TEAM

IMPACT

PEOPLE

SERVICE

1st Franklin Financial®

ANNUAL REPORT

1st FRANKLIN FINANCIAL CORPORATION

ANNUAL REPORT

DECEMBER 31, 2024

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THE COMPANY

1st Franklin Financial Corporation, a Georgia corporation, has been engaged in the consumer finance business since 1941, particularly in making direct cash loans and real estate loans. As of December 31, 2024, the business was operated through 115 branch offices in Georgia, 48 in Alabama, 43 in South Carolina, 40 in Mississippi, 39 in Tennessee, 37 in Louisiana, 23 in Texas, 17 in Kentucky, and 7 in Virginia. The Company had 1,713 employees as of December 31, 2024.

As of December 31, 2024, the resources of the Company were invested principally in loans, which comprised 70% of the Company's assets. The majority of the Company's revenues are derived from finance charges earned on loans and sales finance contracts. Our remaining revenues are derived from earnings on investment securities, insurance income and other miscellaneous income.

Our corporate website address is www.1FFC.com. The information posted on our website is not incorporated into this Annual Report.

To our Investors, Customers, Employees, Business partners and Friends-

Being able to report to you the highlights of our accomplishments and growth in this 2024 Annual Report brings me much delight. While 2024 was not without the headwinds of rising interest rates, inflation fears, the political environment of a national election, a push to complete the conversion of our lending and servicing platform and the waning effects of our 2022 cyber event, 1st Franklin Financial was still able to meet many of our corporate goals and objectives. The following pages reflect the strength and resiliency of a team that was committed to making 2024 successful at all levels.

Our core values--T.I.P.S.—Team, Impact, People and Service—were a part of every decision that we made. Our team of resolute employees are exceptional people in their communities. They are volunteers, leaders in civic groups, churches, school groups, sports teams and the list goes on and on. As a service provider of financial products, we strive to humbly acknowledge our customers and the communities in which we serve. Together we work to help people do life.

The following financial statements show the strength of 1st Franklin Financial Corporation. This concise list of accomplishments is a testament to hard work, leadership, and humble service.

In 2024:

- We opened eight new offices (4 in Kentucky, 3 in Texas, and 1 in Alabama)
- We grew our loan portfolio to over $1 billion in Net Outstanding
- Our State Recovery Centers recovered $30.2 million in bad debt.
- We completed four debt sales that contributed $5.3 million to our bottom line.
- Our year-over-year Charge-offs fell from 9.16% to 7.7%.
- Our Investment Center grew $48.9 million.
- We did all these amazing accomplishments while growing our gross loan portfolio by 6.8%.

On December 6, 2024, 1st Franklin Financial Corporation entered into a Loan and Security Agreement with BMO Bank, N.A. as agent for $300.0 million. This partnership will provide us with the funds to continue our growth goals and expansion for years to come. We are grateful for this funding relationship and fully expect that it will be mutually beneficial to both BMO and 1st Franklin Financial.

As you will be able to see from your reading of this full report we have enjoyed a busy year. 1st Franklin Financial continues to capitalize on opportunities in the marketplace and we evaluate every chance to expand our footprint in markets that we feel are a good fit for what we offer. Even though our products and services are remarkably similar to those of our competitors, we feel that the friendliness and gracious customer service provided by our co-workers makes 1st Franklin Financial Corporation stand apart from all the rest. Thanks to all of you that make this possible. We appreciate you.

Sincerely yours,

Ben F. Cheek, IV
Chairman of the Board

BUSINESS

References in this Annual Report to “1st Franklin”, the “Company”, “we”, “our” and “us” refer to 1st Franklin Financial Corporation and its subsidiaries.

1st Franklin is engaged in the consumer finance business, primarily in making direct cash loans to individuals in relatively small amounts for relatively short periods of time, and in making first and second mortgage loans on real estate in larger amounts and for longer periods of time. We also purchase sales finance contracts from various retail dealers. At December 31, 2024, direct cash loans comprised 86%, real estate loans comprised 2% and sales finance contracts comprised 12% of our outstanding loans, respectively.

In connection with our business, we also offer optional single premium credit insurance products to our customers when making a loan. Such products may include credit life insurance, credit accident and health insurance, credit involuntary unemployment insurance and/or credit property insurance. Customers may request credit life insurance coverage to help assure any outstanding loan balance is repaid if the customer dies before the loan is repaid or they may request accident and health insurance coverage to help continue loan payments if the customer becomes sick or disabled for an extended period of time. In certain states where offered, customers may choose involuntary unemployment insurance for payment protection in the form of loan payment assistance due to an unexpected job loss. Customers may also choose property insurance coverage to protect the value of loan collateral against damage, theft or destruction. We write these various insurance products as an agent for a non-affiliated insurance company. Under various agreements, our wholly owned insurance subsidiaries, Frandisco Life Insurance Company and Frandisco Property and Casualty Insurance Company, reinsure the insurance coverage on our customers written by this non-affiliated insurance company.

