
Puerto Rico Farm Credit, ACA

FIRST QUARTER 2025

TABLE OF CONTENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations	2
Consolidated Financial Statements	
Consolidated Balance Sheets	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Members' Equity	7
Notes to the Consolidated Financial Statements.....	8

CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2025 quarterly report of Puerto Rico 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/ Michael J. Serralles
Chairman of The Board of Directors

/s/ Ricardo L. Fernández
Chief Executive Officer

/s/ Marta J. Rodriguez
Chairman of the Audit Committee

May 9, 2025

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

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's predominant chartered territory (CT) agricultural commodities were dairy, fruits & nuts (including plantains and coffee) and field crops which totaled approximately \$67,503 or 41.30 percent of the gross principal balance, net of sold loans, at March 31, 2025. Management monitors specific conditions in the dairy industry that could impact the credit quality of the Association's dairy portfolio. Currently, our member-borrowers are managing through these challenges and Management does not expect a deterioration of the loan portfolio. The Association also maintains a portfolio of purchased loans (PL), originated by other Farm Credit System entities and non-system entities. The Participated loan portfolio is performing well, Management is pursuing opportunities to increase volume without increasing overall exposure. The capital markets transaction volume for new PL has been slow during the first quarter. Management will search for new transactions that diversify the risk of the entire loan portfolio and supplements growth in the CT loan portfolio. All other ag sectors continue to perform well as good weather has not caused major disruptions on farming operations.

The total loan volume of the Association as of March 31, 2024, was \$177,922, a decrease of \$758 as compared to \$178,680 at December 31, 2024.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans decreased from \$3,248 at December 31, 2024, to \$3,192 at March 31, 2025. As a percentage of total loans, nonaccrual loans were 1.79% and 1.81% at March 31, 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 (ACL). The ACL at March 31, 2025, was \$1,046 or 0.59% of total loans compared to \$969 or 0.54% 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 March 31, 2025

Net income for the three months ended March 31, 2025, was \$844, a decrease of \$92 as compared to net income of \$936 for the same period ended in 2024. This decrease is mainly attributed to an increase in the provision for loan losses of \$109 and a decrease in net non-interest income of \$56 partially offset by an increase in net interest income of \$74

For the three months ended March 31, 2025, net interest income was \$1,937, an increase of \$74, and the net interest margin was 4.43%, an increase of 63 basis points as compared to the same period ended in 2024. Such increase is attributed to a decrease in the average balance of the portfolio combined with the increase noted in net interest income for the quarter.

The provision for credit losses for the three months ended March 31, 2025, was \$87, an increase of \$109 from the reversal of credit losses of \$22 for the same period ended during the prior year. Such increase is primarily attributable to the transfer of an individually evaluated loan not requiring a specific reserve to the population evaluated by pool.

Noninterest income decreased \$361 to \$335 during the first three months of 2025 compared with the first three months of 2024 primarily due to a decrease in other gain and losses and fee income of \$276 and \$73 respectively.

For the three months ended March 31, 2025, noninterest expense decreased \$305 to \$1,341 compared with the first three months of 2024 primarily due to a decrease in controllable expenses and personnel costs.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at March 31, 2025, was \$116,511 as compared to \$118,943 at December 31, 2024.

CAPITAL RESOURCES

Total members' equity at March 31, 2025, was \$61,000, an increase of \$850 from a total of \$60,150 at December 31, 2024. The increase in total member's equity was primarily due to net income of \$844 for the quarter. Total capital stock and participation certificates were \$527 on March 31, 2025, compared to \$521 on December 31, 2024.

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

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	3/31/25	12/31/24	3/31/24
Permanent Capital Ratio	7.00%	32.98%	33.95%	34.27%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	32.76%	33.66%	33.90%
Tier 1 Capital Ratio	8.50%	32.76%	33.66%	33.90%
Total Regulatory Capital Ratio	10.50%	33.35%	34.64%	35.07%
Tier 1 Leverage Ratio**	5.00%	32.46%	33.17%	33.19%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	32.17%	32.88%	32.90%

*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 its website, www.agfirst.com. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 1-800-981-3323, or writing Alice Rivera, Puerto Rico Farm Credit, ACA, PO Box 363649, San Juan, PR 00936-3649, or accessing the website, www.prfarmcredit.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 Association.

