AGFIRST FARM CREDIT BANK & DISTRICT ASSOCIATIONS

2024 ANNUAL FINANCIAL INFORMATION

FARM CREDIT

AgFirst Farm Credit Bank and District Associations December 31, 2024 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 years ended December 31, 2024, 2023, and 2022. 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 December 31, 2024, the District consisted of the Bank and sixteen District Associations. See *Other Matters* section below for details of merger activity among Associations in the District. 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.

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)

As of December 31,	2024	2023	2022
Total loans	**$ 43,432,432**	$ 40,750,224	$ 38,103,069
Allowance for credit losses on loans	**(148,069)**	(150,498)	(181,254)
Net loans	**$ 43,284,363**	$ 40,599,726	$ 37,921,815
Total assets	**$ 54,298,296**	$ 51,826,565	$ 48,907,496
Total shareholders' equity	**7,117,760**	6,808,874	6,585,151

Year Ended December 31,	2024	2023	2022
Net interest income	**$ 1,330,853**	$ 1,333,291	$ 1,347,600
Provision for (reversal of) credit losses	**7,612**	53,507	(15,426)
Noninterest expense, net	**(632,281)**	(680,255)	(600,844)
Net income	**$ 690,960**	$ 599,529	$ 762,182
Net interest income as a percentage of average earning assets	**2.60 %**	2.73 %	2.91 %
Net (charge-offs) recoveries to average loans	**(0.03)%**	(0.10)%	0.00 %
Return on average assets	**1.32 %**	1.20 %	1.62 %
Return on average shareholders' equity	**9.61 %**	8.78 %	10.73 %
Operating expense as a percentage of net interest income and noninterest income	**50.95 %**	54.08 %	48.73 %
Average loans	**$ 41,584,721**	$ 39,207,286	$ 36,467,661
Average earning assets	**51,270,181**	48,916,589	46,258,944
Average assets	**52,227,624**	49,851,733	47,174,706

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

RESULTS OF OPERATIONS

Net Income

Net income totaled $691.0 million for the year ended December 31, 2024, an increase of $91.4 million from 2023. Net income of $599.5 million for the year ended December 31, 2023 was a decrease of $162.7 million from 2022. Major components of the changes in net income for the referenced periods are outlined in the following table and discussion:

Change in Net Income	**Year Ended December 31,**	
(dollars in thousands)	**2024**	**2023**
Net income (for prior year)	$ 599,529	$ 762,182
Increase (decrease) in Net income due to:		
Total interest income	339,524	821,840
Total interest expense	(341,962)	(836,149)
Net interest income	(2,438)	(14,309)
Provision for credit losses	45,895	(68,933)
Noninterest income	7,034	(3,251)
Noninterest expense	41,919	(77,303)
Provision for income taxes	(979)	1,143
Total increase (decrease) in net income	91,431	(162,653)
Net income	$ 690,960	$ 599,529

Net Interest Income

Net interest income was $1.3 billion for the years ended December 31, 2024, 2023, and 2022, which was a decrease of $2.4 million, or 0.18 percent, in 2024 and $14.3 million, or 1.06 percent in 2023. The net interest margin, which is net interest income as a percentage of average earning assets, was 2.60 percent, 2.73 percent, and 2.91 percent for the years ended December 31, 2024, 2023, and 2022, respectively, a decrease of 13 basis points and 18 basis points in 2024 and 2023, respectively.

A significant volume of the Bank'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 Systemwide Debt Securities that result in interest expense savings. This temporarily increases net interest margin, which, absent additional rate decreases, returns to a level that does not reflect the benefits of called debt over time as assets reprice.

Net interest income remained relatively flat and was positively impacted by increased loan volume and negatively impacted by the declining benefits from previously called debt.

The effects of changes in volumes and interest rates on net interest income for the year ended December 31, 2024 as compared with the corresponding periods in 2023 and 2022, are presented in the following tables. 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.

(dollars in thousands)	For the Year Ended December 31, 2024 vs. December 31, 2023			For the Year Ended December 31, 2023 vs. December 31, 2022		
	Increase (decrease) due to changes in:			Increase (decrease) due to changes in:		
	Volume	**Rate**	**Total**	**Volume**	**Rate**	**Total**
Interest Income:						
Loans	$ 153,721	$ 154,932	$ 308,653	$ 166,313	$ 515,239	$ 681,552
Investments & Cash Equivalents	(3,357)	30,445	27,088	(8,165)	134,697	126,532
Other	3,185	598	3,783	7,302	6,454	13,756
Total Interest Income	153,549	185,975	339,524	165,450	656,390	821,840
Interest Expense:						
Interest-Bearing Liabilities	76,919	265,043	341,962	95,385	740,764	836,149
Changes in Net Interest Income	$ 76,630	$ (79,068)	$ (2,438)	$ 70,065	$ (84,374)	$ (14,309)

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. On January 1, 2023, AgFirst and the District Associations adopted Accounting Standards Update - Financial Instruments - Credit Losses, commonly referred to as the Current Expected Credit Loss (CECL) standard. Provision for credit losses, which includes the provision for credit loss on loans and, beginning in 2023 following the adoption of CECL, the provision for unfunded commitments, was a provision expense of $7.6 million for the year ended December 31, 2024, compared to a provision expense of $53.5 million and a provision reversal of $15.4 million for the years ended December 31, 2023 and 2022, respectively.

(dollars in thousands)	For the year ended December 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**
Asset-specific component	$ 704	$ 572	$ 6,602	$ 7,878
Pooled component	885	(11,684)	11,332	533
Unfunded Commitments	(64)	—	(735)	(799)
Total	$ 1,525	$ (11,112)	$ 17,199	$ 7,612

(dollars in thousands)	For the year ended December 31, 2023			
Provision for (reversal of) allowance for credit losses:	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**
Asset-specific component	$ 16,984	$ 93	$ 26,351	$ 43,428
Pooled component	387	(561)	6,735	6,561
Unfunded Commitments	(950)	—	4,468	3,518
Total	$ 16,421	$ (468)	$ 37,554	$ 53,507

(dollars in thousands)	For the year ended December 31, 2022*			
Provision for (reversal of) allowance for credit losses:	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**
Asset-specific component	$ 2,082	$ 1,371	$ (2,870)	$ 583
Pooled component	3,649	602	(20,260)	(16,009)
Total	$ 5,731	$ 1,973	$ (23,130)	$ (15,426)

**Prior to the adoption of CECL on January 1, 2023, the provision for unfunded commitments was recorded in Gains on other transactions.*

Total provision expense for the year ended December 31, 2024 is primarily related to borrowers in the field crops ($4.8 million expense), grain ($3.8 million expense), cotton ($3.7 million expense), nursery/greenhouse ($3.4 million expense), corn ($2.9 million expense), and cattle ($2.2 million expense) commodity segments, partially offset by rural home loan ($11.2 million reversal) and tree fruits and nuts ($4.6 million reversal) commodity segments. The reduction in the rural home loan commodity segment is due to an update in the model used to calculate the loss given default (LGD) that incorporated additional historical data which closely aligns with the long-term realized losses experienced within this portfolio.

