Farm Credit of the Virginias, ACA

FIRST QUARTER 2025

TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting 2

Management's Discussion and Analysis of

Financial Condition and Results of Operations 3

Consolidated Financial Statements

Consolidated Balance Sheets 6

Consolidated Statements of Comprehensive Income 7

Consolidated Statements of Changes in Members' Equity 8

Notes to the Consolidated Financial Statements 9

CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2025 quarterly report of Farm Credit of the Virginias, 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/ Brad Cornelius
Chief Executive Officer

/s/ Justin Weekley
Chief Financial Officer

/s/ Kevin C. Craun
Chairperson of the Board

May 9, 2025

Farm Credit of the Virginias, 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/ Brad Cornelius
Chief Executive Officer

/s/ Justin Weekley
Chief Financial Officer

May 9, 2025

Farm Credit of the Virginias, 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 the Virginias, ACA (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 including livestock, timber, poultry, field crops, and also includes part-time farmer and rural home loans. 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, impacts the level of dependency on a given commodity.

The total loan volume of the Association as of March 31, 2025, was $2,355,908, an increase of $29,371 as compared to $2,326,537 at December 31, 2024. The increase in loan volume was primarily driven by growth in production and intermediate-term loans in the Association's originated and participation purchased portfolios.

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 $26,747 at December 31, 2024, to $21,000 at March 31, 2025. As a percent of total loans, nonaccrual loans were 0.89% and 1.15% at March 31, 2025 and December 31, 2024, respectively. The decrease in nonaccrual loans was attributable to the Association's continued collection of loan repayments and reinstatement of loans to accrual status, partially offset by loans transferred to nonaccrual status during the first three months of 2025.

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 $5,719 or 0.24% of total loans compared to $5,101 or 0.22% 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 $9,441, a decrease of $307 as compared to net income of $9,748 for the same period ended in 2024.

For the three months ended March 31, 2025, net interest income was $17,519, an increase of $1,048, and the net interest margin was 3.06%, a decrease of 3 basis points as compared to the same period ended in 2024. The decrease is primarily attributed to the change in calculation used by AgFirst to determine the rate applied to the Association's note payable for all new loans and loans that reprice effective January 1, 2025.

The provision for credit losses for the three months ended March 31, 2025, was $709, an increase of $389 from the provision for credit losses of $320 for the same period ended during the prior year. The increased provision was primarily attributable to changes in underlying economic assumptions when compared to the same assumptions used in the prior year.

Noninterest income decreased $626 to $3,392 during the first three months of 2025 compared with the first three months of 2024 primarily due to a decrease of $403 in patronage refunds from other Farm Credit institutions and a decrease of $454 in the gain on sales of premises and equipment. These decreases in noninterest income were partially offset by the receipt of Insurance Fund refunds of $361 in the three months ended March 31, 2025 which did not occur in the same period ended during the prior year.

For the three months ended March 31, 2025, noninterest expense increased $332 to $10,753 compared with the first three months of 2024 primarily due to higher technology related purchased services expense of $683, partially offset by lower salaries and employee benefits expense of $240 as compared to the same period ended during the prior year.

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 $1,866,296 as compared to $1,851,854 at December 31, 2024.

CAPITAL RESOURCES

Total members' equity at March 31, 2025, was $504,587 an increase of $9,475 from a total of $495,112 at December 31, 2024. The increase in members' equity is primarily related to net income of $9,441 recorded during the three month period ending March 31, 2025. Total capital stock and participation certificates were $11,143 on March 31, 2025, compared to $11,109 on December 31, 2024.

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%	19.16%	19.99%	20.31%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	19.09%	19.94%	20.21%
Tier 1 Capital Ratio	8.50%	19.09%	19.94%	20.21%
Total Regulatory Capital Ratio	10.50%	19.31%	20.19%	20.47%
Tier 1 Leverage Ratio**	5.00%	19.68%	20.61%	20.97%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	19.21%	20.14%	20.47%

**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 540-886-3435, ext. 5040, or writing Justin Weekley, Farm Credit of the Virginias, ACA, P.O. Box 899, Staunton, VA 24402, or accessing the website, *www.farmcreditofvirginias.com*. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Farm Credit of the Virginias, ACA