Puerto Rico Farm Credit, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	March 31, 2025 <i>(unaudited)</i>	December 31, 2024 <i>(audited)</i>
Assets		
Cash	\$ 450	\$ 412
Loans	177,922	178,680
Allowance for credit losses on loans	(1,046)	(969)
Net loans	176,876	177,711
Accrued interest receivable	939	870
Equity investments in other Farm Credit institutions	2,449	2,449
Premises and equipment, net	1,118	1,071
Other property owned	462	540
Accounts receivable	317	1,044
Other assets	60	86
Total assets	\$ 182,671	\$ 184,183
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 116,511	\$ 118,943
Accrued interest payable	457	413
Patronage refunds payable	109	3,534
Accounts payable	246	368
Other liabilities	4,348	775
Total liabilities	121,671	124,033
Commitments and contingencies (Note 5)		
Members' Equity		
Capital stock and participation certificates	527	521
Unallocated retained earnings	60,473	59,629
Total members' equity	61,000	60,150
Total liabilities and members' equity	\$ 182,671	\$ 184,183

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

Puerto Rico Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

	For the Three Months Ended March 31,	
<i>(dollars in thousands)</i>	2025	2024
Interest Income		
Loans	\$ 3,220	\$ 3,251
Interest Expense	<u>1,283</u>	<u>1,388</u>
Net interest income	1,937	1,863
Provision for (reversal of) allowance for credit losses	<u>87</u>	<u>(22)</u>
Net interest income after provision for (reversal of) allowance for credit losses	<u>1,850</u>	<u>1,885</u>
Noninterest Income		
Loan fees	74	147
Patronage refunds from other Farm Credit institutions	207	239
Gains (losses) on other transactions	34	310
Insurance Fund refunds	<u>20</u>	<u>—</u>
Total noninterest income	<u>335</u>	<u>696</u>
Noninterest Expense		
Salaries and employee benefits	564	647
Occupancy and equipment	44	59
Insurance Fund premiums	26	24
Purchased services	455	279
Data processing	6	12
Other operating expenses	238	585
(Gains) losses on other property owned, net	<u>8</u>	<u>39</u>
Total noninterest expense	<u>1,341</u>	<u>1,645</u>
Net income	<u>\$ 844</u>	<u>\$ 936</u>
Other comprehensive income	<u>—</u>	<u>—</u>
Comprehensive income	<u>\$ 844</u>	<u>\$ 936</u>

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

Puerto Rico Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

<i>(dollars in thousands)</i>	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Total Members' Equity
Balance at December 31, 2023	\$ 511	\$ 59,226	\$ 59,737
Comprehensive income		936	936
Capital stock/participation certificates issued/(retired), net	(5)		(5)
Balance at March 31, 2024	\$ 506	\$ 60,162	\$ 60,668
Balance at December 31, 2024	\$ 521	\$ 59,629	\$ 60,150
Comprehensive income		844	844
Capital stock/participation certificates issued/(retired), net	6		6
Balance at March 31, 2025	\$ 527	\$ 60,473	\$ 61,000

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

Puerto Rico Farm Credit, ACA

Notes to the Consolidated Financial Statements

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

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

Organization

The accompanying financial statements include the accounts of Puerto Rico 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 December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations or cash flows.

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	March 31, 2025	December 31, 2024
Real estate mortgage	\$ 46,419	\$ 46,287
Production and intermediate-term	53,500	53,886
Agribusiness:		
Loans to cooperatives	1,124	1,128
Processing and marketing	44,248	43,687
Farm-related business	6,975	8,518
Rural infrastructure:		
Communication	14,537	14,003
Power and water/waste disposal	5,032	4,730
Rural residential real estate	4,021	4,188
Other:		
International	2,066	2,253
Total loans	\$ 177,922	\$ 178,680

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

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

	March 31, 2025	December 31, 2024
Real estate mortgage:		
Acceptable	99.72%	99.54%
OAEM	0.01	0.01
Substandard/doubtful/loss	0.27	0.45
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	96.36%	94.88%
OAEM	0.11	1.57
Substandard/doubtful/loss	3.53	3.55
	100.00%	100.00%
Agribusiness:		
Acceptable	91.36%	91.94%
OAEM	7.50	6.91
Substandard/doubtful/loss	1.14	1.15
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	—	—
Substandard/doubtful/loss	—	—
	100.00%	100.00%
Rural residential real estate:		
Acceptable	95.12%	94.26%
OAEM	—	—
Substandard/doubtful/loss	4.88	5.74
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	—	—
Substandard/doubtful/loss	—	—
	100.00%	100.00%
Total loans:		
Acceptable	96.18%	95.80%
OAEM	2.24	2.54
Substandard/doubtful/loss	1.58	1.66
	100.00%	100.00%

Accrued interest receivable on loans of \$939 and \$870 at March 31, 2025 and December 31, 2024, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