Finance charges account for the majority of our revenues. The following table shows the sources of our earned finance charges in each of the past five years (in thousands):

	Year Ended December 31				
	2024	2023	2022	2021	2020
Direct Cash Loans	$ 267,810	$ 247,829	$ 240,542	$ 213,527	$ 192,976
Real Estate Loans	4,423	5,769	7,285	7,245	6,555
Sales Finance Contracts	24,275	23,376	19,137	15,880	13,556
Total Finance Charges	$ 296,508	$ 276,974	$ 266,964	$ 236,652	$ 213,087

Our business consists mainly of making loans to individuals (consumer loans) who depend primarily on their earnings to meet their repayment obligations. We make direct cash loans primarily to people who need money for some non-recurring or unforeseen expense, for debt consolidation, or to purchase household goods such as furniture and appliances. These loans are generally repayable in 6 to 60 monthly installments and generally do not exceed $15,000 in amount financed. We believe that the interest and fees we charge on these loans are in compliance with applicable federal and state laws.

First and second mortgage loans secured by real estate are made to homeowners who typically use funds to improve their property or who wish to restructure their financial obligations. We generally make such loans in amounts from $3,000 to $75,000 and with maturities of 35 to 240 months. We believe that the interest and fees we charge on these loans are in compliance with applicable federal and state laws.

Our decision making on loan originations is based on both a judgmental underwriting system which includes an analysis of the following factors (i) ability to pay, (ii) creditworthiness, (iii) income stability, (iv) willingness to pay and (v) as appropriate, collateral security, and a risk based underwriting system that evaluates (i) credit score, (ii) annual income, (iii) payment history to other creditors and (iv) debt to income ratios. As part of our loan decision making process, we review each customer's credit report to verify income and total indebtedness, debt payment history and overall credit related performance to other creditors. The Company uses this information to evaluate a potential borrower's debt-to-income ratios and, depending on the result of the overall credit evaluation process, may require internal review and senior supervisory approval prior to originating the potential borrower's loan.

Sales finance contracts are contracts purchased from retail dealers. These contracts have maturities that generally range from 3 to 60 months and generally do not individually exceed $25,000 in amount financed. We believe that the interest and fees we charge on these contracts are in compliance with applicable federal and state laws.

1st Franklin competes with several national and regional finance companies, as well as a variety of local finance companies, in the communities we serve. Competition is based primarily on interest rates and terms offered and on customer service, as well as, to some extent, reputation. We believe that our emphasis on customer service helps us compete effectively in the markets we serve.

Because of our reliance on the continued income stream of most of our loan customers, our ability to continue the profitable operation of our business depends to a large extent on the continued employment of our customers and their ability to meet their obligations as they become due. Therefore, economic uncertainty or downturns in economic conditions, increases in unemployment or continued increases in the number of personal bankruptcies within our typical customer base may have a material adverse effect on our collection ratios and profitability.

The average annual yield on loans we make (the percentage of finance charges earned to average net outstanding balance) has been as follows:

	As of December 31				
	2024	2023	2022	2021	2020
Direct Cash Loans	30.82 %	31.51 %	31.12 %	31.22 %	31.45 %
Real Estate Loans	16.59	17.53	17.48	17.33	17.16
Sales Finance Contracts	18.17	19.16	19.36	19.66	19.13

The following table contains certain information about our operations:

	As of December 31				
	2024	2023	2022	2021	2020
Number of Branch Offices	369	364	343	325	320
Number of Employees	1,713	1,709	1,575	1,442	1,476
Average Total Loans Outstanding Per Branch (in thousands)	$ 3,410	$ 3,227	$ 3,177	$ 3,176	$ 2,860
Average Number of Loans Outstanding Per Branch	1,004	960	944	886	849

