Southwest Georgia Farm Credit, ACA

THIRD QUARTER 2025

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2025 quarterly report of Southwest Georgia Farm Credit, 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/ Paxton W. Poitevint
President/CEO

/s/ Ryan G. Burtt
Chief Financial Officer

/s/ Rex LaDon Durham
Chairman of the Board

November 7, 2025

Southwest Georgia Farm Credit, 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 Southwest Georgia Farm Credit, ACA (Association) for the period ended September 30, 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. While we make loans and provide Financial Related Services to qualified borrowers in the Agriculture and Rural sectors and certain related industries, our loan portfolio is diversified by commodity and industry categories as well as in participation type lending.

The total loan volume of the Association as of September 30, 2025, was $706,586, an increase of $51,669 as compared to $654,917 at December 31, 2024. Stabilized and declining interest rates are allowing the Association to achieve modest growth in 2025.

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. However, the Association is still experiencing activity in distressed loans from both the stress in commodity prices and increase in production costs. . Nonaccrual loans decreased to $8,973 at September 30, 2025 from $9,809 at December 31, 2024. As a percent of total loans, nonaccrual loans were 1.27% and 1.50% at September 30, 2025 and December 31, 2024, respectively.

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 September 30, 2025, was $3,110 or .44% of total loans compared to $3,519 or .54% 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 September 30, 2025

Net income for the three months ended September 30, 2025, was $2,623, a decrease of $52 as compared to net income of $2,675 for the same period ended in 2024. Increased technology and funding expenses from the core service provider have contributed to this decrease.

For the three months ended September 30, 2025, net interest income was $4,640, an increase of $561, and the net interest margin was 2.67%, an increase of 15 basis points as compared to the same period ended in 2024.

The provision for credit losses for the three months ended September 30, 2025, was $5, an increase of $72 from the reversal of credit losses of $67 for the same period ended during the prior year.

Noninterest income increased $49 to $2,327 during the three months ended September 30, 2025 compared to the same period ended during the prior year primarily due to increased loan fees and fees for financially related services.

For the three months ended September 30, 2025, noninterest expense increased $590 to $4,339 compared to the same period ended in 2024 primarily due to the increased shared services fee by the core service provider, AgFirst Farm Credit Bank.

For the nine months ended September 30, 2025

Net income for the nine months ended September 30, 2025, was $8,462, a decrease of $98 as compared to net income of $8,560 for the same period ended in 2024.

For the nine months ended September 30, 2025, net interest income was $13,662, an increase of $77, and the net interest margin was 2.75%, a decrease of 14 basis points as compared to the same period ended in 2024.

The provision for credit losses for the nine months ended September 30, 2025, was $21, a decrease of $1,806 from the provision for credit losses of $1,827 for the same period ended during the prior year. A large distressed loan required additional provision at this time in 2024.

Noninterest income decreased $779 to $6,757 during the first nine months of 2025 compared with the first nine months of 2024 primarily due to reduced patronage refund from AgFirst Farm Credit Bank.

For the nine months ended September 30, 2025, noninterest expense increased $1,202 to $11,936 compared to the same period ended in 2024 primarily due to the increased shared services fee by the technology service provider, AgFirst Farm Credit Bank.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at September 30, 2025, was $603,307 as compared to $551,551 at December 31, 2024.

CAPITAL RESOURCES

Total members' equity at September 30, 2025, was $143,672, an increase of $8,411 from a total of $135,261 at December 31, 2024. The increase is primarily related to earnings retained for capital growth as well as the current year's net income. Total capital stock and participation certificates were $1,573 on September 30, 2025, compared to $1,624 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*	9/30/25	12/31/24	9/30/24
Permanent Capital Ratio	7.00%	18.19%	17.95%	18.02%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	18.10%	17.79%	17.85%
Tier 1 Capital Ratio	8.50%	18.10%	17.79%	17.85%
Total Regulatory Capital Ratio	10.50%	18.61%	18.75%	18.83%
Tier 1 Leverage Ratio**	5.00%	16.53%	16.33%	16.43%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	16.31%	16.09%	16.19%