Consolidated Balance Sheets

(dollars in thousands)	March 31, 2025	December 31, 2024
	(unaudited)	*(audited)*
Assets		
Cash	**$ 468**	$ 97
Loans	**2,355,908**	2,326,537
Allowance for credit losses on loans	**(5,719)**	(5,101)
Net loans	**2,350,189**	2,321,436
Accrued interest receivable	**14,486**	13,265
Equity investments in other Farm Credit institutions	**35,305**	35,305
Premises and equipment, net	**13,185**	13,200
Other property owned	**150**	252
Accounts receivable	**3,148**	13,652
Other assets	**2,328**	2,174
Total assets	**$ 2,419,259**	$ 2,399,381
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 1,866,296**	$ 1,851,854
Accrued interest payable	**6,289**	6,012
Patronage refunds payable	**1,544**	33,669
Accounts payable	**670**	1,972
Other liabilities	**39,873**	10,762
Total liabilities	**1,914,672**	1,904,269
Commitments and contingencies (Note 6)		
Members' Equity		
Capital stock and participation certificates	**11,143**	11,109
Retained earnings		
Allocated	**92,568**	92,568
Unallocated	**400,895**	391,454
Accumulated other comprehensive income (loss)	**(19)**	(19)
Total members' equity	**504,587**	495,112
Total liabilities and members' equity	**$ 2,419,259**	$ 2,399,381

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

Farm Credit of the Virginias, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended March 31, 2025	2024
Interest Income		
Loans	**$ 35,508**	$ 31,387
Interest Expense	**17,989**	14,916
Net interest income	**17,519**	16,471
Provision for credit losses	**709**	320
Net interest income after provision for credit losses	**16,810**	16,151
Noninterest Income		
Loan fees	**162**	208
Fees for financially related services	**29**	29
Patronage refunds from other Farm Credit institutions	**2,775**	3,178
Gains (losses) on sales of rural home loans, net	**13**	18
Gains (losses) on sales of premises and equipment, net	**48**	502
Gains (losses) on other transactions	**(3)**	64
Insurance Fund refunds	**361**	—
Other noninterest income (loss)	**7**	19
Total noninterest income	**3,392**	4,018
Noninterest Expense		
Salaries and employee benefits	**5,861**	6,101
Occupancy and equipment	**389**	385
Insurance Fund premiums	**467**	425
Purchased services	**2,588**	1,905
Data processing	**98**	165
Other operating expenses	**1,368**	1,437
(Gains) losses on other property owned, net	**(18)**	3
Total noninterest expense	**10,753**	10,421
Income before income taxes	**9,449**	9,748
Provision for income taxes	**8**	—
Net income	**$ 9,441**	$ 9,748
Other comprehensive income	**—**	—
Comprehensive income	**$ 9,441**	$ 9,748

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

Farm Credit of the Virginias, 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 (Loss)	Total Members' Equity
Balance at December 31, 2023	$ 10,864	$ 92,568	$ 383,656	$ (22)	$ 487,066
Comprehensive income			9,748		9,748
Capital stock/participation certificates issued/(retired), net	40				40
Balance at March 31, 2024	$ 10,904	$ 92,568	$ 393,404	$ (22)	$ 496,854
Balance at December 31, 2024	**$ 11,109**	**$ 92,568**	**$ 391,454**	**$ (19)**	**$ 495,112**
Comprehensive income			**9,441**		**9,441**
Capital stock/participation certificates issued/(retired), net	**34**				**34**
Balance at March 31, 2025	**$ 11,143**	**$ 92,568**	**$ 400,895**	**$ (19)**	**$ 504,587**

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

Farm Credit of the Virginias, 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 the Virginias, 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	$ 1,746,211	$ 1,751,407
Production and intermediate-term	377,424	351,905
Agribusiness:		
Loans to cooperatives	–	48
Processing and marketing	94,759	87,965
Farm-related business	12,092	11,894
Rural infrastructure:		
Communication	27,475	27,260
Power and water/waste disposal	14,913	14,133
Rural residential real estate	59,583	60,094
Other:		
International	503	1,035
Other (including mission related)	22,948	20,796
Total loans	$ 2,355,908	$ 2,326,537

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	96.85%	96.64%
OAEM	1.30	1.31
Substandard/doubtful/loss	1.85	2.05
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	94.72%	95.13%
OAEM	3.16	2.96
Substandard/doubtful/loss	2.12	1.91
	100.00%	100.00%
Agribusiness:		
Acceptable	91.87%	89.11%
OAEM	1.69	1.55
Substandard/doubtful/loss	6.44	9.34
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	97.16%	97.03%
OAEM	0.98	1.28
Substandard/doubtful/loss	1.86	1.69
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Total loans:		
Acceptable	96.38%	96.19%
OAEM	1.57	1.53
Substandard/doubtful/loss	2.05	2.28
	100.00%	100.00%

