	—	—	4	1,000
Balance at March 31, 2025	**$ 2,500**	**$ 8,859**	**$ 8,081**	**$ 1,021**	**$ —**	**$ —**	**$ 39**	**$ 20,500**
Total allowance for credit losses at March 31, 2025	**$ 71,150**	**$ 87,049**	**$ 42,926**	**$ 9,358**	**$ 235**	**$ 1,743**	**$ 539**	**$213,000**

	Real estate mortgage	Production and intermediate-term	Agribusiness	Rural infrastructure	Rural residential real estate	Financing leases	Other	Total
Allowance for loan losses:								
Balance at December 31, 2023	$ 58,880	$ 49,591	$ 30,017	$ 4,917	$ 891	$ 3,370	$ 334	$148,000
Charge-offs	(3)	(2)	(1)	—	—	—	—	(6)
Recoveries	20	61	—	—	—	—	—	81
Provision for loan losses (loan loss reversal)	3,502	1,453	185	2,511	(575)	(891)	240	6,425
Balance at March 31, 2024	**$ 62,399**	**$ 51,103**	**$ 30,201**	**$ 7,428**	**$ 316**	**$ 2,479**	**$ 574**	**$154,500**
Reserve for unfunded commitments:								
Balance at December 31, 2023	$ 2,676	$ 12,066	$ 8,323	$ 918	$ —	$ —	$ 17	$ 24,000
Provision (reversal) for unfunded lending commitments	601	1,607	(258)	(4)	—	—	54	2,000
Balance at March 31, 2024	**$ 3,277**	**$ 13,673**	**$ 8,065**	**$ 914**	**$ —**	**$ —**	**$ 71**	**$ 26,000**
Total allowance for credit losses at March 31, 2024	**$ 65,676**	**$ 64,776**	**$ 38,266**	**$ 8,342**	**$ 316**	**$ 2,479**	**$ 645**	**$180,500**

NOTE 4 – Members' Equity

Capital Stock and Participation Certificates

In accordance with the Farm Credit Act and AgWest's capitalization bylaws, each borrower is required to acquire capital stock or participation certificates in AgWest as a condition of borrowing. Borrowers acquire ownership of capital stock or participation certificates at the time a loan is made. Prior to June 2024, certain AgWest borrowers made a cash investment when acquiring capital stock or participation certificates. Other borrowers or participation certificate holders maintained an interest free obligation with AgWest. In June 2024, AgWest implemented an expanded customer-member stock program. All remaining legacy cash stock was converted to stock receivables. Borrowers are not currently required to make a cash investment to acquire capital stock or participations certificates; however, their obligation to pay for the capital stock or participation certificates is maintained as an interest free obligation with AgWest. In addition, the program expanded stock ownership to all promissory note signers and expanded voting eligibility due to the increase in customers who own voting stock. There were 3,790,108 Class A voting common stock shares issued and 152,613 units of Class A participation certificates issued with a total par value of $19.7 million as a result of the expanded customer-member stock program.

The capital stock and participation certificates are at-risk investments as described in the AgWest capitalization bylaws. AgWest retains a first lien on common stock and participation certificates owned by its borrowers. Stock is retired in accordance with AgWest bylaws and only if AgWest is in compliance with its capital adequacy requirements. Borrowers are responsible for payment of the cash investment upon demand by AgWest. Capital stock and participation certificates receivable are included in Total members' equity on the Consolidated Balance Sheets under the contra account, "Less: capital stock and participation certificates receivable".