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

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

REGULATORY MATTERS

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

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

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

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, *www.agfirst.com*. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 1-229-246-0384 or 1-866-304-3276, writing Keri Reynolds, Controller, Southwest Georgia Farm Credit, ACA, 305 Colquitt Highway, Bainbridge, Georgia 39817 or accessing the website, *www.swgafarmcredit.com*. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Southwest Georgia Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands)	September 30, 2025 *(unaudited)*	December 31, 2024 *(audited)*
Assets		
Cash	**$ 2**	$ 2
Investments in debt securities:		
Held to maturity	**6,426**	3,852
Loans	**706,586**	654,917
Allowance for credit losses on loans	**(3,110)**	(3,519)
Net loans	**703,476**	651,398
Accrued interest receivable	**11,151**	10,919
Equity investments in other Farm Credit institutions	**20,900**	20,681
Premises and equipment, net	**3,483**	3,638
Other property owned	**1,587**	1,535
Accounts receivable	**6,003**	8,561
Other assets	**228**	322
Total assets	**$ 753,256**	$ 700,908
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 603,307**	$ 551,551
Accrued interest payable	**2,165**	1,916
Patronage refunds payable	**78**	6,300
Accounts payable	**550**	675
Advanced conditional payments	**—**	12
Other liabilities	**3,484**	5,193
Total liabilities	**609,584**	565,647
Commitments and contingencies (Note 5)		
Members' Equity		
Capital stock and participation certificates	**1,573**	1,624
Retained earnings		
Allocated	**9,707**	9,707
Unallocated	**132,392**	123,930
Total members' equity	**143,672**	135,261
Total liabilities and members' equity	**$ 753,256**	$ 700,908

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

Southwest Georgia Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Interest Income				
Loans	**$ 11,051**	$ 9,982	**$ 31,515**	$ 30,008
Investments	**95**	60	**230**	182
Total interest income	**11,146**	10,042	**31,745**	30,190
Interest Expense	**6,506**	5,963	**18,083**	16,605
Net interest income	**4,640**	4,079	**13,662**	13,585
Provision for (reversal of) allowance for credit losses	**5**	(67)	**21**	1,827
Net interest income after provision for (reversal of) allowance for credit losses	**4,635**	4,146	**13,641**	11,758
Noninterest Income				
Loan fees	**296**	149	**668**	666
Fees for financially related services	**40**	13	**40**	13
Patronage refunds from other Farm Credit institutions	**1,972**	2,083	**5,926**	6,565
Gains (losses) on sales of premises and equipment, net	**—**	12	**—**	9
Gains (losses) on other transactions	**17**	16	**14**	31
Insurance Fund refunds	**—**	—	**106**	200
Other noninterest income	**2**	5	**3**	52
Total noninterest income	**2,327**	2,278	**6,757**	7,536
Noninterest Expense				
Salaries and employee benefits	**1,843**	1,847	**5,479**	5,431
Occupancy and equipment	**164**	147	**476**	537
Insurance Fund premiums	**142**	132	**411**	383
Purchased services	**1,253**	996	**3,234**	2,384
Data processing	**13**	29	**53**	90
Other operating expenses	**501**	550	**1,658**	1,854
(Gains) losses on other property owned, net	**423**	48	**625**	55
Total noninterest expense	**4,339**	3,749	**11,936**	10,734
Income before income taxes	**2,623**	2,675	**8,462**	8,560
Provision for income taxes	**—**	—	**—**	—
Net income	**$ 2,623**	$ 2,675	**$ 8,462**	$ 8,560
Other comprehensive income	**—**	—	**—**	—
Comprehensive income	**$ 2,623**	$ 2,675	**$ 8,462**	$ 8,560

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

Southwest Georgia Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings Allocated	Retained Earnings Unallocated	Total Members' Equity
Balance at December 31, 2023	$ 1,605	$ 9,707	$ 116,950	$ 128,262
Comprehensive income			8,560	8,560
Capital stock/participation certificates issued/(retired), net	(18)			(18)
Patronage distribution adjustment			(107)	(107)
Balance at September 30, 2024	$ 1,587	$ 9,707	$ 125,403	$ 136,697
Balance at December 31, 2024	**$ 1,624**	**$ 9,707**	**$ 123,930**	**$ 135,261**
Comprehensive income			**8,462**	**8,462**
Capital stock/participation certificates issued/(retired), net	**(51)**			**(51)**
Balance at September 30, 2025	**$ 1,573**	**$ 9,707**	**$ 132,392**	**$ 143,672**

