AGFIRST FARM CREDIT BANK & DISTRICT ASSOCIATIONS

2025 FIRST QUARTER FINANCIAL INFORMATION

FARM CREDIT

AgFirst Farm Credit Bank and District Associations March 31, 2025 Financial Information

(unaudited)

INTRODUCTION AND DISTRICT OVERVIEW

The following commentary reviews the Combined Financial Statements of Condition and Results of Operations of AgFirst Farm Credit Bank (AgFirst or the Bank) and the District Agricultural Credit Associations (Associations or District Associations), collectively referred to as the AgFirst District (District), for the three months ended March 31, 2025. AgFirst and the District Associations are part of the Farm Credit System (the System), a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. System institutions are generally organized as cooperatives. Cooperatives are organizations that are owned and controlled by their members who use the cooperatives' products or services. The U.S. Congress authorized the creation of the first System institutions in 1916. The System was created to provide support for the agricultural sector because of its significance to the well-being of the U.S. economy and the U.S. consumer. The mission of the System is to support rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow. The System does this by making appropriately structured loans to qualified individuals and businesses at competitive rates and providing financial services and advice to those persons and businesses. AgFirst and each District Association are individually regulated by the Farm Credit Administration (FCA).

The Associations are structured as cooperatives, and each Association is owned by its borrowers. AgFirst also operates as a cooperative. The District Associations, certain Other Financing Institutions (OFIs), and other System institutions jointly own AgFirst. As such, the benefits of ownership flow to the same farmer/rancher-borrowers that the System was created to serve.

As of March 31, 2025, the District consisted of the Bank and sixteen District Associations. All sixteen were structured as Agricultural Credit Association (ACA) holding companies, with Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries. PCAs originate and service short- and intermediate-term loans; FLCAs originate and service long-term real estate mortgage loans; and ACAs originate and service both long-term real estate mortgage loans and short- and intermediate-term loans.

On December 6, 2024, the boards of Farm Credit of Central Florida, ACA and Southwest Georgia Farm Credit, ACA signed a letter of intent to pursue a merger. These two Associations, with combined total assets of approximately $1.8 billion, or 5.4% of the combined Association total assets, as of March 31, 2025, anticipate a merger date of January 1, 2026, subject to receiving all regulatory and shareholder approvals required.

Farm Credit's funds are raised by the Federal Farm Credit Banks Funding Corporation (the Funding Corporation) and insured by the Farm Credit System Insurance Corporation (FCSIC). The Funding Corporation issues a variety of Federal Farm Credit Banks Consolidated Systemwide Debt Securities with broad ranges of maturities and structures on behalf of the System banks. Each System bank has exposure to Systemwide credit risk because each bank is jointly and severally liable for all Systemwide debt issued.

AgFirst provides funding and related services to the District Associations, which, in turn, provide loans and related services to agricultural and rural borrowers. AgFirst has in place with each of the District Associations a revolving line of credit, referred to as a "Direct Note", which eliminates in this combined District report. Each Association primarily funds its lending and general corporate activities by borrowing through its Direct Note. Virtually all assets of the Associations secure the Direct Notes. Lending terms are specified in a separate General Financing Agreement (GFA) between AgFirst and each Association, including the subsidiaries of the Associations.

AgFirst and the Associations are chartered to serve eligible borrowers in Alabama, Delaware, Florida, Georgia, Maryland, Mississippi, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia, Puerto Rico, and portions of Kentucky, Louisiana, Ohio, and Tennessee. Two other Farm Credit Banks (FCBs) and an Agricultural Credit Bank (ACB), through a number of Associations, provide loans and related services to eligible borrowers primarily in the remaining portion of the United States. While owned by its related associations, each FCB manages and controls its own business activities and operations. The ACB is owned by its related Associations as well as other agricultural and rural institutions, including agricultural cooperatives. Associations are not commonly owned or controlled and each manages and controls its own business activities and operations.

While combined District statements reflect the financial and operational interdependence of AgFirst and its Associations, AgFirst does not own or control the Associations. AgFirst publishes Bank-only audited financial statements (electronic version of which is available on AgFirst's website at **www.agfirst.com**) that may be referred to for a more complete analysis of AgFirst's financial condition and results of operations.

