Farm Credit of Central Florida, ACA

FIRST QUARTER 2025

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CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2025 quarterly report of Farm Credit of Central Florida, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

/s/ Reginald T. Holt
Chief Executive Officer

/s/ Anne M. Sullivan
Chief Financial Officer

/s/ David A. Mereness
Chairman of the Audit committee

May 9, 2025

Farm Credit of Central Florida, ACA

Report on Internal Control Over Financial Reporting

The Association's principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel. This process provides reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of March 31, 2025. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association's management concluded that as of March 31, 2025, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association's management determined that there were no material weaknesses in the internal control over financial reporting as of March 31, 2025.

/s/ Reginald T. Holt
Chief Executive Officer

/s/ Anne M. Sullivan
Chief Financial Officer

May 9, 2025

Farm Credit of Central Florida, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands)

The following commentary reviews the financial condition and results of operations of Farm Credit of Central Florida (Association) for the period ended March 31, 2025, with comparisons to prior periods. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2024 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities in our region, including horticulture, fruits/vegetables, citrus, and cattle. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, reduces the level of dependency on a given commodity.

The total loan volume of the Association as of March 31, 2025, was $979,870, a decrease of $2,594 as compared to $982,464 at December 31, 2024. The short-term portfolio, which is heavily influenced by operating loans, normally reaches a peak balance between October and December and declines between January and June as strawberry and other winter vegetable growers pay down their loans using proceeds from the sale of their crops. The result of this normal seasonal lending activity typically causes net loan volume to decrease.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans decreased from $1,044 at December 31, 2024, to $573 at March 31, 2025. As a percent of total loans, nonaccrual loans were 0.06% and 0.11% at March 31, 2025 and December 31, 2024, respectively. At March 31, 2025 the Association owned equity in two capital markets entities valued at $435, which are listed as OPOs on the balance sheet.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACLL). The ACLL at March 31, 2025, was $1,449 or 0.15% of total loans compared to $1,018 or 0.10% of total loans at December 31, 2024, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. See further detail on the Association's ACL within the Association's Annual Report and discussion of significant provision for credit loss within the *Results of Operations* below.

RESULTS OF OPERATIONS

For the three months ended March 31, 2025

Net income for the three months ended March 31, 2025, was $4,875, a decrease of $3 as compared to net income of $4,878 for the same period ended in 2024. The decrease in 2025 is a result of decreased net interest income and noninterest income, offset by decreased provision for loan losses in 2025 and decreased noninterest expense.

For the three months ended March 31, 2025, net interest income was $7,103, a decrease of $307, and the net interest margin was 2.69%, a decrease of 47 basis points as compared to the same period ended in 2024. Lower spreads due to AgFirst's funding model changes offset by higher average daily balances of loan volumes is the primary reason for the decrease over 2024.

The provision for credit losses for the three months ended March 31, 2025, was $649, a decrease of $709 from the provision for credit losses of $1,359 for the same period ended during the prior year. The decrease was driven by a lower allowance model calculation of the specific reserve on lower nonaccrual loan volume.

Noninterest income decreased $17 to $2,819 during the first three months of 2025 compared with the first three months of 2024 primarily due to decreased general pool patronage due to the change in the patronage model from AgFirst. The Association is projected to receive 60 basis points on the direct note volume as opposed to 75 basis point for the last several years

For the three months ended March 31, 2025, noninterest expense increased $388 to $4,398 compared with the first three months of 2024 primarily due to increased cost of services provided to the Association by the Bank.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at March 31, 2025, was $931,814 as compared to $930,685 at December 31, 2024.

CAPITAL RESOURCES

Total members' equity at March 31, 2025, was $157,688, an increase of $4,704 from a total of $152,985 at December 31, 2024. The increase for the first quarter of 2025 was primarily attributed to the positive earnings slightly offset by a patronage distribution adjustment. Total capital stock and participation certificates were $1,206 on March 31, 2025, compared to $1,224 on December 31, 2024. The decrease is attributed to the retirement of stock and participation certificates in the normal course of business.

FCA sets minimum regulatory capital requirements with a capital conservation buffer for System banks and associations. Capital adequacy is evaluated using a number of regulatory ratios.