DESCRIPTION OF LOANS

	Year Ended December 31				
	2024	2023	2022	2021	2020
DIRECT CASH LOANS:					
Number of Loans Made	360,339	329,720	308,833	278,418	252,258
Volume of Loans Made (in thousands)	$ 1,251,947	$ 1,101,316	$ 1,049,088	$ 1,048,154	$ 891,358
Average Size of Loan Made	$ 3,474	$ 3,340	$ 3,397	$ 3,765	$ 3,534
Number of Loans Outstanding	343,501	320,454	299,418	266,028	249,880
Loans Outstanding (in thousands)	$ 1,080,371	$ 972,568	$ 911,822	$ 873,433	$ 777,569
Average Balance on Outstanding Loan	$ 3,145	$ 3,035	$ 3,045	$ 3,283	$ 3,112
Percent of Total Loans Outstanding	86%	83%	84%	84%	85%
REAL ESTATE LOANS:					
Number of Loans Made	0	6	73	622	480
Volume of Loans Made (in thousands)	$ —	$ 23	$ 2,106	$ 17,419	$ 11,871
Average Size of Loan Made	$ —	$ 3,814	$ 28,845	$ 28,005	$ 24,731
Number of Loans Outstanding	1,113	1,383	1,690	2,034	1,880
Loans Outstanding (in thousands)	$ 23,365	$ 29,813	$ 37,323	$ 45,972	$ 39,960
Average Balance on Outstanding Loan	$ 20,993	$ 21,557	$ 22,085	$ 22,602	$ 21,255
Percent of Total Loans Outstanding	2%	2%	3%	4%	4%
SALES FINANCE CONTRACTS:					
Number of Contracts Purchased	11,396	17,062	12,812	11,515	14,556
Volume of Contracts Purchased (in thousands)	$ 85,379	$ 126,187	$ 106,620	$ 86,448	$ 97,371
Average Size of Contract Purchased	$ 7,492	$ 7,396	$ 8,322	$ 7,507	$ 6,689
Number of Contracts Outstanding	25,972	28,415	22,705	19,790	19,961
Contracts Outstanding (in thousands)	$ 154,677	$ 175,548	$ 146,507	$ 118,960	$ 103,258
Average Balance on Outstanding Contract	$ 5,956	$ 6,178	$ 6,453	$ 6,011	$ 5,173
Percent of Total Loans Outstanding	12%	15%	13%	12%	11%

LOANS ORIGINATED, ACQUIRED, LIQUIDATED AND OUTSTANDING (in thousands)

	Year Ended December 31				
	2024	2023	2022	2021	2020
	LOANS ORIGINATED OR ACQUIRED				
Other Consumer (Live Check and Premier) New Loans	532,158	$ 426,393	$ 470,803	$ 436,278	$ 392,898
Other Consumer (Live Check and Premier) Loan Renewals	706,631	630,677	567,392	589,624	485,948
Real Estate Loans	—	—	2,106	17,345	11,846
Sales Finance Contracts	82,133	122,654	106,620	82,688	96,003
Net Bulk Purchases	16,326	47,802	10,893	26,086	13,905
Total Loans Originated / Acquired	$ 1,337,248	$ 1,227,526	$ 1,157,814	$ 1,152,021	$ 1,000,600
	LOANS LIQUIDATED *				
Other Consumer (Live Check and Premier) New Loans	$ 507,308	$ 449,910	$ 483,042	$ 398,846	$ 382,952
Other Consumer (Live Check and Premier) Loan Renewals	636,836	605,703	526,315	553,444	468,091
Real Estate Loans	6,448	(7,510)	10,694	11,407	9,166
Sales Finance Contracts	106,250	97,146	79,146	70,746	64,132
Total Loans Liquidated	$ 1,256,842	$ 1,145,249	$ 1,099,197	$ 1,034,443	$ 924,341
	LOANS OUTSTANDING AT YEAR END				
Direct Cash Loans	$ 1,080,371	$ 972,568	$ 911,822	$ 873,433	$ 777,569
Real Estate Loans	23,365	29,813	37,323	45,972	39,960
Sales Finance Contracts	154,677	175,548	146,507	118,960	103,258
Total Loans Outstanding	$ 1,258,413	$ 1,177,929	$ 1,095,652	$ 1,038,365	$ 920,787
	UNEARNED FINANCE CHARGES				
Direct Cash Loans	$ 167,047	$ 133,663	$ 119,804	$ 122,455	$ 107,850
Real Estate Loans	—	—	—	—	6
Sales Finance Contracts	32,798	40,380	34,826	28,626	24,847
Total Unearned Finance Charges	$ 199,845	$ 174,043	$ 154,630	$ 151,081	$ 132,703

COMPONENTS OF GROSS LOAN LIQUIDATIONS (in thousands)

	2024	2023	2022	2021	2020
Customer Loan Payments	$ 756,795	$ 698,044	$ 676,935	$ 633,979	$ 573,685
Other Consumer (Live Check and Premier) Loan Renewals*	326,490	318,660	313,843	332,292	280,199
Gross Charge-offs	115,143	117,469	90,826	57,439	57,981
Refunds on precomputed finance charges	15,064	11,076	17,594	10,733	12,477
Total Loans Liquidated	$ 1,213,492	$ 1,145,249	$ 1,099,197	$ 1,034,443	$ 924,341

*Liquidations include customer loan payments, refunds on precomputed finance charges, renewals and charge-offs.