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

March 31, 2025						
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	\$ 1,900	\$ 1,579	\$ 3,479	\$ 42,940	\$ 46,419	\$ —
Production and intermediate-term	616	1,301	1,917	51,583	53,500	—
Agribusiness	15	—	15	52,332	52,347	—
Rural infrastructure	—	—	—	19,569	19,569	—
Rural residential real estate	—	—	—	4,021	4,021	—
Other	—	—	—	2,066	2,066	—
Total	\$ 2,531	\$ 2,880	\$ 5,411	\$ 172,511	\$ 177,922	\$ —

December 31, 2024						
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	\$ 1,194	\$ 1,850	\$ 3,044	\$ 43,243	\$ 46,287	\$ —
Production and intermediate-term	1,399	2,060	3,459	50,427	53,886	796
Agribusiness	—	—	—	53,333	53,333	—
Rural infrastructure	—	—	—	18,733	18,733	—
Rural residential real estate	211	—	211	3,977	4,188	—
Other	—	—	—	2,253	2,253	—
Total	\$ 2,804	\$ 3,910	\$ 6,714	\$ 171,966	\$ 178,680	\$ 796

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

March 31, 2025			
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans:			
Real estate mortgage	\$ 916	\$ 897	\$ 1,813
Production and intermediate-term	787	592	1,379
Total	\$ 1,703	\$ 1,489	\$ 3,192

December 31, 2024			
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans:			
Real estate mortgage	\$ 915	\$ 924	\$ 1,839
Production and intermediate-term	755	617	1,372
Rural residential real estate	—	37	37
Total	\$ 1,670	\$ 1,578	\$ 3,248

The Association recognized \$198 and \$237 of interest income on nonaccrual loans during the three months ended March 31, 2025 and March 31, 2024, respectively.

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

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

	Three Months Ended March 31,	
	2025	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 969	\$ 1,747
Charge-offs	(3)	(34)
Recoveries	—	107
Provision for credit losses on loans	80	30
Balance at end of period	\$ 1,046	\$ 1,850
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 90	\$ 206
Provision for unfunded commitments	7	(52)
Balance at end of period	\$ 97	\$ 154
Total allowance for credit losses	\$ 1,143	\$ 2,004

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

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

	For the Three Months Ended March 31, 2025		
	Maturity Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	\$ 555	\$ 555	1.20%
Production and intermediate-term	101	101	0.19%
Agribusiness	598	598	1.14%
Total	\$ 1,254	\$ 1,254	0.70%

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

	Maturity Extension
	Financial Effect
Real estate mortgage	Added a weighted average 2.1 years to the life of loans
Production and intermediate-term	Added a weighted average 6.2 years to the life of loans
Agribusiness	Added a weighted average 5.0 years to the life of loans

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended March 31, 2025 and received a modification in the twelve months before default:

	For the Three Months Ended March 31, 2025
	Maturity Extension
Production and intermediate-term	\$ 229
Total	\$ 229

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

	March 31, 2025			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	\$ 556	\$ —	\$ —	\$ 556
Production and intermediate-term	1,147	229	70	1,446
Agribusiness	598	—	—	598
Total	\$ 2,301	\$ 229	\$ 70	\$ 2,600

Accrued interest receivable at the end of the reporting period related to loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2025 was \$1. There were no additional commitments to lend to borrowers experiencing financial difficulties whose loans have been modified at March 31, 2025 and December 31, 2024.

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

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

Note 3 — Investments

Equity Investments in Other Farm Credit System Institutions

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

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 0.41% of the issued stock and allocated retained earnings of the Bank as of March 31, 2025 net of any reciprocal investment. As of that date, the Bank's assets totaled \$47.1 billion and shareholders' equity totaled \$1.9 billion. The Bank's earnings were \$66 million for the first three months of 2025. In addition, the Association held \$130 in investments 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.

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

The classifications within the fair value hierarchy are as follows:

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

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

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

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

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

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

March 31, 2025						
	Fair Value Measurement Using			Total Fair Value		
	Level 1	Level 2	Level 3			
Recurring assets						
Assets held in trust funds	\$ —	\$ —	\$ —	\$ —		
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ 1,619	\$ 1,619		
Other property owned	\$ —	\$ —	\$ 475	\$ 475		

December 31, 2024						
	Fair Value Measurement Using			Total Fair Value		
	Level 1	Level 2	Level 3			
Recurring assets						
Assets held in trust funds	\$ —	\$ —	\$ —	\$ —		
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ 1,583	\$ 1,583		
Other property owned	\$ —	\$ —	\$ 552	\$ 552		

Valuation Techniques

Assets held in trust funds

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

Nonaccrual loans

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

Other property owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of independent appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

Note 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 — Subsequent Events

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