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	3/31/25	12/31/24	3/31/24
Permanent Capital Ratio	7.00%	15.19%	15.34%	15.87%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	15.14%	15.30%	15.80%
Tier 1 Capital Ratio	8.50%	15.14%	15.30%	15.80%
Total Regulatory Capital Ratio	10.50%	15.27%	15.59%	16.11%
Tier 1 Leverage Ratio**	5.00%	12.62%	12.83%	12.95%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	11.62%	11.48%	11.35%

**Include full capital conservation buffers.*
***The Tier 1 Leverage Ratio must include a minimum of 1.50% of URE and URE equivalents.*

If the capital ratios fall below the minimum regulatory requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. For all periods presented, the Association exceeded minimum regulatory requirements for all of the ratios.

REGULATORY MATTERS

On November 29, 2024, the Farm Credit Administration (FCA) published a proposed rule on internal control over financial reporting (ICFR) in the Federal Register. The proposed rule would amend the financial reporting regulations to require System Associations that meet certain asset thresholds or conditions, as well as the Banks, to obtain annual attestation reports from their external auditors that express an opinion on the effectiveness of ICFR (also known as integrated audit). Associations would meet the requirement for an integrated audit if it represents 1% or more of total System assets; 15% or more of its' District Bank's direct loans to Associations or if the FCA's Office of Examination determines that a material weakness in the Association's ICFR exists. The comment period ended on March 31, 2025.

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) exposures by assigning a 150% risk-weighting to such exposures, instead of the current 100% to reflect their increased risk characteristics. The rule further ensures comparability between the FCA's risk-weightings and the federal banking regulators, with deviations as appropriate to accommodate the different regulatory, operational and credit considerations of the System. The final rule excludes certain acquisition, development and construction loans that do not present as much risk and therefore do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated for less than $500,000. On October 16, 2024, the FCA extended the implementation date of this rule from January 1, 2025 to January 1, 2026.

On October 5, 2023, the FCA approved a final rule on cyber risk management that requires each System institution to develop and implement a comprehensive, written cyber risk management program. Each institution's cyber risk plan must require the institution to take the necessary actions to assess internal and external risk factors, identify potential system and software vulnerabilities, establish a risk management program for the risks identified, develop a cyber risk training program, set policies for managing third-party relationships, maintain robust internal controls and establish institution board reporting requirements. The final rule became effective on January 1, 2025.

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, *www.agfirst.com*. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 1-800-533-2773, or writing Anne M. Sullivan, CFO, Farm Credit of Central Florida, ACA, P.O. Box 8009, Lakeland, FL 33802, or accessing the website, *www.farmcreditcfl.com.* The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Farm Credit Of Central Florida, ACA

Consolidated Balance Sheets

(dollars in thousands)	March 31, 2025	December 31, 2024
	(unaudited)	*(audited)*
Assets		
Cash	**$ 10**	$ 10
Investments in debt securities:		
Held to maturity	**93,958**	85,371
Loans	**979,870**	982,464
Allowance for credit losses on loans	**(1,449)**	(1,018)
Net loans	**978,421**	981,446
Accrued interest receivable	**8,051**	7,630
Equity investments in other Farm Credit institutions	**17,636**	17,484
Premises and equipment, net	**4,661**	4,208
Other property owned	**435**	581
Accounts receivable	**3,432**	10,132
Other assets	**4,582**	4,699
Total assets	**$ 1,111,186**	$ 1,111,561
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 931,814**	$ 930,685
Accrued interest payable	**3,205**	3,244
Patronage refunds payable	**282**	10,459
Accounts payable	**894**	1,463
Advanced conditional payments	**2,406**	2,815
Other liabilities	**14,897**	9,910
Total liabilities	**953,498**	958,576
Commitments and contingencies (Note 6)		
Members' Equity		
Capital stock and participation certificates	**1,206**	1,223
Retained earnings		
Allocated	**14,999**	14,999
Unallocated	**140,625**	135,851
Accumulated other comprehensive income	**858**	912
Total members' equity	**157,688**	152,985
Total liabilities and members' equity	**$ 1,111,186**	$ 1,111,561