Accrued interest receivable on loans of $14,486 and $13,265 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 the recorded investment 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	$ 7,738	$ 2,832	$ 10,570	$ 1,735,641	$ 1,746,211	$ –
Production and intermediate-term	2,829	1,333	4,162	373,262	377,424	–
Agribusiness	495	29	524	106,327	106,851	–
Rural infrastructure	–	–	–	42,388	42,388	–
Rural residential real estate	387	124	511	59,072	59,583	–
Other	–	–	–	23,451	23,451	–
Total	$ 11,449	$ 4,318	$ 15,767	$ 2,340,141	$ 2,355,908	$ –

	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	$ 8,623	$ 9,396	$ 18,019	$ 1,733,388	$ 1,751,407	$ –
Production and intermediate-term	1,888	1,036	2,924	348,981	351,905	–
Agribusiness	2,115	–	2,115	97,792	99,907	–
Rural infrastructure	–	–	–	41,393	41,393	–
Rural residential real estate	1,112	–	1,112	58,982	60,094	–
Other	–	–	–	21,831	21,831	–
Total	$ 13,738	$ 10,432	$ 24,170	$ 2,302,367	$ 2,326,537	$ –

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	$ 336	$ 8,682	$ 9,018
Production and intermediate-term	1,287	3,536	4,823
Agribusiness	29	6,696	6,725
Rural residential real estate	–	434	434
Total	$ 1,652	$ 19,348	$ 21,000

	December 31, 2024		
Nonaccrual loans:	**Amortized Cost with Allowance**	**Amortized Cost without Allowance**	**Total**
Real estate mortgage	$ 2,003	$ 13,144	$ 15,147
Production and intermediate-term	1,232	2,965	4,197
Agribusiness	29	7,043	7,072
Rural residential real estate	–	331	331
Total	$ 3,264	$ 23,483	$ 26,747

The Association recognized $457 and $295 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	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	$ 5,101	$ 5,362
Charge-offs	(63)	(118)
Recoveries	7	7
Provision for credit losses on loans	674	264
Balance at end of period	$ 5,719	$ 5,515
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	$ 402	$ 468
Provision for unfunded commitments	35	56
Balance at end of period	$ 437	$ 524
Total allowance for credit losses	$ 6,156	$ 6,039

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.

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2025, disaggregated by loan type and type of modification granted:

	For the Three Months Ended March 31, 2025		
	Maturity Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 106	$ 106	0.01%
Production and intermediate-term	603	603	0.16%
Agribusiness	2,427	2,427	2.27%
Total	$ 3,136	$ 3,136	0.13%

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2025:

	Maturity Extension
	Financial Effect
Real estate mortgage	Added a weighted average 9.0 years to the life of loans
Production and intermediate-term	Added a weighted average 2.2 years to the life of loans
Agribusiness	Added a weighted average 6.0 months to the life of loans

There were no loans to borrowers experiencing financial difficulty that had a modification in the preceding 12 months and subsequently defaulted during the three months ended March 31, 2025.

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

	March 31, 2025			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	$ 318	$ –	$ –	$ 318
Production and intermediate-term	2,363	79	12	2,454
Agribusiness	2,427	–	–	2,427
Rural residential real estate	62	–	–	62
Total	$ 5,170	$ 79	$ 12	$ 5,261

Accrued interest receivable at the end of the reporting period related to loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2025 was $5. Additional commitments to lend to borrowers experiencing financial difficulties whose loans have been modified were $374 and $592 at March 31, 2025 and December 31, 2024, respectively.

Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the three months ended March 31, 2024. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at March 31, 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

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 6.13% 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 $981 in investments 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	$	(19)	$	(22)
Other comprehensive income before reclassifications		–		–
Amounts reclassified from AOCI		–		–
Net current period other comprehensive income		–		–
Balance at end of period	$	(19)	$	(22)

	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	$	–	$	–	Salaries and employee benefits
Net amounts reclassified	$	–	$	–	

(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	$ 1,217	$ –	$ –	$ 1,217
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 962	$ 962
Other property owned	$ –	$ –	$ 174	$ 174

	December 31, 2024			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 1,324	$ –	$ –	$ 1,324
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 2,595	$ 2,595
Other property owned	$ –	$ –	$ 275	$ 275

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 — 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.