Components of net loss/charge-offs include the loan's amortized cost basis based on *ASC 326 Financial Instruments - Credit Losses.* The following are included in the Company's amortized cost basis:

- For pre-computed loans, the amortized cost basis includes the principal balance, fees, and accrued interest, less unearned finance charges and unearned insurance. As of December 31, 2024, the amount charged off related to the principal balance was $73.7 million.

- For interest-bearing loans, the amortized cost basis includes the balance, fees, and accrued interest, net of unearned insurance. As of December 31, 2024, the amount charged off related to the principal balance was $41.4 million.

DELINQUENCIES

We classify delinquent accounts at the end of each month according to the number of installments past due at that time, based on the then-existing terms of the contract. Accounts are classified in delinquency categories based on the number of days past due. When three installments are past due, we classify the account as being 60-89 days past due; when four or more installments are past due, we classify the account as being 90 days or more past due. Once an account becomes greater than 149 days past due, our charge-off policy governs when the account must be charged off. For more information on our charge-off policy, see Note 2 "Loans" in the Notes to the Consolidated Financial Statements.

In connection with some accounts that are secured by real estate, when the bankruptcy court confirms a repayment plan differing from the contractual obligation, the Company will change the delinquency rating of the account after receiving two consecutive full payments. Thereafter, the account falls under normal delinquency rating guidelines. For non-real estate secured accounts, delinquency categories are not altered unless the borrower had a pre-existing partial payment that exceeds any court-mandated new payment amount. In that case, the partial payment is applied at the new payment amount, which may advance the due date, thus causing the delinquency rating to change (lowering the delinquency rating).

The Company tracks the dollar amount of loans in bankruptcy on which the delinquency rating was changed. During 2024 and 2023, the delinquency rating changed as a result of court-initiated repayment plans $3.9 million and $1.5 million, respectively. This represented approximately 0.31% and 0.13% of the average principal loan portfolios outstanding during 2024 and 2023, respectively. The following table shows the amount of certain classifications of delinquencies and the ratio of such delinquencies to related outstanding loans (in thousands, except % data):

	As of December 31				
	2024	2023	2022	2021	2020
DIRECT CASH LOANS:					
60-89 Days Past Due	$ 21,574	$ 16,257	$ 20,199	$ 12,272	$ 10,779
Percentage of Principal Outstanding	2.01 %	1.68 %	2.22 %	1.41 %	1.39 %
90 Days or More Past Due	$ 31,168	$ 32,694	$ 37,465	$ 23,437	$ 18,094
Percentage of Principal Outstanding	2.90 %	3.38 %	4.12 %	2.69 %	2.33 %
REAL ESTATE LOANS:					
60-89 Days Past Due	$ 299	$ 334	$ 436	$ 440	$ 223
Percentage of Principal Outstanding	1.32 %	1.14 %	1.19 %	0.97 %	0.57 %
90 Days or More Past Due	$ 1,308	$ 1,403	$ 1,380	$ 1,118	$ 1,438
Percentage of Principal Outstanding	5.75 %	4.79 %	3.77 %	2.47 %	3.66 %
SALES FINANCE CONTRACTS:					
60-89 Days Past Due	$ 3,298	$ 2,226	$ 2,066	$ 1,134	$ 1,341
Percentage of Principal Outstanding	2.15 %	1.27 %	1.42 %	0.96 %	1.31 %
90 Days or More Past Due	$ 3,801	$ 4,142	$ 3,316	$ 2,385	$ 2,261
Percentage of Principal Outstanding	2.47 %	2.37 %	2.28 %	2.02 %	2.21 %

LOSS EXPERIENCE

Net losses (charge-offs less recoveries) and the percent such net losses represent of average net loans (loans less unearned finance charges) and liquidations (loan payments, refunds on unearned finance charges, renewals and charge-offs of customers' loans) are shown in the following table (in thousands, except % data):