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

Farm Credit Of Central Florida, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended March 31, 2025	2024
Interest Income		
Loans	**$ 15,338**	$ 14,209
Investments	**1,257**	1,320
Total interest income	**16,595**	15,529
Interest Expense	**9,492**	8,119
Net interest income	**7,103**	7,410
Provision for credit losses	**649**	1,359
Net interest income after provision for credit losses	**6,454**	6,051
Noninterest Income		
Loan fees	**76**	57
Fees for financially related services	**113**	121
Patronage refunds from other Farm Credit institutions	**2,103**	2,234
Gains (losses) on sales of rural home loans, net	**19**	27
Gains (losses) on sales of premises and equipment, net	**(45)**	—
Gains (losses) on other transactions	**(3)**	45
Insurance Fund refunds	**157**	—
Other noninterest income	**399**	352
Total noninterest income	**2,819**	2,836
Noninterest Expense		
Salaries and employee benefits	**2,001**	2,102
Occupancy and equipment	**271**	270
Insurance Fund premiums	**210**	189
Purchased services	**1,142**	761
Data processing	**85**	76
Other operating expenses	**700**	608
(Gains) losses on other property owned, net	**(11)**	3
Total noninterest expense	**4,398**	4,009
Net income	**$ 4,875**	$ 4,878
Other comprehensive income net of tax		
Employee benefit plans adjustments	**(54)**	(38)
Comprehensive income	**$ 4,821**	$ 4,840

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

Farm Credit Of Central Florida, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings: Allocated	Retained Earnings: Unallocated	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2023	$ 1,209	$ 16,406	$ 120,369	$ 692	$ 138,676
Comprehensive income			4,878	(38)	4,840
Capital stock/participation certificates issued/(retired), net	14				14
Patronage distribution adjustment			(175)		(175)
Balance at March 31, 2024	$ 1,223	$ 16,406	$ 125,072	$ 654	$ 143,355
Balance at December 31, 2024	**$ 1,223**	**$ 14,999**	**$ 135,851**	**$ 912**	**$ 152,985**
Comprehensive income			**4,875**	**(54)**	**4,821**
Capital stock/participation certificates issued/(retired), net	**(17)**				**(17)**
Patronage distribution adjustment			**(101)**		**(101)**
Balance at March 31, 2025	**$ 1,206**	**$ 14,999**	**$ 140,625**	**$ 858**	**$ 157,688**

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

Farm Credit of Central Florida, ACA

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)
(unaudited)

Note 1 — Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements

Organization
The accompanying financial statements include the accounts of Farm Credit of Central Florida, ACA and its Production Credit Association (PCA) and Federal Land Credit Association (FLCA) subsidiaries (collectively, the Association). Descriptions of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2024, are contained in the 2024 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation
In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

Certain amounts in the prior period's consolidated financial statements have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The results of any interim period are not necessarily indicative of those to be expected for a full year.

Significant Accounting Policies
The Association's accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period, and the related disclosures. Although these estimates contemplate current conditions and expectations of change in the future, it is reasonably possible that actual conditions may be different than anticipated, which could materially affect results of operations and financial condition.

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*) and financial instruments (Note 5, *Fair Value Measurement*). Actual results could differ from those estimates.

For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

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 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

A summary of loans outstanding at period end follows:

	March 31, 2025	December 31, 2024
Real estate mortgage	$ 525,939	$ 520,493
Production and intermediate-term	199,681	220,434
Agribusiness:		
Loans to cooperatives	12,236	11,850
Processing and marketing	128,254	114,277
Farm-related business	40,824	44,610
Rural infrastructure:		
Communication	33,685	32,071
Power and water/waste disposal	15,278	14,866
Rural residential real estate	17,532	17,429
Other:		
International	6,441	6,434
Total loans	$ 979,870	$ 982,464

A substantial portion of the Association's lending activities is collateralized, and exposure to credit loss associated with lending activities is reduced accordingly. The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume, and comply with FCA regulations.

The following table shows loans, classified under the FCA Uniform Loan Classification System, as a percentage of total loans by loan type as of:

	March 31, 2025	December 31, 2024
Real estate mortgage:		
Acceptable	99.46%	99.48%
OAEM	0.17	0.05
Substandard/doubtful/loss	0.37	0.47
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	97.96%	98.45%
OAEM	1.69	0.99
Substandard/doubtful/loss	0.35	0.56
	100.00%	100.00%
Agribusiness:		
Acceptable	91.53%	91.78%
OAEM	3.65	3.64
Substandard/doubtful/loss	4.82	4.58
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	97.04%	97.34%
OAEM	1.90	1.93
Substandard/doubtful/loss	1.06	0.73
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Total loans:		
Acceptable	97.68%	97.90%
OAEM	1.14	0.92
Substandard/doubtful/loss	1.18	1.18
	100.00%	100.00%

Accrued interest receivable on loans of $7,209 and $6,792 at March 31, 2025 and December 31, 2024, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

The following tables provide an aging analysis of past due loans as of:

	March 31, 2025					
	30 Through 89 Days Past Due	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**	**90 Days or More Past Due and Accruing**
Real estate mortgage	$ 588	$ 203	$ 791	$ 525,148	$ 525,939	$ –
Production and intermediate-term	71	239	310	199,371	199,681	–
Agribusiness	–	–	–	181,314	181,314	–
Rural infrastructure	–	–	–	48,963	48,963	–
Rural residential real estate	57	–	57	17,475	17,532	–
Other	–	–	–	6,441	6,441	–
Total	$ 716	$ 442	$ 1,158	$ 978,712	$ 979,870	$ –

	December 31, 2024					
	30 Through 89 Days Past Due	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**	**90 Days or More Past Due and Accruing**
Real estate mortgage	$ 1,383	$ 672	$ 2,055	$ 518,438	$ 520,493	$ –
Production and intermediate-term	932	211	1,143	219,291	220,434	–
Agribusiness	–	–	–	170,737	170,737	–
Rural infrastructure	–	–	–	46,937	46,937	–
Rural residential real estate	203	–	203	17,226	17,429	–
Other	–	–	–	6,434	6,434	–
Total	$ 2,518	$ 883	$ 3,401	$ 979,063	$ 982,464	$ –

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for credit losses on loans as of:

	March 31, 2025		
Nonaccrual loans:	**Amortized Cost with Allowance**	**Amortized Cost without Allowance**	**Total**
Real estate mortgage	$ 162	$ 129	$ 291
Production and intermediate-term	153	114	267
Rural residential real estate	–	15	15
Total	$ 315	$ 258	$ 573

	December 31, 2024		
Nonaccrual loans:	**Amortized Cost with Allowance**	**Amortized Cost without Allowance**	**Total**
Real estate mortgage	$ 629	$ 136	$ 765
Production and intermediate-term	152	111	263
Rural residential real estate	–	16	16
Total	$ 781	$ 263	$ 1,044

The Association recognized $52 and $331 of interest income on nonaccrual loans during the three months ended March 31, 2025 and March 31, 2024, respectively.

Reversals of interest income on loans that moved to nonaccrual status were not material for the three months ended March 31, 2025 and 2024.

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

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	$ 1,018	$ 2,058
Charge-offs	(120)	(17)
Recoveries	–	526
Provision for credit losses on loans	551	1,381
Balance at end of period	$ 1,449	$ 3,948
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	$ 249	$ 270
Provision for unfunded commitments	98	(22)
Balance at end of period	$ 347	$ 248
Total allowance for credit losses	$ 1,796	$ 4,196

Loan modifications may be granted to borrowers experiencing financial difficulty. Qualifying disclosable modifications are one, or a combination of, principal forgiveness, interest rate reduction, or a term or payment extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the three months ended March 31, 2025 and 2024. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at March 31, 2025 and 2024. There were no material modifications to distressed borrowers that occurred during the previous twelve months and for which there was a subsequent payment default during the period.

The Association had no loans held for sale at March 31, 2025 and December 31, 2024.

Note 3 — Investments

Investments in Debt Securities

The Association's investments consist primarily of asset-backed securities (ABSs). These ABSs are issued through the Small Business Administration and are guaranteed by the full faith and credit of the United States government. They are held for managing short-term surplus funds and reducing interest rate risk. These securities meet the applicable FCA regulatory guidelines related to government agency guaranteed investments.

A summary of the amortized cost of investment securities held-to-maturity follows:

	March 31, 2025	December 31, 2024
	Amortized Cost	
ABSs	$ 93,958	$ 85,371

A summary of the contractual maturity and amortized cost of investment securities follows:

	Amortized Cost
In one year or less	$ –
After one year through five years	–
After five years through ten years	54,308
After ten years	39,650
Total	$ 93,958

For the securities listed above, expected maturities can differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

The Association evaluates investment securities with unrealized losses for impairment on a quarterly basis. As part of this assessment, it was concluded that the Association does not intend to sell the security, or it is not more likely than not that the Association would be required to sell the security prior to recovery of the amortized cost basis. The Association also evaluates whether credit impairment exists by comparing the present value of expected cash flows to the amortized cost basis of the security. Credit impairment, if any, is recorded as an ACL for debt securities. At March 31, 2025 and December 31, 2024, the Association does not consider any unrealized losses to be credit-related and an allowance for credit losses on investments is not necessary.

Equity Investments in Other Farm Credit System Institutions

Equity investments in other Farm Credit System institutions are generally nonmarketable investments consisting of stock and participation certificates, allocated surplus, and reciprocal investments in other institutions regulated by the FCA. These investments are carried at cost and evaluated for impairment based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value.