Capital Regulations

The FCA sets minimum regulatory capital requirements for Banks and Associations. AgWest exceeded the regulatory minimums and capital conservation buffer amounts, where applicable, for all ratios as noted below. The following table sets forth the regulatory capital ratio requirements and ratios:

	March 31, 2025	*December 31, 2024*	*Regulatory minimums*	*Total regulatory minimums with buffer*
Risk-adjusted:				
Common equity tier 1 ratio	14.5%	14.8%	4.5%	7.0%
Tier 1 capital ratio	14.5%	14.8%	6.0%	8.5%
Total capital ratio	15.0%	15.4%	8.0%	10.5%
Permanent capital ratio	14.6%	14.9%	7.0%	7.0%
Non-risk-adjusted:				
Tier 1 leverage ratio[1]	15.2%	15.6%	4.0%	5.0%
Unallocated retained earnings (URE) and URE equivalents (UREE) leverage ratio	15.2%	15.6%	1.5%	1.5%

[1]*Must include the regulatory minimum requirement of at least 1.5 percent UREE.*

See Note 8 in the 2024 AgWest Annual Report to Stockholders for additional information.

Accumulated Other Comprehensive Income (Loss)

AgWest reports Accumulated other comprehensive income (loss) as a component of Total members' equity. The following tables present the activity in the Accumulated other comprehensive income (loss) by component:

	Pension and other benefit plans	*Unrealized gains/ (losses) on investment securities*	*Total accumulated other comprehensive (loss) income*
Balance at December 31, 2024	$ (1,787)	$ (30,530)	$ (32,317)
Other comprehensive (loss) income before reclassifications	(5)	23,508	23,503
Net current period other comprehensive (loss) income	**$ (5)**	**$ 23,508**	**$ 23,503**
Balance at March 31, 2025	**$ (1,792)**	**$ (7,022)**	**$ (8,814)**

	Pension and other benefit plans	*Unrealized gains/ (losses) on investment securities*	*Total accumulated other comprehensive (loss) income*
Balance at December 31, 2023	$ (1,845)	$ (22,101)	$ (23,946)
Other comprehensive loss before reclassifications	(72)	(15,828)	(15,900)
Net current period other comprehensive loss	**$ (72)**	**$ (15,828)**	**$ (15,900)**
Balance at March 31, 2024	**$ (1,917)**	**$ (37,929)**	**$ (39,846)**

NOTE 5 – 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. Fair value measurements are determined on a recurring basis or a nonrecurring basis. See Note 2 of the 2024 AgWest Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a recurring basis for each of the fair value hierarchy values are summarized in the following tables:

	Fair value measurement using			
March 31, 2025	*Level 1*	*Level 2*	*Level 3*	*Total fair value*
Assets:				
Investment securities	$ —	$ 2,041,886	$ —	$ 2,041,886
Derivative assets	—	153	—	153
Rural Business Investment Corporations (RBICs)	—	—	30,313	30,313
Total assets	**$ —**	**$ 2,042,039**	**$ 30,313**	**$ 2,072,352**
Liabilities:				
Derivative liabilities	$ —	$ 88	$ —	$ 88
Total liabilities	**$ —**	**$ 88**	**$ —**	**$ 88**

	Fair value measurement using			
December 31, 2024	*Level 1*	*Level 2*	*Level 3*	*Total fair value*
Assets:				
Investment securities	$ —	$ 1,845,064	$ —	$ 1,845,064
Derivative assets	—	—	—	—
RBICs	—	—	28,934	28,934
Total assets	**$ —**	**$ 1,845,064**	**$ 28,934**	**$ 1,873,998**
Liabilities:				
Derivative liabilities	$ —	$ 55	$ —	$ 55
Total liabilities	**$ —**	**$ 55**	**$ —**	**$ 55**

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized in the following table:

	Fair value measurement using			
	Level 1	*Level 2*	*Level 3*	*Total fair value*
Assets:				
Nonaccrual loans				
March 31, 2025	$ —	$ —	$ 99,084	**$ 99,084**
December 31, 2024	$ —	$ —	$ 60,368	**$ 60,368**
Other property owned				
March 31, 2025	$ —	$ —	$ 7,191	**$ 7,191**
December 31, 2024	$ —	$ —	$ 7,291	**$ 7,291**

Valuation Techniques

As more fully discussed in Note 2 of the 2024 AgWest 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. The following represents a brief summary of the valuation techniques used for AgWest's assets and liabilities.