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

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 Southwest Georgia Farm Credit, 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 4, *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 July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The practical expedient would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The accounting policy election allows an entity to consider collection activity after the balance sheet date when estimating expected credit losses. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. Early adoption is permitted for interim or annual periods in which financial statements have not yet been issued. The Association is currently assessing the potential impact of this standard on its disclosures.

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:

	September 30, 2025	December 31, 2024
Real estate mortgage	$ 374,121	$ 350,720
Production and intermediate-term	190,547	170,411
Agribusiness:		
Loans to cooperatives	3,281	2,224
Processing and marketing	79,809	76,837
Farm-related business	28,659	25,815
Rural infrastructure:		
Communication	13,477	14,990
Power and water/waste disposal	7,095	7,188
Rural residential real estate	2,193	2,410
Other:		
International	1,932	2,405
Lease receivables	1,530	1,917
Other (including mission related)	3,942	–
Total loans	$ 706,586	$ 654,917

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:

	September 30, 2025	December 31, 2024
Real estate mortgage:		
Acceptable	98.07%	96.70%
OAEM	0.25	0.73
Substandard/doubtful/loss	1.68	2.57
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	96.43%	92.05%
OAEM	1.30	3.29
Substandard/doubtful/loss	2.27	4.66
	100.00%	100.00%
Agribusiness:		
Acceptable	89.42%	91.62%
OAEM	5.61	5.62
Substandard/doubtful/loss	4.97	2.76
	100.00%	100.00%
Rural infrastructure:		
Acceptable	98.34%	98.40%
OAEM	1.66	1.60
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	93.22%	93.05%
OAEM	–	–
Substandard/doubtful/loss	6.78	6.95
	100.00%	100.00%
Other:		
Acceptable	100.00%	76.90%
OAEM	–	–
Substandard/doubtful/loss	–	23.10
	100.00%	100.00%
Total loans:		
Acceptable	96.27%	94.59%
OAEM	1.42	2.20
Substandard/doubtful/loss	2.31	3.21
	100.00%	100.00%

Accrued interest receivable on loans of $11,083 and $10,889 at September 30, 2025 and December 31, 2024, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

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

	September 30, 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	$ 71	$ 3,405	$ 3,476	$ 370,645	$ 374,121	$ –
Production and intermediate-term	1,198	1,576	2,774	187,773	190,547	–
Agribusiness	–	–	–	111,749	111,749	–
Rural infrastructure	–	–	–	20,572	20,572	–
Rural residential real estate	97	–	97	2,096	2,193	–
Other	–	–	–	7,404	7,404	–
Total	$ 1,366	$ 4,981	$ 6,347	$ 700,239	$ 706,586	$ –

	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	$ 880	$ 7,287	$ 8,167	$ 342,553	$ 350,720	$ –
Production and intermediate-term	613	743	1,356	169,055	170,411	–
Agribusiness	270	–	270	104,606	104,876	–
Rural infrastructure	–	–	–	22,178	22,178	–
Rural residential real estate	58	109	167	2,243	2,410	–
Other	1,103	–	1,103	3,219	4,322	–
Total	$ 2,924	$ 8,139	$ 11,063	$ 643,854	$ 654,917	$ –

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

	September 30, 2025		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ 159	$ 5,493	$ 5,652
Production and intermediate-term	1,717	1,259	2,976
Agribusiness	–	196	196
Rural residential real estate	–	149	149
Total	$ 1,876	$ 7,097	$ 8,973

	December 31, 2024		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ –	$ 8,167	$ 8,167
Production and intermediate-term	100	1,097	1,197
Agribusiness	–	278	278
Rural residential real estate	–	167	167
Total	$ 100	$ 9,709	$ 9,809

The Association recognized $485 and $209 of interest income on nonaccrual loans during the nine months ended September 30, 2025 and September 30, 2024, respectively.