For the year ended December 31, 2023, total provision expense was primarily related to borrowers in the tree fruits and nuts ($32.4 million expense), field crops ($8.6 million expense), forestry ($6.6 million expense), and utilities ($2.2 million expense) commodity segments.

For the year ended December 31, 2022, the net provision reversal was primarily related to borrowers in the poultry ($9.7 million reversal), forestry ($3.4 million reversal), corn ($1.8 million reversal), and cotton ($1.5 million reversal) commodity segments, partially offset by processing ($3.4 million expense), and field crops ($2.3 million expense) commodity segments.

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

Noninterest Income

The following table illustrates the changes in noninterest income:

Change in Noninterest Income	**For the Year Ended December 31,**			**Increase (Decrease)**	
(dollars in thousands)	**2024**	**2023**	**2022**	**2024/ 2023**	**2023/ 2022**
Loan fees	$ 41,715	$ 39,258	$ 40,379	$ 2,457	$ (1,121)
Fees for financially related services	26,742	23,286	21,280	3,456	2,006
Gains on sales of investments, net	105	—	—	105	—
(Losses) gains on debt extinguishment	(22,774)	(6,515)	56	(16,259)	(6,571)
Gains on other transactions	11,914	2,227	2,986	9,687	(759)
Insurance premium refund	13,106	—	—	13,106	—
Patronage refunds from other Farm Credit institutions	19,018	25,024	21,572	(6,006)	3,452
Other noninterest income	7,022	6,534	6,792	488	(258)
Total noninterest income	$ 96,848	$ 89,814	$ 93,065	$ 7,034	$ (3,251)

Noninterest income increased $7.0 million from 2023 to 2024 and decreased $3.3 million from 2022 to 2023.

Loan fees increased $2.5 million for the year ended December 31, 2024, compared to the prior year primarily as a result of additional residential mortgage lending origination fees of $2.8 million.

Fees for financially related services increased $3.5 million for the year ended December 31, 2024 when compared to the prior year primarily due to higher income from crop/hail insurance of $3.9 million. For the year ended December 31, 2023, fees for financially related services increased $2.0 million when compared to the prior year primarily due to higher income received from the expansion of tax services to borrowers at one Association that merged in 2022 with another Association which had been providing these services to its borrowers.

Losses on debt extinguishment were $22.8 million for the year ended December 31, 2024, compared to losses of $6.5 million and gains of $56 thousand in 2023 and 2022, respectively. Debt issuance expense is amortized into interest expense over the contractual life of the underlying debt security. Debt is called to take advantage of favorable market interest rate changes. When debt securities are called prior to maturity, any unamortized issuance cost is expensed through losses on debt extinguishment. The amount of issuance cost expensed is dependent upon both the size and remaining maturity of the bond when called. Losses on called debt are more than offset by interest expense savings realized over the life of the replacement debt. Call options were exercised on bonds totaling $11.7 billion for the year ended December 31, 2024 compared to $3.0 billion for the year ended December 31, 2023 compared to none in 2022. Despite not exercising any call options on bonds during 2022, the Bank repurchased and subsequently cancelled one discount note that resulted in $56 thousand of gains during 2022.

Gains on other transactions increased $9.7 million for the year ended December 31, 2024. The variance resulted primarily from an $5.3 million increase in the market value of certain nonqualified retirement plan trust assets that are offset in salaries and employee benefits of noninterest expense.

During 2024, the District received insurance premium refunds of $13.1 million from FCSIC, which insures the System's debt obligations. These refunds are nonrecurring and resulted from the assets of FCSIC exceeding the secure base amount, as defined by the Farm Credit Act, at the end of the preceding year. No refunds were received in 2023 or 2022.

Patronage refunds from other Farm Credit institutions decreased by $6.0 million and increased by $3.5 million for the year ended December 31, 2024 and 2023, respectively, primarily due to lower expected patronage from other Farm Credit institutions in 2024 and increased loan volume sold to other System institutions in 2023.

Noninterest Expenses

The following table illustrates the changes in noninterest expenses:

Change in Noninterest Expenses	**For the Year Ended December 31,**			**Increase (Decrease)**	
(dollars in thousands)	**2024**	**2023**	**2022**	**2024 / 2023**	**2023 / 2022**
Salaries and employee benefits	$ 414,481	$ 393,493	$ 373,910	$ 20,988	$ 19,583
Occupancy and equipment	30,114	29,293	29,049	821	244
Insurance fund premiums	38,755	66,703	67,093	(27,948)	(390)
Purchased services	58,827	79,084	74,212	(20,257)	4,872
Data processing	54,483	52,345	38,454	2,138	13,891
Other operating expenses	130,775	148,436	109,333	(17,661)	39,103
Total noninterest expenses	$ 727,435	$ 769,354	$ 692,051	$ (41,919)	$ 77,303

Noninterest expenses decreased $41.9 million and increased $77.3 million for the years ended December 31, 2024 and 2023, respectively, compared to the prior years.

Salaries and employee benefits expenses increased $21.0 million and $19.6 million for the years ended December 31, 2024 and 2023, respectively. The increase in 2024 was primarily due to higher salaries from normal salary administration, slightly higher headcount (1.4 percent growth year-over-year), lower deferred salaries from reduced software capitalization activities, and higher market returns on certain nonqualified benefit plan trust assets discussed above. The increase in 2023 was primarily due to normal salary administration, higher group health insurance expense due to higher claims experience, and higher annual leave expenses due to lower utilization of annual leave across the District as a result of technology initiatives.