Financial Highlights

(dollars in thousands)	March 31, 2025	December 31, 2024
Total loans	**$ 44,081,807**	$ 43,432,432
Allowance for credit losses on loans	**(172,410)**	(148,069)
Net loans	**$ 43,909,397**	$ 43,284,363
Total assets	**$ 54,589,546**	$ 54,298,296
Total shareholders' equity	**7,377,485**	7,117,760

	For the Three Months Ended March 31,	
	2025	**2024**
Net interest income	**$ 337,486**	$ 326,948
Provision for credit losses	**27,833**	6,916
Noninterest expense, net	**(160,373)**	(163,567)
Net income	**$ 149,280**	$ 156,465
Net interest income as a percentage of average earning assets	**2.58 %**	2.61 %
Net (charge-offs) recoveries to average loans	**(0.02)%**	— %
Return on average assets	**1.12 %**	1.23 %
Return on average shareholders' equity	**8.27 %**	9.06 %
Operating expense as a percentage of net interest income and noninterest income	**50.81 %**	52.36 %
Average loans	**$ 43,626,858**	$ 40,584,234
Average earning assets	**53,053,602**	50,371,522
Average assets	**54,037,260**	51,307,613

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

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2025, was $149.3 million compared to $156.5 million for the corresponding period in 2024, a decrease of $7.2 million or 4.59%. See below for further discussion of the change in net income by major components.

Net Interest Income

Net interest income increased $10.5 million, or 3.22%, to $337.5 million, for the three months ended March 31, 2025, compared to the same period in the prior year. The net interest margin, which is net interest income as a percentage of average earning assets, for the three months ended March 31, 2025 was 2.58%, a decrease of three basis points when compared to the same period in the prior year.

A significant volume of the District's assets have long-term, fixed-rate, prepayable payment structures. To mitigate interest rate risk exposure, the Bank funds such assets predominately with fixed-rate, callable Systemwide Debt Securities having maturities similar to the assets funded. When interest rates fall, the Bank calls and replaces any debt securities that result in interest expense savings. This temporarily increases net interest margin, which returns to a level that does not reflect the benefits of called debt over time as assets reprice.

The effects of changes in volume and interest rates on net interest income for the three months ended March 31, 2025, as compared with the corresponding period in 2024, are presented in the following table. The table distinguishes between the changes in interest income and interest expense related to average outstanding balances and to the levels of average interest rates. Accordingly, the benefit derived from funding earning assets with interest-free funds (principally capital) is reflected solely as a volume increase.

	For the Three Months Ended March 31, 2025 vs. March 31, 2024		
	Increase (decrease) due to changes in:		
(dollars in thousands)	**Volume**	**Rate**	**Total**
Interest Income:			
Loans	$ 47,774	$ (9,303)	$ 38,471
Investments & Cash Equivalents	(3,492)	(3,497)	(6,989)
Other	233	(881)	(648)
Total Interest Income	44,515	(13,681)	30,834
Interest Expense	22,196	(1,900)	20,296
Changes in Net Interest Income	$ 22,319	$ (11,781)	$ 10,538

The increase in net interest income when compared to the prior year is primarily the result of a favorable volume variance within the Association retail lending and Capital Markets portfolios that exceeded growth in interest-bearing liabilities and is partially offset by lower yields on interest-earning assets, primarily loans. See further discussion of loan growth in the *Loan Portfolio* section below.

Provision for Credit Losses

AgFirst and the District Associations measure risks inherent in their individual loan portfolios on an ongoing basis and, as necessary, recognize provision for credit loss expense so that appropriate allowances for credit losses (ACL) are maintained. Provision for credit losses, which includes the provision for loan loss and the provision for unfunded commitments, was a provision expense of $27.8 million for the three months ended March 31, 2025 compared to a provision expense of $6.9 million for the corresponding period in 2024.

(dollars in thousands)	For the three months ended March 31, 2025				For the three months ended March 31, 2024			
Provision for (reversal of) allowance for credit losses:	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**
Asset-specific component	$ 7,955	$ 231	$ 5,085	$ 13,271	$ (860)	$ 110	$ 3,405	$ 2,655
Pooled component	4,715	(676)	8,717	12,756	1,384	(1,453)	4,180	4,111
Unfunded Commitments	799	—	1,007	1,806	—	—	150	150
Total	$ 13,469	$ (445)	$ 14,809	$ 27,833	$ 524	$ (1,343)	$ 7,735	$ 6,916

In 2025, the Bank's Capital Markets and the Combined Association portfolios recorded increased asset-specific reserves on isolated credits primarily within the nursery/greenhouse and row crop commodity segments. Additionally, the Bank's Capital Markets portfolio and the Combined Association allowance models utilize similar macroeconomic outlooks which drove an increase in the provision expense in the pooled component and unfunded commitments. The primary macroeconomic driver was the deterioration of the corporate credit spread scenarios. This indicator represents the potential for corporate defaults due to credit risk or market uncertainty. Credits with Other Assets Especially Mentioned (OAEM) and Substandard ratings showed heightened sensitivity to these economic changes. Similarly in 2024, the worsening of macroeconomic factors utilized in the calculation was the primary driver of additional provision expense needed, but to a lesser extent than in 2025.

See the *Loan Portfolio* section below for further information.