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 2.91% of the issued stock and allocated retained earnings of the Bank as of March 31, 2025 net of any reciprocal investment. As of that date, the Bank's assets totaled $47.1 billion and shareholders' equity totaled $1.9 billion. The Bank's earnings were $66 million for the first three months of 2025. In addition, the Association held investments of $1,316 related to other Farm Credit institutions.

Note 4 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

	Changes in Accumulated Other Comprehensive Income by Component *(a)*			
	Three Months Ended March 31,			
	2025		2024	
Employee Benefit Plans:				
Balance at beginning of period	$	912	$	692
Other comprehensive income before reclassifications		–		–
Amounts reclassified from AOCI		(54)		(38)
Net current period other comprehensive income		(54)		(38)
Balance at end of period	$	858	$	654

	Reclassifications Out of Accumulated Other Comprehensive Income *(b)*				
	Three Months Ended March 31,				
	2025		2024		Income Statement Line Item
Defined Benefit Pension Plans:					
Periodic pension costs	$	54	$	38	Salaries and employee benefits
Net amounts reclassified	$	54	$	38	

(a) Amounts in parentheses indicate debits to AOCI.
(b) Amounts in parentheses indicate debits to profit/loss.

Note 5 — Fair Value Measurement

Fair value is defined 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.

Accounting guidance establishes a hierarchy for disclosure of fair value measurements to maximize the use of observable inputs, that is, inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the hierarchy tiers is based upon the lowest level of input that is significant to the fair value measurement.

The classifications within the fair value hierarchy are as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability.

Level 3 inputs are unobservable and supported by little or no market activity. Valuation is determined using pricing models, discounted cash flow methodologies, or similar techniques, and could include significant management judgment or estimation. Level 3 assets and liabilities also could include instruments whose price has been adjusted based on dealer quoted pricing that is different than the third-party valuation or internal model pricing.

For a complete discussion of the inputs and other assumptions considered in assigning various assets and liabilities to the fair value hierarchy levels, see the latest Annual Report to Shareholders.

There were no Level 3 assets or liabilities measured at fair value on a recurring basis for the periods presented. The Association had no transfers of assets or liabilities into or out of Level 1 or Level 2 during the periods presented.

Fair values are estimated at each period end date for assets and liabilities measured at fair value on a recurring basis. The following tables summarize assets measured at fair value at period end.

	March 31, 2025			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 1,171	$ –	$ –	$ 1,171
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 153	$ 153
Other property owned	$ –	$ –	$ 435	$ 435

	December 31, 2024			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 1,171	$ –	$ –	$ 1,171
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 686	$ 686
Other property owned	$ –	$ –	$ 586	$ 586

Valuation Techniques

Assets held in trust funds
Assets held in trust funds, related to deferred compensation plans, are classified as Level 1. The trust funds include investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

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

Other property owned
Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of 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 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association. Because it is remote that the Association will incur a loss or the loss is not estimable, no liability has been recorded for any claims that may be pending.

Note 7 — Leases

Lessee

The Association leases certain assets, consisting primarily of real estate, transportation and office equipment, under standard industry terms. The contracts are assessed at inception to determine whether a contract is, or contains, a lease.

The components of lease costs were as follows:

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Operating lease cost	$ 95	$ 381
Variable lease cost (costs excluded from lease payments)	41	161
Sublease income	–	–
Lease costs	$ 136	$ 542

Other information related to leases was as follows:

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 110	$ 429
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ –	$ 2

Lease term and discount rate for the periods ended were as follows:

	March 31, 2025	December 31, 2024
Weighted average remaining lease term in years:		
Operating leases	10.73	10.97
Weighted average discount rate:		
Operating leases	3.09%	3.09%

Maturities of lease liabilities as of period end were as follows:

	Operating Leases March 31, 2025
2025	$ 329
2026	449
2027	457
2028	464
2029	475
Thereafter	3,111
Total lease payments	5,285
Less: imputed interest	812
Total lease liabilities	$ 4,473

Note 8 — Merger Activity

On December 6, 2024, the Board of Directors of the Association and Southwest Georgia Farm Credit, ACA signed a letter of intent to merge the two associations. Following review and approval by the FCA, the merger proposal will be presented to shareholders of both associations for their approval in the fall of 2025. Following final approval by all required parties, the merged association is expected to begin operations on January 1, 2026.

Note 9 — Subsequent Events

The Association evaluated subsequent events and determined there were none requiring disclosure through May 9, 2025, which was the date the financial statements were issued.