Insurance fund premiums decreased $27.9 million for the year ended December 31, 2024 as a result of a decrease in the premium rate from 18 basis points in 2023 to 10 basis points in 2024. In February 2025, FCSIC's Board approved that the premium rate will be 10 basis points for at least the first half of 2025.

Purchased services decreased by $20.3 million and increased $4.9 million for the years ended December 31, 2024 and 2023, respectively. In 2023, the purchased services increase resulted from contractors and consultants utilized in the development and implementation of the new loan systems, including a new mortgage loan origination system and new loan accounting system, and the decrease in 2024 resulted from a reduction in contractors and consultants following the implementations.

Data processing increased by $2.1 million and $13.9 million for the years ended December 31, 2024 and 2023, respectively, primarily as the result of higher software and hardware depreciation and maintenance costs related to the new loan systems implemented in 2023.

Other operating expenses decreased $17.7 million and increased $39.1 million for the year ended December 31, 2024 and 2023 respectively, primarily due to pension settlement accounting expenses of $21.7 million incurred in 2023 due to a significant number of lump sum retirement withdrawals that did not occur again in 2024. In addition, the higher 2023 expense resulted from higher pension expense due to poor returns on equity investments and negative returns on fixed income investments due to rising interest rates in 2022 which increased the pension expense recorded in 2023.

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)	December 31, 2024		December 31, 2023		December 31, 2022	
Real estate mortgage	$ 21,096,106	48.57 %	$ 20,071,746	49.26 %	$ 19,567,465	51.35 %
Production and intermediate-term	8,000,020	18.42	7,513,910	18.44	7,087,492	18.60
Agribusiness:						
Loans to cooperatives	716,650	1.65	794,631	1.95	763,647	2.01
Processing and marketing	4,682,130	10.78	3,815,876	9.36	3,387,983	8.89
Farm-related business	677,104	1.56	632,802	1.55	581,143	1.53
Rural residential real estate	4,014,195	9.24	3,866,809	9.49	3,718,275	9.76
Rural infrastructure:						
Power	1,699,694	3.91	1,655,434	4.06	1,129,848	2.97
Communication	1,369,835	3.15	1,281,338	3.14	1,051,506	2.76
Water/Waste disposal	438,225	1.01	462,915	1.14	203,724	0.53
Other:						
International	267,182	0.62	218,835	0.54	214,546	0.56
Lease receivables	11,848	0.03	13,194	0.03	12,979	0.03
Loans to other financing institutions (OFIs)	175,122	0.40	167,962	0.41	166,260	0.44
Other (including mission related)	284,321	0.66	254,772	0.63	218,201	0.57
Total	$ 43,432,432	100.00 %	$ 40,750,224	100.00 %	$ 38,103,069	100.00 %

Total loans outstanding were $43.4 billion at December 31, 2024, an increase of $2.7 billion, or 6.58 percent, compared to December 31, 2023 and an increase of $2.6 billion, or 6.95 percent, during 2022.

In 2024, the loan growth for the combined District portfolio is primarily due to new client acquisition, higher input costs related to higher inflation and interest rates, and borrower liquidity needs due to merger and acquisition activity and was primarily in the forestry, field crops, utilities, and grains commodity segments. In 2023, the loan growth for the combined District portfolio was primarily due to the same factors above within the processing, utilities, and forestry commodity segments.

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:

District Credit Quality by Origination Year

(in thousands)

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 %	— %	

Balance as of and for the year ended December 31, 2023	**Acceptable**	**OAEM**	**Substandard**	**Doubtful**	**Loss**	**Current Period Gross Writeoffs**
2023	$ 6,569,096	$ 83,172	$ 35,884	$ —	$ —	$ 343
2022	6,911,369	113,135	73,910	67	1	8,381
2021	6,242,268	84,501	44,784	—	2	716
2020	4,166,886	79,450	65,801	36	230	276
2019	2,430,148	27,197	51,458	—	2	18,113
Prior	7,519,236	149,411	116,483	68	9	3,649
Revolving loans	5,745,737	126,654	113,144	84	1	11,953
Total	$ 39,584,740	$ 663,520	$ 501,464	$ 255	$ 245	$ 43,431
As a percentage of total loans	97.14 %	1.63 %	1.23 %	— %	— %	

District credit quality declined slightly in 2024 but remains strong overall with 95.76% acceptable credit quality. Credit quality may be impacted in future quarters as a result of inflationary input cost pressures, sustained higher interest rates, potential changes in government support for agricultural sectors, and unforeseen impacts from geopolitical, trade, supply chain, weather, or animal- or human-related health events.

As mentioned above, the Associations serve primarily all or a portion of fifteen states and Puerto Rico. Additionally, AgFirst and the Associations actively purchase and sell loans and loan participations with non-District institutions. The resulting geographic diversity is a natural credit risk-reducing factor. The geographic distribution of the District's loan volume outstanding by state at December 31 is shown in the following table:

	District Loan Volume by State*		
State	**2024**	**2023**	**2022**
North Carolina	14 %	14 %	15 %
Georgia	11	11	11
Pennsylvania	9	9	9
Florida	8	8	9
Virginia	8	7	8
Ohio	7	7	7
South Carolina	6	6	5
Maryland	5	5	5
Alabama	4	4	4
Kentucky	3	3	3
Texas	3	3	3
Mississippi	2	2	2
Louisiana	2	2	2
California	2	2	1
New York	2	1	1
Other states including Puerto Rico	14	16	15
Total	100 %	100 %	100 %

* *The distribution is based on the state in which the borrower is headquartered and may not be representative of their operations and business activities.*

At December 31, 2024, only two states have loan volume representing 10.00 percent or more of the total. Commodity diversification, guarantees, and borrowers with significant reliance on non-farm income further mitigate the geographic concentration risk in these states.