Investment Securities

Where quoted prices are available in an active market, available-for-sale securities would be classified as level 1. If quoted prices are not available in an active market, the fair value of securities is estimated using quoted prices for similar securities received from pricing services or discounted cash flows. Generally, these securities would be classified as Level 2. This would include U.S. Treasury, U.S. agency and certain mortgage-backed-securities. Where there is limited activity or less transparency around inputs to the valuation, the securities are classified as Level 3. The estimated fair values of investment securities also appear in Note 2 to the consolidated financial statements.

Derivative Assets and Liabilities

Exchange-traded derivatives valued using quoted prices would be classified within the fair value Level 1 hierarchy. However, few classes of derivative contracts are listed on an exchange; thus, the derivative positions are valued using internally developed models that use readily observable market parameters as their basis and are classified within the fair value Level 2 hierarchy. Such derivatives include interest rate swaps.

The models used to determine the fair value of derivative assets and liabilities use an income approach based on observable market inputs, including the SOFR curves and volatility assumptions about future interest rate movements.

RBICs

The RBICs facilitate equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. These investments are not publicly traded and book value approximates their fair value. As a result, RBICs are classified within fair value Level 3 hierarchy and are included in Other assets on the Consolidated Balance Sheets.

Nonaccrual Loans

Nonaccrual loans are evaluated for impairment under FASB impairment guidance and the fair value is based upon the underlying collateral since the loans are collateral-dependent. The fair value measurement process uses independent appraisals and other market-based information, but, in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of independent appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 6 – Derivative Instruments and Hedging Activities

Risk Management Objectives and Strategies

AgWest maintains an overall risk management strategy that incorporates the use of derivative financial instruments to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. See Note 15 of the 2024 AgWest Annual Report to Stockholders for additional information.

Accounting for Derivative Instruments and Hedging Activities

AgWest records derivatives as assets or liabilities at fair value on the Consolidated Balance Sheets. AgWest records changes in the fair value of a derivative in current period earnings. For fair value hedge transactions that hedge changes in the fair value of assets or liabilities, changes in the fair value of the derivative will generally be offset in the Consolidated Statements of Income and Comprehensive Income by changes in the hedged item's fair value attributable to the risk being hedged. For derivatives not designated as a hedging instrument, the related change in fair value is recorded in current period earnings in Interest expense in the Consolidated Statements of Income and Comprehensive Income.

Uses of Derivatives

To achieve risk management objectives and satisfy the financing needs of its borrowers, AgWest executes derivative transactions with CoBank. Derivatives (interest rate swaps) are used to manage liquidity and the interest rate risk arising from maturity and repricing mismatches between assets and liabilities. Under interest rate swap arrangements, AgWest agrees to exchange with CoBank, at specified intervals, interest payment streams calculated on a specified notional amount, with at least one interest payment stream based on a specified floating-rate index. AgWest uses receive-fixed, pay-floating interest rate swaps and receive-floating, pay-fixed interest rate swaps with payment obligations tied to specific indices.

The notional amounts of derivatives and related activity of derivatives are shown in the following tables:

	Receive-fixed swaps	*Pay-fixed swaps*	*Total*
December 31, 2024	$ 2,000	$ 5,000,000	$ 5,002,000
Additions	7,000	29,000,000	29,007,000
Maturities	—	(8,000,000)	(8,000,000)
March 31, 2025	**$ 9,000**	**$ 26,000,000**	**$ 26,009,000**

	Receive-fixed swaps	*Pay-fixed swaps*	*Total*
December 31, 2023	$ 39,000	$ —	$ 39,000
Additions	150,000	200,000	350,000
Maturities	—	—	—
March 31, 2024	**$ 189,000**	**$ 200,000**	**$ 389,000**

Fair Value Hedges

AgWest's fair value hedging activities involve entering into receive-fixed, pay floating interest rate swaps to either align its equity position within its overall risk management strategy (equity positioning), or to synthetically convert non-callable fixed-rate debt to floating-rate debt (liquidity management). AgWest includes the gain or loss on the hedged items in the same line item (interest expense) as the offsetting loss or gain on the related interest rate swaps.