Reversals of interest income on loans that moved to nonaccrual status were not material for the three and nine months ended September 30, 2025 and 2024.

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

	Three Months Ended September 30,	
	2025	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	$ 3,342	$ 5,569
Charge-offs	(339)	(14)
Recoveries	40	1
Provision for credit losses on loans	67	–
Balance at end of period	$ 3,110	$ 5,556
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	$ 206	$ 456
Provision for unfunded commitments	(62)	(67)
Balance at end of period	$ 144	$ 389
Total allowance for credit losses	$ 3,254	$ 5,945

	Nine Months Ended September 30,	
	2025	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	$ 3,519	$ 3,922
Charge-offs	(914)	(220)
Recoveries	170	41
Provision for credit losses on loans	335	1,813
Balance at end of period	$ 3,110	$ 5,556
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	$ 458	$ 375
Provision for unfunded commitments	(314)	14
Balance at end of period	$ 144	$ 389
Total allowance for credit losses	$ 3,254	$ 5,945

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

Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the three and nine months ended September 30, 2025 and 2024. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at September 30, 2025 and 2024. There were no material modifications to distressed borrowers that occurred during the previous twelve months and for which there was a subsequent payment default during the period.

The Association had no loans held for sale at September 30, 2025 and December 31, 2024.

Note 3 — Investments

Investments in Debt Securities

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

The Association's investments also consist of Rural America Bonds (RABs), which are private placement securities purchased under the Mission Related Investment (MRI) program approved by the FCA. In its Conditions of Approval for the program, the FCA generally considers a RAB ineligible if its investment rating, based on the internal 14-point risk rating scale used to also grade loans, falls below 9, and requires System institutions to provide notification to FCA when a security becomes ineligible. Any new bonds purchased under the MRI program are approved on a case-by-case basis by FCA and may have different eligibility requirements. At September 30, 2025, the Association held no RABs whose credit quality had deteriorated beyond the program limits.

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

	September 30, 2025	December 31, 2024
	Amortized Cost	
RABs	$ 3,811	$ 3,852
ABSs	2,615	–
Total	$ 6,426	$ 3,852

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

	Amortized Cost
In one year or less	$ –
After one year through five years	–
After five years through ten years	–
After ten years	6,426
Total	$ 6,426

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

The Association evaluates investment securities with unrealized losses for impairment on a quarterly basis. As part of this assessment, it was concluded that the Association does not intend to sell the security, or it is not more likely than not that the Association would be required to sell the security prior to recovery of the amortized cost basis. The Association also evaluates whether credit impairment exists by comparing the present value of expected cash flows to the amortized cost basis of the security. Credit impairment, if any, is recorded as an ACL for debt securities. At September 30, 2025 and December 31, 2024, the Association does not consider any unrealized losses to be credit-related and an allowance for credit losses on investments is not necessary.

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

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 2.90% of the issued stock and allocated retained earnings of the Bank as of September 30, 2025 net of any reciprocal investment. As of that date, the Bank's assets totaled $49.2 billion and shareholders' equity totaled $2.2 billion. The Bank's earnings were $203 million for the first nine months of 2025. In addition, the Association held investments of $1,153 related to other Farm Credit institutions.

Note 4 — 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. See Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders for additional information.

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.

	September 30, 2025			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 283	$ –	$ –	$ 283
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 1,723	$ 1,723
Other property owned	$ –	$ –	$ 1,651	$ 1,651

	December 31, 2024			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 329	$ –	$ –	$ 329
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 79	$ 79
Other property owned	$ –	$ –	$ 1,557	$ 1,557

Valuation Techniques

As more fully discussed in Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, certain of the estimated fair values may not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction. The following represent a brief summary of the valuation techniques used by the System institution for assets and liabilities:

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 5 — 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 6 — Merger Activity

On December 6, 2024, the boards of the Association and Farm Credit of Central Florida, ACA signed a letter of intent to pursue a merger. In the second quarter of 2025 the boards have mutually agreed to discontinue merger discussions.

Note 7 — Subsequent Events

The Association evaluated subsequent events and determined there were none requiring disclosure through November 7, 2025, which was the date the financial statements were issued.