The District's credit portfolios are comprised of a number of commodity segments having varied, and in some cases complementary, characteristics which helps mitigate credit risk. Commodity and industry categories are based on the Standard Industrial Classification system published by the federal government. This system is used to assign commodity or industry categories based on the largest agricultural commodity of the customer. The aggregate credit portfolio of the District by major commodity segments based on borrower eligibility at December 31 is shown in the following table:

	Percent of Portfolio		
Commodity Group - Eligibility	**2024**	**2023**	**2022**
Forestry	15 %	15 %	15 %
Field Crops	10	9	10
Rural Home	9	10	10
Poultry	8	9	9
Processing	7	7	6
Grains	6	6	6
Cattle	6	7	7
Utilities	6	6	5
Corn	4	4	4
Other Real Estate	4	4	4
Dairy	4	4	4
Tree Fruits and Nuts	3	3	3
Nursery/Greenhouse	3	3	3
Cotton	2	2	2
Swine	2	2	2
Other	11	9	10
Total	100 %	100 %	100 %

As illustrated in the above chart, at December 31, 2024, the District had concentrations of 10.00 percent or greater in only two commodities: forestry and rural home. Both commodities have geographic dispersion over the entire AgFirst footprint.

Forestry is divided principally into hardwood and softwood production and value-added processing. The timber from hardwood production is further processed into furniture, flooring, and high-grade paper and is generally located at the more northern latitudes and higher elevations of the District. Softwood timber production is typically located in the coastal plains of the AgFirst District footprint and is used for building materials for the housing market and pulp to make paper and hygiene products. Timber producers at the Associations range in size from less than fifty acres to thousands of acres, with value-added processing being conducted at sawmills, planer mills, and paper mills.

The field crops commodity group represents a diverse group of commodities, including melons, vegetables, and other non-grain crops, which are grown throughout the AgFirst District.

The diversity of income sources supporting District loan repayments, including a prevalence of non-farm income among the borrowers, further mitigates credit risk to AgFirst as demonstrated by the following table as of December 31:

	Percent of Portfolio		
Commodity Group - Repayment Dependency	**2024**	**2023**	**2022**
Non-Farm Income	33 %	33 %	34 %
Poultry	8	9	9
Processing	7	7	6
Forestry	7	7	6
Utilities	6	6	5
Field Crops	5	5	6
Grains	5	5	5
Dairy	4	4	3
Corn	4	4	4
Cattle	3	3	3
Tree Fruits and Nuts	3	3	3
Nursery/Greenhouse	2	2	2
Other Real Estate	2	2	2
Cotton	2	2	2
Other	9	8	10
Total	100 %	100 %	100 %

Nonaccrual Loans

As a result of stable credit quality and the District's efforts to resolve problem assets, the District's nonaccrual assets continue to be a small percentage of the total loan volume and total assets. Nonaccrual loans by FCA loan type are as follows:

	December 31,		
(dollars in thousands)	**2024**	**2023**	**2022**
Nonaccrual loans:			
Real estate mortgage	$ 88,214	$ 67,440	$ 77,412
Production and intermediate-term	57,147	65,427	68,326
Agribusiness	12,171	16,589	6,779
Rural residential real estate	35,619	24,473	19,200
Rural infrastructure	1,717	2,067	2,966
Other	11	65	255
Total	$ 194,879	$ 176,061	$ 174,938
Nonaccrual Loans as Percentage of Total Loans	0.45 %	0.43 %	0.46 %

Nonaccrual loans represent 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 for the combined District were $194.9 million, or 0.45 percent of total loans at December 31, 2024 and $176.1 million, or 0.43 percent of total loans at December 31, 2023. Nonaccrual loans by portfolio are included in the following table:

	Nonaccrual by Portfolio					
	December 31, 2024		December 31, 2023		December 31, 2022	
(dollars in thousands)	Total Amount	% of Total	Total Amount	% of Total	Total Amount	% of Total
Bank's Capital Markets	$ 27,388	14.05 %	$ 21,340	12.12 %	$ 19,448	11.12 %
Bank's Correspondent Lending	33,262	17.07	22,741	12.92	17,670	10.10
District Associations	134,229	68.88	131,980	74.96	137,820	78.78
Total	$ 194,879	100.00 %	$ 176,061	100.00 %	$ 174,938	100.00 %

While nonaccrual loans increased by $18.8 million, or 10.69 percent, during 2024, the balance remains low overall. The increase in nonaccrual loans is primarily the result of several borrower relationships in the Bank Capital Markets portfolio being downgraded across a variety of repayment dependencies.

Aging Analysis of Loans

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

	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

	December 31, 2023					
(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	$ 147,194	$ 30,011	$ 177,205	$ 19,894,541	$ 20,071,746	$ 1,493
Production and intermediate-term	48,814	40,666	89,480	7,424,430	7,513,910	232
Agribusiness	10,601	3,676	14,277	5,229,032	5,243,309	—
Rural residential real estate	67,443	11,419	78,862	3,787,947	3,866,809	—
Rural infrastructure	—	—	—	3,399,687	3,399,687	—
Other	1,744	4,382	6,126	648,637	654,763	4,316
Total	$ 275,796	$ 90,154	$ 365,950	$ 40,384,274	$ 40,750,224	$ 6,041

Prior to the adoption of CECL, the table below is reported at recorded investment, which includes accrued interest. This change does not have a significant impact on comparability of the figures presented.

	December 31, 2022					
(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	$ 70,488	$ 34,242	$ 104,730	$ 19,615,099	$ 19,719,829	$ 1,144
Production and intermediate-term	31,708	25,075	56,783	7,105,705	7,162,488	38
Agribusiness	9,060	13,861	22,921	4,730,128	4,753,049	10,280
Rural residential real estate	45,923	10,730	56,653	3,670,693	3,727,346	1,587
Rural infrastructure	—	—	—	2,390,356	2,390,356	—
Other	10,272	1,251	11,523	604,161	615,684	1,186
Total	$ 167,451	$ 85,159	$ 252,610	$ 38,116,142	$ 38,368,752	$ 14,235

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.

On January 1, 2023, the Bank and District Associations adopted CECL, which replaces multiple existing impairment standards by establishing a single framework for financial assets to reflect management's estimate of current expected credit losses over the contractual life of the financial assets. This standard requires the Bank and District Associations to estimate losses of all financial assets including loans and investment securities. Upon adoption of the standard, the District recorded a Day 1 decrease in the Allowance for Credit Losses (ACL) of $23.0 million ($15.7 million increase at the Bank and $38.7 million decrease at the Combined Associations). This decrease included a $27.8 million decrease in the allowance for credit loss on loans (ACLL) ($12.1 million increase at the Bank and $39.9 million decrease at the Combined Associations) and a $4.8 million increase in the reserve for unfunded commitments ($3.5 million increase at the Bank and $1.3 million increase at the Combined Associations). The Bank and District Associations did not record an ACL on any other financial assets, including the investment portfolio. See further discussion on the adoption of CECL in the respective Bank and District Associations' Annual reports.