The following amounts were recorded in the Consolidated Balance Sheets related to fair value hedges:

	Carrying amount of the hedged item	
	March 31, 2025	*December 31, 2024*
Note payable to CoBank, ACB	**$ 9,153**	**$ 1,978**

	Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged item	
	March 31, 2025	*December 31, 2024*
Note payable to CoBank, ACB	**$ 153**	**$ (22)**

Summary of Derivative Instruments and Hedging Activities

A summary of the impact of derivative financial instruments to the Consolidated Statements of Income and Comprehensive Income is shown in the following tables:

	Effect of fair value hedge accounting on the Consolidated Statement of Income and Comprehensive Income	
For the three months ended March 31, 2025	*Interest income*	*Interest expense*
Total amount of line items presented in Consolidated Statement of Income and Comprehensive Income	$ 534,221	$ (305,296)
Gain (loss) on fair value hedge relationships:		
Receive fixed swaps:		
Recognized on derivatives	$ —	$ 175
Recognized on hedged items	—	(175)
Net income recognized on fair value hedges	**$ —**	**$ —**

For the three months ended March 31, 2024	Effect of fair value hedge accounting on the Consolidated Statement of Income and Comprehensive Income Interest income	Interest expense
Total amount of line items presented in Consolidated Statement of Income	$ 530,116	$ (317,595)
Gain (loss) on fair value hedge relationships:		
Receive fixed swaps:		
Recognized on derivatives	$ —	$ 71
Recognized on hedged items	—	143
Net income recognized on fair value hedges	**$ —**	**$ 214**

Interest expense on derivatives not designated as hedges for the three months ended March 31, 2025 and 2024, was $55.0 thousand and $2.0 thousand, respectively.

Counterparty Credit Risk

The use of derivatives for risk management introduces counterparty credit risk. Generally, when the fair value of a derivative contract is positive, AgWest is exposed to credit risk. AgWest has an International Swaps and Derivatives Association, Inc. agreement with CoBank, which meets the definition of a Qualifying Master Netting Agreement per FCA Regulations and requires the net settlement of covered contracts. Collateral is not exchanged between AgWest and CoBank. Notwithstanding netting provisions, derivative assets and liabilities are not offset in the accompanying Consolidated Balance Sheets.

NOTE 7 – Subsequent Events

AgWest has evaluated subsequent events through May 9, 2025, the date the financial statements were issued or available to be issued, and determined there are no other items to disclose.

Board of Directors

Douglas C. Filipponi, Chair	Creston, California
Mark Cook, Vice Chair	Willcox, Arizona
Joseph C. Airoso	Pixley, California
Nels DeBruycker	Choteau, Montana
Vicki Eggebrecht	Belgrade, Montana
Catherine Fanucchi	Bakersfield, California
Duane (Skip) Gray	Albany, Oregon
Robert Hansen	Hanford, California
Blake Harlan	Woodland, California
John Helle	Dillon, Montana
Greg Hirai	Wendell, Idaho
Tom Ikeda	Arroyo Grande, California
Beth Kennar	Spokane, Washington
Bill Martin	Rufus, Oregon
Colin Mellon	Yuma, Arizona
Barry T. Powell	Sacramento, California
Nate Riggers	Nezperce, Idaho
Derek Schafer	Ritzville, Washington
Brian Talley	Arroyo Grande, California
Shawn Walters	Teton, Idaho
Andy Werkhoven	Monroe, Washington

Operating Committee

Bill Perry	President and Chief Executive Officer
John Barcelos	Chief Risk Officer
Jeff Hennig	Chief Auditor
Tom McKeirnan	General Counsel
Tom Nakano	Chief Financial Officer
John Phelan	Chief Credit Officer
Josh Siler	Chief Lending Officer
Denise Warkomski	Chief Operating Officer