Noninterest Income

The following table illustrates the changes in noninterest income:

Change in Noninterest Income *(dollars in thousands)*	For the Three Months Ended March 31, 2025	2024	Increase/ (Decrease)
Loan fees	$ 10,334	$ 10,241	$ 93
Fees for financially related services	4,302	3,325	977
Losses on sales of investments, net	(5,890)	—	(5,890)
Gains (losses) on debt extinguishment	157	(4,492)	4,649
(Losses) gains on other transactions	(59)	3,845	(3,904)
Insurance premium refund	8,011	—	8,011
Patronage refunds from other Farm Credit institutions	4,857	1,530	3,327
Other noninterest income	1,836	2,003	(167)
Total noninterest income	$ 23,548	$ 16,452	$ 7,096

Noninterest income increased $7.1 million for the three months ended March 31, 2025 compared to the corresponding period in 2024.

Losses on debt extinguishment decreased $4.6 million for the three months ended March 31, 2025 compared to the corresponding period in 2024. In the first quarter of 2025, the Bank sold $38.8 million of available-for-sale (AFS) investment securities resulting in a loss on sale of $5.9 million and simultaneously extinguished Systemwide Debt Securities of $42.5 million resulting in a gain on debt extinguishment of $6.2 million. These economically offsetting transactions were executed as part of the Bank's strategy to reduce the unrealized losses in the Bank's AFS portfolio and corresponding price sensitivity and more efficiently deploy capital by lowering total investments. Excluding the $6.2 million gain on debt extinguishment discussed above, losses on debt extinguishment, which totaled $6.0 million during the first quarter of 2025, increased $1.5 million compared to the same period in 2024 due to increased called debt activity in 2025.

Gains on other transactions decreased $3.9 million for the three months ended March 31, 2025, compared to the corresponding period in 2024 primarily due to $2.4 million of lower market returns on certain nonqualified benefit plan trust assets, which are offset through expense in salaries and employee benefits.

During 2025, the District received insurance premium refunds of $8.0 million from FCSIC, which insures the System's debt obligations. These refunds are nonrecurring and resulted from FCSIC assets exceeding the secure base amount, as defined by the Farm Credit Act, at the end of the preceding year. A similar refund totaling $13.1 million was received in the second quarter of 2024.

Patronage refunds from other Farm Credit institutions increased by $3.3 million for the three months ended March 31, 2025 compared to the corresponding period in 2024 primarily due to increased participations by AgFirst Associations that led to higher patronage received in 2025.

Noninterest Expenses

The following table illustrates the changes in noninterest expenses:

Change in Noninterest Expense	**For the Three Months Ended March 31,**		
(dollars in thousands)	**2025**	**2024**	**Increase/ (Decrease)**
Salaries and employee benefits	$ 108,256	$ 105,407	$ 2,849
Occupancy and equipment	7,447	7,224	223
Insurance Fund premiums	10,085	9,239	846
Purchased services	11,050	14,061	(3,011)
Data processing	14,422	12,968	1,454
Other operating expenses	32,177	30,891	1,286
Losses (gains) from other property owned	200	(47)	247
Total noninterest income	$ 183,637	$ 179,743	$ 3,894

Noninterest expenses increased $3.9 million for the three months ended March 31, 2025 compared to the same period in 2024.

Salaries and employee benefits expenses increased $2.8 million for the three months ended March 31, 2025. The increase resulted due to higher headcount primarily at the District Associations and higher salaries from annual merit adjustments.

Purchased services decreased by $3.0 million as a result of reduced contractor and consultant expenses at the Bank in 2025 after the implementation of new systems including a new mortgage loan origination system and a new loan accounting system.

LOAN PORTFOLIO

The District's aggregate loan portfolio consists primarily of loans made by the Associations to eligible borrowers located within their chartered territories. Diversification of the loan volume by FCA loan type is shown in the following table:

Loan Types *(dollars in thousands)*	**March 31, 2025**		**December 31, 2024**		**March 31, 2024**	
Real estate mortgage	$ 21,224,204	48.15 %	$ 21,096,106	48.57 %	$ 20,191,843	49.54 %
Production and intermediate-term	7,909,473	17.94	8,000,020	18.42	7,299,931	17.91
Agribusiness:						
Loans to cooperatives	885,456	2.01	716,650	1.65	809,001	1.99
Processing and marketing	4,938,629	11.20	4,682,130	10.78	3,963,901	9.73
Farm-related business	641,214	1.45	677,104	1.56	609,630	1.50
Rural residential real estate	4,042,563	9.17	4,014,195	9.24	3,906,591	9.59
Rural infrastructure:						
Power	1,882,318	4.27	1,699,694	3.91	1,618,917	3.97
Communication	1,406,497	3.19	1,369,835	3.15	1,220,753	3.00
Water/Waste disposal	437,185	0.99	438,225	1.01	456,680	1.12
Other:						
International	254,964	0.58	267,182	0.62	229,975	0.55
Lease receivables	11,395	0.03	11,848	0.03	13,351	0.03
Loans to other financing institutions (OFIs)	173,704	0.39	175,122	0.40	163,804	0.40
Other (including mission related)	274,205	0.63	284,321	0.66	271,033	0.67
Total	$ 44,081,807	100.00 %	$ 43,432,432	100.00 %	$40,755,410	100.00 %

Total loans outstanding were $44.1 billion at March 31, 2025, an increase of $649.4 million, or 1.50 percent, compared to December 31, 2024 and an increase of $3.3 billion, or 8.16 percent, since March 31, 2024.