A summary of changes in the ACL 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, 2023	$ 62,237	$ 41,220	$ 20,734	$ 20,960	$ 4,966	$ 381	$ 150,498
Charge-offs	(1,238)	(10,322)	(2,844)	(199)	—	—	(14,603)
Recoveries	1,008	2,456	127	163	—	9	3,763
Provision for (reversal of) loan losses	2,021	12,382	4,538	(11,243)	627	86	8,411
Balance at December 31, 2024	$ 64,028	$ 45,736	$ 22,555	$ 9,681	$ 5,593	$ 476	$ 148,069
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	(1,867)	448	(2)	(68)	95	595	(799)
Balance at December 31, 2024	$ 505	$ 4,698	$ 6,039	$ 29	$ 594	$ 701	$ 12,566
Allowance for credit losses	$ 64,533	$ 50,434	$ 28,594	$ 9,710	$ 6,187	$ 1,177	$ 160,635
Activity related to allowance for loan losses:							
Balance at December 31, 2022	$ 82,018	$ 65,472	$ 20,146	$ 8,824	$ 3,875	$ 919	$ 181,254
Cumulative effect of change in accounting principle	(14,693)	(23,270)	(1,246)	12,605	(758)	(476)	(27,838)
Charge-offs	(1,998)	(39,956)	(493)	(283)	(701)	—	(43,431)
Recoveries	1,950	2,294	243	276	41	5	4,809
Provision for (reversal of) loan losses	2,793	41,632	3,175	(316)	2,583	122	49,989
Merger adjustment	(7,833)	(4,952)	(1,091)	(146)	(74)	(189)	(14,285)
Balance at December 31, 2023	$ 62,237	$ 41,220	$ 20,734	$ 20,960	$ 4,966	$ 381	$ 150,498
Allowance for unfunded commitments:							
Balance at December 31, 2022	$ 189	$ 2,747	$ 2,727	$ 15	$ 78	$ 48	$ 5,804
Cumulative effect of change in accounting principle	565	791	2,936	22	463	37	4,814
Provision for (reversal of) unfunded commitments	2,052	916	500	65	(42)	27	3,518
Merger adjustment	(434)	(204)	(122)	(5)	—	(6)	(771)
Balance at December 31, 2023	$ 2,372	$ 4,250	$ 6,041	$ 97	$ 499	$ 106	$ 13,365
Allowance for credit losses	$ 64,609	$ 45,470	$ 26,775	$ 21,057	$ 5,465	$ 487	$ 163,863
Activity related to allowance for loan losses:							
Balance at December 31, 2021	$ 98,823	$ 79,314	$ 19,662	$ 8,341	$ 5,170	$ 906	$ 212,216
Charge-offs	(1,220)	(2,179)	(126)	(1,311)	(864)	—	(5,700)
Recoveries	2,801	2,725	291	443	—	—	6,260
Provision for (reversal of) loan losses	(13,907)	(8,740)	5,112	1,427	526	156	(15,426)
Merger adjustment	(4,479)	(5,648)	(4,793)	(76)	(957)	(143)	(16,096)
Balance at December 31, 2022	$ 82,018	$ 65,472	$ 20,146	$ 8,824	$ 3,875	$ 919	$ 181,254

The ACL by portfolio is included within the tables below:

(dollars in thousands)	**Allowance for Credit Losses by Portfolio December 31, 2024**			
	Bank's Capital Markets	**Bank's Correspondent Lending**	**District Associations Combined**	**Total**
Asset-specific component	$ 3,351	$ 1,047	$ 14,198	$ 18,596
Pooled component	17,278	6,477	105,718	129,473
Unfunded commitments	3,975	—	8,591	12,566
Allowance for Credit Losses	$ 24,604	$ 7,524	$ 128,507	$ 160,635

(dollars in thousands)	Allowance for Credit Losses by Portfolio December 31, 2023			
	Bank's Capital Markets	Bank's Correspondent Lending	District Associations Combined	Total
Asset-specific component	$ 4,386	$ 479	$ 31,706	$ 36,571
Pooled component	16,394	18,161	79,372	113,927
Unfunded commitments	4,039	—	9,326	13,365
Allowance for Credit Losses	$ 24,819	$ 18,640	$ 120,404	$ 163,863

(dollars in thousands)	Allowance for Credit Losses by Portfolio December 31, 2022*			
	Bank's Capital Markets	Bank's Correspondent Lending	District Associations Combined	Total
Asset-specific component	$ 3,061	$ 900	$ 15,369	$ 19,330
Pooled component	16,792	5,317	139,815	161,924
Unfunded commitments	1,497	—	4,306	5,803
Allowance for Credit Losses	$ 21,350	$ 6,217	$ 159,490	$ 187,057

**Prior to the adoption of CECL on January 1, 2023, the allowance was calculated using the incurred loss model*

Charge-offs during the year ended December 31, 2024 were related primarily to borrowers in the tree fruits and nuts (35.42 percent of the total) and field crops (30.76 percent) commodity segments and recoveries were related primarily to borrowers in the field crops (28.98 percent of the total) and poultry (16.45 percent) commodity segments. See *Provision for Credit Losses* section above for additional details regarding provision for credit loss expense. The ACLL at December 31, 2024 included asset-specific reserves of $18.6 million (12.56 percent of the total) and $129.5 million (87.44 percent) of pooled reserves. The allowance for credit losses was 0.37 percent, 0.40 percent, and 0.49 percent of total loans outstanding at December 31, 2024, December 31, 2023, and December 31, 2022, respectively.