Growth in both periods is due to new client acquisition, higher input costs related to higher interest rates and inflationary pressures, and borrower needs due to merger and acquisition activity.

Credit Quality

Each loan in the District's portfolio is classified according to a Uniform Classification System, which is used by all System institutions. Below are the classification definitions:

- Acceptable – Assets are expected to be fully collectible and represent the highest quality. In addition, these assets may include loans with properly executed and structured guarantees that might otherwise be classified less favorably.
- 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 facts, conditions and values that make collection in full highly questionable.
- Loss – Assets are considered uncollectible.

The following table shows the amortized cost of loans classified under the Uniform Loan Classification System by origination year and gross charge-offs for the periods presented:

District Credit Quality by Origination Year

(in thousands)

Balance as of and for the three months March 31, 2025	Acceptable	OAEM	Substandard	Doubtful	Loss	Current Period Gross Writeoffs
2025	$ 1,795,150	$ 35,336	$ 27,961	$ —	$ —	$ —
2024	6,577,742	100,655	58,449	384	—	123
2023	5,467,663	96,261	88,934	22	—	849
2022	5,516,776	297,719	101,351	228	—	405
2021	5,222,849	115,915	79,535	202	2	110
Prior	11,189,682	276,028	224,273	378	185	226
Revolving loans	6,177,286	424,149	204,501	2,191	—	343
Total	$41,947,148	$ 1,346,063	$ 785,004	$ 3,405	$ 187	$ 2,056
As a percentage of total loans	95.16 %	3.05 %	1.78 %	0.01 %	— %	

Balance as of and for the year ended December 31, 2024	Acceptable	OAEM	Substandard	Doubtful	Loss	Current Period Gross Writeoffs
2024	$ 6,767,864	$ 96,809	$ 58,827	$ 392	$ —	$ 747
2023	5,682,876	83,933	76,365	22	—	3,288
2022	5,811,566	260,027	86,250	234	1	829
2021	5,437,569	116,511	59,788	201	2	2,018
2020	3,408,102	87,380	66,121	36	198	199
Prior	8,290,703	175,305	159,091	354	—	4,016
Revolving loans	6,192,885	337,749	172,973	2,307	(9)	3,506
Total	$41,591,565	$ 1,157,714	$ 679,415	$ 3,546	$ 192	$ 14,603
As a percentage of total loans	95.76 %	2.67 %	1.56 %	0.01 %	— %	

District credit quality remained strong overall but declined slightly in 2025 primarily as a result of isolated credits within the Capital Markets portfolio. Credit quality may be impacted in future quarters as a result of inflationary input cost pressures, rising interest rates, potential changes in government support for agricultural sectors, and unforeseen impacts from geopolitical, trade (including tariffs), supply chain, weather, or animal- or human-related health events.

Nonaccrual Loans

Nonaccrual loans are all loans for which there is a reasonable doubt as to the collection of principal and/or interest under the contractual terms of the loan. Nonaccrual loans by FCA loan type and portfolio are as follows:

(dollars in thousands)	March 31, 2025	December 31, 2024
Nonaccrual loans:		
Real estate mortgage	$ 102,454	$ 88,214
Production and intermediate-term	77,208	57,147
Agribusiness	19,641	12,171
Rural residential real estate	35,627	35,619
Rural infrastructure	1,681	1,717
Other	5	11
Total	$ 236,616	$ 194,879
Nonaccrual Loans as Percentage of Total Loans	0.54 %	0.45 %

Nonaccrual by Portfolio

	March 31, 2025		December 31, 2024	
	Total Amount	% of Total	Total Amount	% of Total
Bank's Capital Markets	$ 31,791	13.44 %	$ 27,388	14.05 %
Bank's Correspondent Lending	33,043	13.96 %	33,262	17.07 %
District Associations	171,782	72.60 %	134,229	68.88 %
Total	$ 236,616	100.00 %	$ 194,879	100.00 %

During 2025, the total nonaccrual balance increased to 0.54% of total loans outstanding, consistent with slight declines in overall credit quality, compared to 0.45% at December 31, 2024. The commodity segments with the largest increase in nonaccruals were forestry and cotton.