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 AgFirst's 2024 Annual Report on its website 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 was no ACL on District investments during the years ended December 31, 2024, 2023, and 2022. The following tables summarize the District's investments:

(dollars in thousands)	December 31, 2024 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

	December 31, 2023			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
District Bank investments	$ 9,543,846	$ 4,269	$ (897,704)	$ 8,650,411
District Association investments	105,216	1,487	(1,370)	105,333
Total District investments	$ 9,649,062	$ 5,756	$ (899,074)	$ 8,755,744

	December 31, 2022			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
District Bank investments	$10,069,991	$ 931	$ (995,672)	$ 9,075,250
District Association investments	25,608	151	(1,737)	24,022
Total District investments	$10,095,599	$ 1,082	$ (997,409)	$ 9,099,272

At December 31, 2024, there were $899.5 million in net unrealized losses in available-for-sale investments, compared to $893.2 million in net unrealized losses and $994.2 million net unrealized losses at December 31, 2023 and 2022, respectively. The net unrealized losses are primarily the result of the significant increase in market interest rates during 2022 and 2023 which reduced the fair value of available-for-sale fixed rate investment securities held. The Bank evaluates investment securities with unrealized losses for impairment on a quarterly basis. As part of this assessment, it was concluded that the Bank does not intend to sell the securities prior to recovery of the amortized cost 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 at least 79 days of maturing debt through sales of available-for-sale securities before recognizing a loss.

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 $308.9 million, or 4.54 percent, from December 31, 2023, to $7.1 billion at December 31, 2024. The following table summarizes changes in the District's Capital during the year:

Change in Shareholder's Equity	Year Ended December 31,	
(dollars in millions)	**2024**	**2023**
Shareholders' Equity (for prior year)	$ 6,808,874	$ 6,585,151
Increase (decrease) due to:		
Net Income	690,960	599,529
Change in unrealized losses on investments	(6,312)	100,966
Cash patronage declared	(394,590)	(398,260)
Adjustments due to mergers	—	(87,606)
Other	18,828	9,094
Total increase/(decrease) in shareholders' equity	308,886	223,723
Shareholder's equity	$ 7,117,760	$ 6,808,874

The AgCarolina Farm Credit merger effective on January 1, 2023 reduced equity by $40.7 million due to a decrease in unallocated retained earnings of $106.2 million and an increase in additional paid-in capital of $65.5 million in accordance with merger accounting requirements. The AgSouth Farm Credit merger effective on April 1, 2023 also reduced equity by $46.9 million due to a decrease in unallocated retained earnings of $143.4 million and an increase in additional paid-in capital of $96.5 million.

Accumulated Other Comprehensive Income (Loss)

	December 31,		
(dollars in thousands)	2024	2023	2022
Unrealized loss on investment securities	$ (899,416)	$ (893,104)	$ (994,070)
Employee benefit plans activity	(177,893)	(221,682)	(250,024)
Total accumulated other comprehensive loss	$ (1,077,309)	$ (1,114,786)	$ (1,244,094)

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 December 31, 2024	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 %	15.10%	14.97% - 33.66%
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.00 %	8.50 %	15.10%	14.97% - 33.66%
Total capital ratio	Tier 1 capital, allowance for loan losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	8.00 %	10.50 %	15.28%	15.53% - 34.64%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock, and subordinated debt, subject to certain limits	7.00 %	7.00 %	15.12%	15.26% - 33.95%
Non-risk adjusted:					
Tier 1 leverage ratio*	Tier 1 capital	4.00 %	5.00 %	5.88%	12.83% - 33.17%
URE and UREE component	URE and URE equivalents	1.50 %	1.50 %	4.65%	11.34% - 32.88%

[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.

EMPLOYEE BENEFIT PLANS

The Bank and thirteen District Associations participate in the multiemployer AgFirst Farm Credit Retirement Plan, which is a qualified defined benefit final average pay plan (FAP Plan). Three District Associations participate in the multiemployer Independent Associations' Retirement Plan (IAR Plan), which is also a qualified defined benefit final average pay plan. In addition to the multiemployer defined benefit plans above, one Association also sponsors a single employer qualified defined benefit plan, the First South Farm Credit, ACA Retirement Plan (FS Plan). In addition, the Bank and 16 District Associations participate in a multiemployer qualified defined benefit other postretirement benefits plan (OPEB Plan), the Farm Credit Benefits Alliance Retiree and Disabled Medical and Dental Plan, and the Bank and all 16 District Associations participate in the Farm Credit Benefits Alliance (FCBA) 401(k) Plan (401(k) Plan), a multiemployer qualified defined contribution 401(k) plan. These plans are qualified plans under the Internal Revenue Code.

The FAP Plan covers eligible employees hired prior to January 1, 2003. The IAR Plan covers eligible employees whose employment date is prior to January 1, 2009. The FS Plan covers eligible employees whose employment date is prior to January 1, 2009. Each plan is noncontributory. The "Projected Unit Credit" actuarial method is used for financial reporting purposes. Pension benefits are primarily based on eligible compensation and years of service. The District entities funded $20.3 million, $24.5 million, and $26.3 million into these retirement plans for each of the three years ended December 31, 2024, 2023, and 2022, respectively. The expenses of these retirement plans included in noninterest expenses were $26.3

million, $48.0 million, and $20.8 million for 2024, 2023, and 2022, respectively. The plans' respective prepaid retirement expenses or liabilities are reflected in Other Assets or Other Liabilities in the District's Balance Sheets.

In addition to providing pension benefits, the District provides certain medical and dental benefits for eligible retired employees through the OPEB Plan. Substantially all of the District employees may become eligible for the benefits if they reach early retirement age while working for the Bank or District Associations. Early retirement age is defined as a minimum of age 55 and 10 years of service. Employees hired after December 31, 2002, and employees who separate from service between age 50 and age 55 that were hired prior to December 31, 2002, are required to pay the full cost of their retiree health insurance coverage. In addition, substantially all District employees who retired on or before December 1, 2007, after reaching early retirement age are provided retiree life insurance benefits. The OPEB Plan includes certain other Farm Credit System employees that are not employees of the Bank or District Associations and is accounted for as a multiemployer plan. Thus, the related net benefit plan obligations are not included in the District's Balance Sheets but are included in the Combined Statement of Condition for the Farm Credit System. The OPEB Plan is unfunded with expenses paid as incurred. Postretirement benefits other than pensions included in salaries and employee benefit costs on the District's Statements of Comprehensive Income were $9.6 million for 2024, $9.5 million for 2023, and $8.6 million for 2022. At December 31, 2024, 2023, and 2022, the total AgFirst District liability balance for the OPEB Plan presented in the Farm Credit System Combined Statement of Condition was $182.6 million, $161.0 million, and $167.9 million, respectively.