Aging Analysis of Loans

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

	March 31, 2025					
(dollars in thousands)	**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**	**Accruing Loans 90 Days or More Past Due**
Real estate mortgage	$ 127,732	$ 49,227	$ 176,959	$ 21,047,245	$ 21,224,204	$ 898
Production and intermediate-term	62,952	45,284	108,236	7,801,237	7,909,473	1,848
Agribusiness	7,030	3,400	10,430	6,454,869	6,465,299	—
Rural residential real estate	50,170	13,934	64,104	3,978,459	4,042,563	—
Rural infrastructure	8,728	—	8,728	3,717,272	3,726,000	—
Other	21,640	—	21,640	692,628	714,268	—
Total	$ 278,252	$ 111,845	$ 390,097	$ 43,691,710	$ 44,081,807	$ 2,746

	December 31, 2024					
(dollars in thousands)	**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**	**Accruing Loans 90 Days or More Past Due**
Real estate mortgage	$ 111,178	$ 48,610	$ 159,788	$ 20,936,318	$ 21,096,106	$ 679
Production and intermediate-term	55,153	23,858	79,011	7,921,009	8,000,020	850
Agribusiness	8,073	2,347	10,420	6,065,464	6,075,884	—
Rural residential real estate	52,619	19,047	71,666	3,942,529	4,014,195	—
Rural infrastructure	—	—	—	3,507,754	3,507,754	—
Other	17,158	12	17,170	721,303	738,473	—
Total	$ 244,181	$ 93,874	$ 338,055	$ 43,094,377	$ 43,432,432	$ 1,529

Allowance for Credit Losses

Each District institution maintains an allowance for credit losses at a level management considers adequate to provide for estimable credit losses within its respective loan and finance lease portfolios as of each reported balance sheet date. Management’s evaluations consider factors which include, among other things, loan loss experience, portfolio quality, loan portfolio composition, current agricultural production conditions, and general economic conditions. Although aggregated in the District's combined financial statements, the allowance for credit losses for each District entity is particular to that institution and is not available to absorb losses realized by other District entities.

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

(dollars in thousands)	Real Estate Mortgage	Production and Intermediate -term	Agribusiness	Rural Residential Real Estate	Rural Infrastructure	Other	Total
Activity related to allowance for loan losses:							
Balance at December 31, 2024	$ 64,028	$ 45,736	$ 22,555	$ 9,681	$ 5,593	$ 476	$ 148,069
Charge-offs	(461)	(1,048)	(528)	(19)	—	—	(2,056)
Recoveries	97	132	115	26	—	—	370
Provision for (reversal of) loan losses	4,677	13,234	5,907	(262)	1,912	559	26,027
Balance at March 31, 2025	$ 68,341	$ 58,054	$ 28,049	$ 9,426	$ 7,505	$ 1,035	$ 172,410
Allowance for unfunded commitments:							
Balance at December 31, 2024	$ 505	$ 4,698	$ 6,040	$ 28	$ 595	$ 701	$ 12,567
Provision for (reversal of) unfunded commitments	466	845	694	205	224	(628)	1,806
Balance at March 31, 2025	$ 971	$ 5,543	$ 6,734	$ 233	$ 819	$ 73	$ 14,373
Allowance for credit losses	$ 69,312	$ 63,597	$ 34,783	$ 9,659	$ 8,324	$ 1,108	$ 186,783
Activity related to allowance for loan losses:							
Balance at December 31, 2023	$ 62,237	$ 41,220	$ 20,734	$ 20,960	$ 4,966	$ 381	$ 150,498
Charge-offs	(59)	(845)	(9)	(46)	—	—	(959)
Recoveries	236	805	2	13	—	10	1,066
Provision for (reversal of) loan losses	4,384	2,058	1,834	(1,609)	17	82	6,766
Balance at March 31, 2024	$ 66,798	$ 43,238	$ 22,561	$ 19,318	$ 4,983	$ 473	$ 157,371
Allowance for unfunded commitments:							
Balance at December 31, 2023	$ 2,372	$ 4,250	$ 6,041	$ 97	$ 499	$ 106	$ 13,365
Provision for (reversal of) unfunded commitments	(114)	386	(112)	(39)	37	(8)	150
Balance at March 31, 2024	$ 2,258	$ 4,636	$ 5,929	$ 58	$ 536	$ 98	$ 13,515
Allowance for credit losses	$ 69,056	$ 47,874	$ 28,490	$ 19,376	$ 5,519	$ 571	$ 170,886

The allowance for credit losses was $186.8 million at March 31, 2025, as compared with $160.6 million at December 31, 2024, an increase of $26.1 million. The increase was primarily the result of $27.8 million of provision for credit losses. See further discussion in the *Provision for Credit Losses* section above. The allowance for credit losses was 0.42% and 0.37% of total loans outstanding at March 31, 2025 and December 31, 2024, respectively. Additional detail on the allowance for credit losses is provided in the table below.