All District entities also participate in the FCBA defined contribution 401(k) Plan which qualifies as a 401(k) plan as defined by the Internal Revenue Code. The contributions vary by entity within the District and range from $0.50 to $1.00 for each $1.00 of the employee's first 6.00 percent of contribution (based on total compensation) up to the maximum employer contribution of 3.00 or 6.00 percent of total compensation, dependent upon each District entity's policy. Beginning in 2015, contributions include an additional 3.00 percent of eligible compensation for employees who are not covered under the FAP Plan, the IAR Plan, or the FS Plan. Employee deferrals are not to exceed the maximum deferral as determined and adjusted by the Internal Revenue Service. The 401(k) Plan costs are expensed as funded. Employer contributions to this plan included in salaries and employee benefit costs were $23.8 million, $22.3 million, and $20.8 million for the years ended December 31, 2024, 2023, and 2022, respectively.

In addition to the multiemployer plans above, AgFirst and certain District Associations individually sponsor supplemental defined benefit and defined contribution retirement plans and offer a FCBA supplemental 401(k) plan for employees that meet certain eligibility requirements. These plans are nonqualified; therefore, the associated liabilities are included in the District's Combined Balance Sheets in Other Liabilities. The District entities contributed $1.4 million, $1.4 million, and $1.3 million for the years ended December 31, 2024, 2023, and 2022, respectively, into these supplemental retirement plans. The supplemental retirement plans are unfunded and had a projected benefit obligation of $27.2 million and a net under-funded status of $27.2 million at December 31, 2024. The expenses of these nonqualified plans included in the District's noninterest expenses were $2.4 million, $2.0 million, and $3.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The funding status and the amounts recognized in the Combined Balance Sheet of the District for postretirement benefit plans follows:

	Pension Benefits			
(dollars in thousands)	**FAP Plan**	**IAR Plan**	**FS Plan**	**Unfunded Benefit Plans**
December 31, 2024				
Projected benefit obligations	$ 661,525	$ 55,153	$ 96,821	$ 27,159
Fair value of plan assets	651,760	48,902	105,796	—
Funded (unfunded) status	(9,765)	(6,251)	8,975	(27,159)
Accumulated benefit obligation	$ 632,702	$ 49,364	$ 91,906	$ 23,918
Assumptions used to determine benefit obligations:				
Discount rate	5.70 %	6.00 %	5.70 %	5.00 %
Expected long-term rate of return	5.84 %	6.00 %	6.50 %	N/A*
Rate of compensation increase	4.00 %	5.00 %	5.00 %	Varies

(dollars in thousands)	Pension Benefits FAP Plan	IAR Plan	FS Plan	Unfunded Benefit Plans
December 31, 2023				
Projected benefit obligations	$ 735,796	$ 59,721	$ 104,620	$ 25,846
Fair value of plan assets	702,136	51,728	100,274	—
Funded (unfunded) status	(33,660)	(7,993)	(4,346)	(25,846)
Accumulated benefit obligation	$ 699,557	$ 52,272	$ 98,458	$ 23,155
Assumptions used to determine benefit obligations:				
Discount rate	5.00 %	5.10 %	5.00 %	5.00 %
Expected long-term rate of return	5.90 %	5.80 %	6.50 %	N/A*
Rate of compensation increase	4.00 %	5.20 %	5.20 %	Varies

(dollars in thousands)	Pension Benefits FAP Plan	IAR Plan	FS Plan	Unfunded Benefit Plans
December 31, 2022				
Projected benefit obligations	$ 776,836	$ 63,875	$ 101,008	$ 24,652
Fair value of plan assets	744,268	56,540	89,963	—
Funded (unfunded) status	(32,568)	(7,335)	(11,045)	(24,652)
Accumulated benefit obligation	$ 737,738	$ 56,448	$ 95,336	$ 21,797
Assumptions used to determine benefit obligations:				
Discount rate	2.95 %	5.25 %	5.20 %	5.20 %
Expected long-term rate of return	4.65 %	6.30 %	6.50 %	N/A*
Rate of compensation increase	3.90 %	5.20 %	5.00 %	Varies

**Not applicable*

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 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. Associations would meet the requirement for an integrated audit if it represent 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 was to end on January 28, 2025. However, the Farm Credit Administration granted a 60-day comment period extension that ends 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 percent risk-weighting to such exposures, instead of the current 100 percent. The rule would further align the FCA's risk-weightings with federal banking regulators and recognizes the increased risk posed by HVCRE exposures. 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 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 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 December 31, 2024, one Association (0.47 percent 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.

Association Merger Activity

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 percent of the combined Association total assets, as of December 31, 2024, anticipate a merger date of January 1, 2026, subject to receiving all regulatory and shareholder approvals required.

CEO Transition

Effective December 31, 2024, Leon T. Amerson retired from AgFirst. John. P. Calhoun, previously serving as Executive Vice President and Chief Credit Officer, and who has broad experience in the Farm Credit System as a previous CEO of AgSouth Farm Credit, was appointed as the acting Chief Executive Officer effective January 1, 2025.

Effective February 3, 2025, Farm Credit of Florida announced John Gregory, previously serving as the CEO of Farm Credit of Northwest Florida, as its new Chief Executive Officer, following the retirement of Marcus Boone on January 31, 2025.

On February 11, 2025, Farm Credit of Northwest Florida announced W. Stacy Sikes as its new Chief Executive Officer effective April 1, 2025.

Balance Sheets

(unaudited)

(dollars in thousands)	As of December 31, 2024	2023	2022
Assets			
Cash	**$ 819,557**	$ 658,758	$ 750,899
Cash equivalents	**1,040,000**	835,000	350,000
Investments in debt securities	**8,164,010**	8,755,808	9,101,416
Loans	**43,432,432**	40,750,224	38,103,069
Allowance for credit losses on loans	**(148,069)**	(150,498)	(181,254)
Net loans	**43,284,363**	40,599,726	37,921,815
Loans held for sale	**2,339**	71,888	1,720
Accrued interest receivable	**404,802**	372,401	296,439
Accounts receivable	**62,075**	58,956	53,540
Equity investments in other Farm Credit institutions	**72,951**	65,497	62,823
Other Investments	**11,277**	6,658	3,902
Premises and equipment, net	**348,728**	330,180	294,045
Other property owned	**10,081**	4,394	4,310
Other assets	**78,113**	67,299	66,587
Total assets	**$ 54,298,296**	$ 51,826,565	$ 48,907,496
Liabilities			
Systemwide bonds payable	**$ 41,673,261**	$ 39,197,358	$ 35,233,552
Systemwide notes payable	**4,467,291**	4,780,008	6,186,573
Accrued interest payable	**328,297**	244,994	142,782
Accounts payable	**434,515**	490,083	485,684
Advanced conditional payments	**35,776**	31,756	9,548
Other liabilities	**241,396**	273,492	264,206
Total liabilities	**47,180,536**	45,017,691	42,322,345
Shareholders' Equity			
Protected borrower equity	**445**	445	445
Capital stock and participation certificates	**193,098**	184,936	191,247
Additional paid-in-capital	**516,563**	516,563	354,575
Retained earnings			
Allocated	**2,299,606**	2,238,228	2,398,494
Unallocated	**5,185,357**	4,983,488	4,884,484
Accumulated other comprehensive loss	**(1,077,309)**	(1,114,786)	(1,244,094)
Total shareholders' equity	**7,117,760**	6,808,874	6,585,151
Total liabilities and equity	**$ 54,298,296**	$ 51,826,565	$ 48,907,496

Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the year ended December 31, 2024	2023	2022
Interest Income			
Investments & Cash Equivalents	**$ 354,932**	$ 327,844	$ 201,312
Loans	**2,688,790**	2,380,137	1,698,585
Other	**22,570**	18,787	5,031
Total interest income	**3,066,292**	2,726,768	1,904,928
Interest Expense	**1,735,439**	1,393,477	557,328
Net interest income	**1,330,853**	1,333,291	1,347,600
Provision for (reversal of) credit losses	**7,612**	53,507	(15,426)
Net interest income after provision for (reversal of) credit losses	**1,323,241**	1,279,784	1,363,026
Noninterest Income			
Loan fees	**41,715**	39,258	40,379
Fees for financially related services	**26,742**	23,286	21,280
Gains on sales of investments, net	**105**	—	—
(Losses) gains on debt extinguishment	**(22,774)**	(6,515)	56
Gains on other transactions	**11,914**	2,227	2,986
Insurance premium refund	**13,106**	—	—
Patronage refunds from other Farm Credit institutions	**19,018**	25,024	21,572
Other noninterest income	**7,022**	6,534	6,792
Total noninterest income	**96,848**	89,814	93,065
Noninterest Expenses			
Salaries and employee benefits	**414,481**	393,493	373,910
Occupancy and equipment	**30,114**	29,293	29,049
Insurance Fund premiums	**38,755**	66,703	67,093
Purchased services	**58,827**	79,084	74,212
Data processing	**54,483**	52,345	38,454
Other operating expenses	**130,775**	148,436	109,333
Total noninterest expenses	**727,435**	769,354	692,051
Income before income taxes	**692,654**	600,244	764,040
Provision for income taxes	**1,694**	715	1,858
Net income	**$ 690,960**	$ 599,529	$ 762,182
Other comprehensive income (loss):			
Unrealized (losses) gains on investments	**$ (6,312)**	$ 100,966	$ (1,016,322)
Change in value of cash flow hedges	**—**	—	(201)
Employee benefit plans adjustments	**43,789**	28,342	17,115
Other comprehensive income (loss)	**37,477**	129,308	(999,408)
Comprehensive income (loss)	**$ 728,437**	$ 728,837	$ (237,226)

DISTRICT ASSOCIATIONS

As of December 31, 2024

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	$ 6,087,403	22.72 %	$ 7,486,479	$ 1,282,208	15.53 %	0.40 %	1.87 %
AgSouth Farm Credit, ACA	3,832,367	14.30	4,747,863	839,710	16.76	0.44	2.36
Ag Credit, ACA	3,146,165	11.74	3,753,065	560,960	18.54	0.34	2.13
First South Farm Credit, ACA	2,628,047	9.81	3,356,313	681,764	17.61	0.21	1.89
AgCarolina Farm Credit, ACA	2,351,268	8.77	2,939,639	525,653	17.14	0.37	2.38
Farm Credit of the Virginias, ACA	1,851,854	6.91	2,399,381	500,213	20.19	1.16	1.78
AgGeorgia Farm Credit, ACA	1,304,710	4.87	1,626,741	298,853	17.43	0.58	2.17
Farm Credit of Florida, ACA	1,246,458	4.65	1,663,769	373,141	19.87	0.27	2.34
Farm Credit of Central Florida, ACA	930,685	3.47	1,111,561	154,003	15.59	0.17	2.59
Central Kentucky, ACA	653,497	2.44	816,250	155,440	18.69	0.12	1.99
Colonial Farm Credit, ACA	646,062	2.41	873,241	206,524	22.77	0.11	2.12
ArborOne, ACA	586,271	2.19	732,906	134,328	18.01	0.18	2.00
Southwest Georgia Farm Credit, ACA	551,551	2.06	700,908	138,780	18.75	1.73	1.95
River Valley AgCredit, ACA	534,751	2.00	686,882	135,109	18.84	0.64	1.83
Farm Credit of Northwest Florida, ACA	325,304	1.21	431,747	99,279	22.48	0.01	1.68
Puerto Rico Farm Credit, ACA	118,943	0.44	184,183	61,119	34.64	2.57	2.19

** 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

Farm Credit of Central Florida, ACA
204 East Orange Street, Suite 200
Lakeland, FL 33801
863-682-4117
www.farmcreditcfl.com

Farm Credit of Florida, ACA
11903 Southern Boulevard, Suite 200
West Palm Beach, FL 33411
561-965-9001
www.farmcreditfl.com

Farm Credit of Northwest Florida, ACA
5052 Highway 90 East
Marianna, FL 32446
850-526-4910
www.farmcredit-fl.com

Farm Credit of the Virginias, ACA
102 Industry Way
Staunton, VA 24401
800-919-3276
www.farmcreditofvirginias.com

First South Farm Credit, ACA
574 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
601-977-8381
www.firstsouthfarmcredit.com

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300 Winding Creek Boulevard
Mechanicsburg, PA 17050
888-339-3334
www.horizonfc.com

Puerto Rico Farm Credit, ACA
URB Baldrich
213 Calle Manuel Domenech
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www.prfarmcredit.com

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2731 Olivet Church Road
Paducah, KY 42001
270-554-2912
www.rivervalleyagcredit.com

Southwest Georgia Farm Credit, ACA
305 Colquitt Highway
Bainbridge, GA 39817
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www.swgafarmcredit.com

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