Allowance for Credit Losses by Portfolio

(dollars in thousands)	March 31, 2025				December 31, 2024			
	Bank's Capital Markets	Bank's Correspondent Lending	District Associations Combined	Total	Bank's Capital Markets	Bank's Correspondent Lending	District Associations Combined	Total
Asset-specific component	$ 11,306	$ 1,296	$ 17,580	$ 30,182	$ 3,351	$ 1,047	$ 14,198	$ 18,596
Pooled component	21,994	5,800	114,434	142,228	17,278	6,477	105,718	129,473
Unfunded commitments	4,774	—	9,599	14,373	3,975	—	8,591	12,566
Allowance for Credit Losses	$ 38,074	$ 7,096	$ 141,613	$ 186,783	$ 24,604	$ 7,524	$ 128,507	$ 160,635

INVESTMENTS

The Bank is responsible for meeting the District's funding, liquidity, and asset/liability management needs. Along with normal cash flows associated with lending operations, the District has two primary sources of liquidity: the capacity to issue Systemwide Debt Securities through the Federal Farm Credit Banks Funding Corporation, and cash and investments. The Bank maintains several repurchase agreement facilities. In addition, the System has established a line of credit in the event contingency funding is needed to meet obligations of System banks under certain circumstances.

The Bank's investments are primarily classified as available-for-sale. Refer to the Bank's First Quarter 2025 Report for additional information related to investments. District Associations also have regulatory authority to enter into certain government guaranteed investments, generally mortgage-backed or asset-backed securities. There were no District Associations that exceeded the regulatory limits for investments. There was no allowance for credit loss on District investments at March 31, 2025 or December 31, 2024. The following tables summarize the District's investments:

	March 31, 2025			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
District Bank investments	$ 8,664,868	$ 8,280	$ (784,883)	$ 7,888,265
District Association investments	175,291	1,607	(1,787)	175,111
Total District investments	$ 8,840,159	$ 9,887	$ (786,670)	$ 8,063,376

	December 31, 2024			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
District Bank investments	$ 8,901,434	$ 6,646	$ (906,658)	$ 8,001,422
District Association investments	162,089	1,533	(2,005)	161,617
Total District investments	$ 9,063,523	$ 8,179	$ (908,663)	$ 8,163,039

At March 31, 2025, there were $776.3 million in net unrealized losses on the Bank's available-for-sale investments, compared to $899.5 million in net unrealized losses at December 31, 2024. The net unrealized losses are the result of the significant increase in interest rates during 2022 and 2023 which reduced the fair value of existing available-for-sale fixed-rate investment securities held. The Bank evaluates investment securities with unrealized losses for impairment on a quarterly basis. In the unlikely event the Bank could not access the capital markets to issue debt or raise cash through repurchase agreements, the Bank approximates it could cover 78 days of maturing debt through the sale of available-for-sale securities before recognizing a net loss on the sale.

In 2025, $38.8 million of the Bank's U.S. Government Agency Guaranteed securities were sold resulting in a loss of $5.9 million in a transaction that was economically offset by the early extinguishment of $42.5 million of Systemwide Debt Securities resulting in a gain of $6.2 million. See further discussion in the *Noninterest Income* section above.

CAPITAL

Capital serves to support future asset growth, investment in new products and services, and to provide protection against credit, interest rate, and other risks, as well as operating losses. A sound capital position is critical to provide protection to investors in Systemwide Debt Securities and to ensure long-term financial success.

Total shareholders' equity increased $259.7 million, or 3.65%, from December 31, 2024, to $7.4 billion at March 31, 2025. The increase is primarily the result of net income of $149.3 million and an improvement in the unrealized losses on the Bank's available-for-sale investment portfolio of $123.2 million due to the lower, longer-term interest rate environment.

The table below presents the activity related to accumulated other comprehensive income (AOCI):

	Accumulated Other Comprehensive Income (Loss)	
(dollars in thousands)	**March 31, 2025**	**December 31, 2024**
Unrealized loss on investment securities	$ (776,221)	$ (899,416)
Employee benefit plans activity	(173,233)	(177,893)
Total accumulated other comprehensive loss	$ (949,454)	$ (1,077,309)

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations. The Bank and all Associations exceeded regulatory capital requirements, as demonstrated in the following table. These ratios are calculated using a three-month average daily balance.

Regulatory Capital Requirements and Ratios

As of March 31, 2025	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer	Bank	District Associations
Risk adjusted:					
Common equity tier 1 capital ratio	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)[1]	4.50 %	7.00 %	14.14%	14.84% - 32.76%
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.00 %	8.50 %	14.14%	14.84% - 32.76%
Total capital ratio	Tier 1 capital, allowance for credit losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	8.00 %	10.50 %	14.31%	15.14% - 33.35%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock, and subordinated debt, subject to certain limits	7.00 %	7.00 %	14.16%	15.10% - 32.98%
Non-risk adjusted:					
Tier 1 leverage ratio*	Tier 1 capital	4.00 %	5.00 %	5.58%	12.62% - 32.46%
URE and UREE component	URE and URE equivalents	1.50 %	1.50 %	4.29%	10.92% - 32.17%

[1] *Equities outstanding 7 or more years*
[2] *Capped at 1.25% of risk-adjusted assets*
[3] *Outstanding 5 or more years, but less than 7 years*
[4] *Outstanding 5 or more years*
* Must include the regulatory minimum requirement for the URE and UREE Leverage ratio.

REGULATORY MATTERS

On November 29, 2024, the FCA proposed rule on internal control over financial reporting (ICFR) was published 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 Farm Credit Administration'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) by assigning a 150% risk-weighting to such exposures, instead of the current 100% to reflect increased risk characteristics. The rule further ensures comparability between 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 with a balance 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 Farm Credit Administration 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 board reporting requirements. The final rule became effective on January 1, 2025.

OTHER MATTERS

Direct Notes

See the *Direct Notes* section of *Management's Discussion & Analysis of Financial Condition & Results of Operations* in the AgFirst Farm Credit Bank 2024 annual report for a discussion of the Bank's funding to District Associations.

At March 31, 2025, one Association (0.46% of total Direct Note), was operating under a special credit agreement with the Bank pursuant to the GFA and classified as Substandard. Presently, collection of the full Direct Note amount due is expected from all Associations, including the Association classified as Substandard, in accordance with the contractual terms of the debt arrangements, and no allowance has been recorded for Direct Notes. Virtually all assets of the Associations are pledged as collateral for their respective Direct Notes. In the opinion of management, all Association Direct Notes are adequately collateralized. The risk funds of an Association, including both capital and the allowance for credit losses, also protect the interest of the Bank should a Direct Note default.

On December 6, 2024, the boards of Farm Credit of Central Florida, ACA and Southwest Georgia Farm Credit, ACA signed a letter of intent to pursue a merger. These two Associations, with combined total assets of approximately $1.8 billion, or 5.4% of the combined Association total assets, as of March 31, 2025, anticipate a merger date of January 1, 2026, subject to receiving all regulatory and shareholder approvals required.

CEO Transition

Vance Dalton, President and CEO of AgSouth Farm Credit, has announced his decision to retire in January 2026. Their Board of Directors is in the process of identifying a successor.

Balance Sheets

(unaudited)

(dollars in thousands)	March 31, 2025	December 31, 2024
Assets		
Cash	**$ 705,402**	$ 819,557
Cash equivalents	**930,000**	1,040,000
Investments in debt securities	**8,063,843**	8,164,010
Loans	**44,081,807**	43,432,432
Allowance for credit losses on loans	**(172,410)**	(148,069)
Net loans	**43,909,397**	43,284,363
Loans held for sale	**81**	2,339
Accrued interest receivable	**388,635**	404,802
Accounts receivable	**51,200**	62,075
Equity investments in other Farm Credit institutions	**72,952**	72,951
Other Investments	**13,642**	11,277
Premises and equipment, net	**357,574**	348,728
Other property owned	**8,348**	10,081
Other assets	**88,472**	78,113
Total assets	**$ 54,589,546**	$ 54,298,296
Liabilities		
Systemwide bonds payable	**$ 42,072,112**	$ 41,673,261
Systemwide notes payable	**4,317,025**	4,467,291
Accrued interest payable	**288,460**	328,297
Accounts payable	**66,428**	434,515
Advanced conditional payments	**26,910**	35,776
Other liabilities	**441,126**	241,396
Total liabilities	**47,212,061**	47,180,536
Shareholders' Equity		
Protected borrower equity	**445**	445
Capital stock and participation certificates	**192,815**	193,098
Additional paid-in-capital	**516,563**	516,563
Retained earnings		
Allocated	**2,275,142**	2,299,606
Unallocated	**5,341,974**	5,185,357
Accumulated other comprehensive loss	**(949,454)**	(1,077,309)
Total shareholders' equity	**7,377,485**	7,117,760
Total liabilities and equity	**$ 54,589,546**	$ 54,298,296

Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended March 31, 2025	2024
Interest Income		
Investments & Cash Equivalents	**$ 81,713**	$ 88,702
Loans	**684,997**	646,526
Other	**4,963**	5,611
Total interest income	**771,673**	740,839
Interest Expense	**434,187**	413,891
Net interest income	**337,486**	326,948
Provision for credit losses	**27,833**	6,916
Net interest income after provision for credit losses	**309,653**	320,032
Noninterest Income		
Loan fees	**10,334**	10,241
Fees for financially related services	**4,302**	3,325
Losses on sales of investments, net	**(5,890)**	—
Gains (losses) on debt extinguishment	**157**	(4,492)
(Losses) gains on other transactions	**(59)**	3,845
Insurance premium refund	**8,011**	—
Patronage refunds from other Farm Credit institutions	**4,857**	1,530
Other noninterest income	**1,836**	2,003
Total noninterest income	**23,548**	16,452
Noninterest Expenses		
Salaries and employee benefits	**108,256**	105,407
Occupancy and equipment	**7,447**	7,224
Insurance Fund premiums	**10,085**	9,239
Purchased services	**11,050**	14,061
Data processing	**14,422**	12,968
Other operating expenses	**32,177**	30,891
Losses (gains) from other property owned	**200**	(47)
Total noninterest expenses	**183,637**	179,743
Income before income taxes	**149,564**	156,741
Provision for income taxes	**284**	276
Net income	**$ 149,280**	$ 156,465
Other comprehensive income (loss):		
Unrealized gains (losses) on investments	**$ 123,195**	$ (57,011)
Employee benefit plans adjustments	**4,660**	5,592
Other comprehensive income (loss)	**127,855**	(51,419)
Comprehensive income	**$ 277,135**	$ 105,046

DISTRICT ASSOCIATIONS

As of March 31, 2025

Associations	Direct Notes *	% of Direct Note Total	Total Assets	Total Allowance and Capital	Total Regulatory Capital Ratio	Nonperforming Loans as a % of Total Loans	ROA
(dollars in thousands)							
Horizon Farm Credit, ACA	$ 6,131,901	22.83 %	$ 7,549,221	$ 1,314,854	15.14 %	0.47 %	1.64 %
AgSouth Farm Credit, ACA	3,910,652	14.56	4,813,180	837,335	16.22	0.72	1.93
Ag Credit, ACA	3,094,150	11.52	3,708,738	579,004	18.82	0.50	1.90
First South Farm Credit, ACA	2,676,764	9.96	3,405,668	695,975	17.46	0.29	1.68
AgCarolina Farm Credit, ACA	2,300,456	8.56	2,889,760	543,788	16.29	0.63	1.95
Farm Credit of the Virginias, ACA	1,866,296	6.95	2,419,259	510,306	19.31	0.90	1.59
AgGeorgia Farm Credit, ACA	1,303,206	4.85	1,624,735	306,640	18.09	0.71	1.80
Farm Credit of Florida, ACA	1,237,633	4.61	1,653,485	380,710	19.35	0.21	1.70
Farm Credit of Central Florida, ACA	931,814	3.47	1,111,186	159,137	15.27	0.10	1.79
Central Kentucky, ACA	668,595	2.49	835,054	159,042	18.45	0.28	1.74
Colonial Farm Credit, ACA	638,351	2.38	867,543	210,466	21.81	0.11	1.93
ArborOne, ACA	578,679	2.15	724,452	137,548	17.42	0.27	1.26
Southwest Georgia Farm Credit, ACA	548,486	2.04	696,701	141,227	19.35	2.58	1.51
River Valley AgCredit, ACA	524,328	1.95	677,590	138,251	18.42	0.87	1.46
Farm Credit of Northwest Florida, ACA	336,543	1.25	445,644	100,894	21.62	0.02	1.31
Puerto Rico Farm Credit, ACA	116,510	0.43	182,671	62,046	33.35	2.05	1.88

** Includes fair value adjustments resulting from mergers*

AgFirst Farm Credit Bank

AgFirst Farm Credit Bank
1901 Main Street
Columbia, SC 29201
803-799-5000
www.agfirst.com

AgFirst District Associations

AgCarolina Farm Credit, ACA
636 Rock Spring Road
Greenville, NC 27834
800-951-3276
www.agcarolina.com

AgCredit Agricultural Credit Association
610 W. Lytle Street
Fostoria, OH 44830-3422
419-435-7758
www.agcredit.net

AgGeorgia Farm Credit, ACA
468 Perry Parkway
Perry, GA 31069
478-987-8300
www.aggeorgia.com

AgSouth Farm Credit, ACA
146 Victory Lane
Statesville, NC 28625
704-873-0276
www.agsouthfc.com

ArborOne, ACA
800 Woody Jones Boulevard
Florence, SC 29501
843-662-1527
www.arborone.com

Central Kentucky Agricultural Credit Association
2429 Members Way
Lexington, KY 40504
859-253-3249
www.agcreditonline.com

Colonial Farm Credit, ACA
7104 Mechanicsville Turnpike
Mechanicsville, VA 23111
804-746-1252
www.colonialfarmcredit.com

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204 East Orange Street, Suite 200
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863-682-4117
www.farmcreditcfl.com

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West Palm Beach, FL 33411
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Bainbridge, GA 39817
229-246-0384
www.swgafarmcredit.com