	Year Ended December 31				
	2024	2023	2022	2021	2020
			DIRECT CASH LOANS		
Average Net Loans	$ 840,848	$ 792,724	$ 782,093	$ 691,635	$ 577,978
Liquidations	$1,144,144	$1,041,159	$1,009,357	$ 952,290	$ 851,044
Net Losses	$ 72,290	$ 82,905	$ 70,567	$ 37,635	$ 42,143
Net Losses as % of Average Net Loans	8.60 %	10.46 %	9.02 %	5.44 %	7.29 %
Net Losses as % of Liquidations	6.32 %	7.96 %	6.99 %	3.95 %	4.95 %
			REAL ESTATE LOANS		
Average Net Loans	$ 25,852	$ 32,641	$ 41,384	$ 42,593	$ 36,128
Liquidations	$ 6,448	$ (7,510)	$ 10,694	$ 11,407	$ 9,166
Net Losses	$ —	$ 15	$ 20	$ 26	$ 42
Net Losses as a % of Average Net Loans	— %	0.05 %	0.05 %	0.06 %	0.12 %
Net Losses as a % of Liquidations	— %	(0.20)%	0.19 %	0.23 %	0.46 %
			SALES FINANCE CONTRACTS		
Average Net Loans	$ 129,229	$ 123,476	$ 100,244	$ 82,192	$ 66,681
Liquidations	$ 106,250	$ 97,146	$ 79,285	$ 70,746	$ 64,132
Net Losses	$ 9,093	$ 8,317	$ 5,802	$ 3,539	$ 3,335
Net Losses as % of Average Net Loans	7.04 %	6.74 %	5.79 %	4.31 %	5.00 %
Net Losses as % of Liquidations	8.56 %	8.56 %	7.32 %	5.00 %	5.20 %

ALLOWANCE FOR CREDIT LOSSES

The Company utilizes a Probability of Default (“PD”) / Loss Given Default (“LGD”) technique to estimate the allowance for credit losses, in which the estimated loss is equal to the product of PD and LGD. We engaged a major rating service provider to assist with estimating the instances of loss (PDs) and the average severity of losses (LGDs) using the characteristics of our loan portfolio, along with incorporating a reasonable and supportable forecast which is utilized to support the adjustments to historical loss experience of loans with similar credit risk. Key segmentation in the technique is origination vintage, remaining contractual term, risk score and state of origination. The technique produces a variety of alternative economic scenarios. We consider how macroeconomic and/or other factors might impact expected credit losses over the remaining maturity of the portfolio and determine which scenario(s) and specific scenario weights are applied within the estimation. The allowance for credit losses recorded in the balance sheet reflects Management’s best estimate of expected credit losses, see Note 2 "Loans" in the Notes to the Consolidated Financial Statements.

SEGMENT FINANCIAL INFORMATION

For additional financial information about our reportable segments and the divisions of our operations, see Note 13 "Segment Financial Information" in the Notes to Consolidated Financial Statements.

CREDIT INSURANCE

On consumer loans (excluding real estate and sales finance contracts), we offer optional single premium credit insurance products to our customers when making a loan. Such products may include credit life insurance, credit accident and health insurance, credit unemployment insurance and/or credit property insurance. Customers may request credit life insurance coverage to help assure any outstanding loan balance is repaid if the customer dies before the loan is repaid or they may request credit accident and health insurance coverage to help continue loan payments if the customer becomes sick or disabled for an extended period of time. In certain states where offered, Customers may request credit involuntary unemployment insurance for payment protection in the form of loan payment assistance due to an unexpected job loss. Customers may also choose property insurance coverage to protect the value of loan collateral against damage, theft or destruction. We write these various insurance products as an agent for a non-affiliated insurance company. Under various agreements, our wholly owned insurance subsidiaries, Frandisco Life Insurance Company and Frandisco Property and Casualty Insurance Company, reinsure the insurance coverage on our customers written on behalf of this non-affiliated insurance company.

REGULATION AND SUPERVISION

The Company is subject to regulation under numerous state and federal laws and regulations as enforced and interpreted by various state and federal governmental agencies. State laws require each of our loan branch offices to be licensed by the state and to conduct business according to the applicable statutes and regulations. The granting of a license depends on the financial responsibility, character and fitness of the applicant. As a condition to obtaining such license, the applicant must consent to state regulation and examination and to the make periodic reports to the appropriate governing agencies. Licenses are revocable for cause, and their continuance depends upon an applicant's continued compliance with applicable laws. We are also subject to state regulations governing insurance agents in the states in which we sell credit insurance. State insurance regulations require, among other things, that insurance agents be licensed and, in some cases, limit the premiums that insurance agents can charge. The Company has never had any of its licenses revoked and has never been subject to an enforcement order or regulatory settlement.

We conduct our lending operations under the provisions of various federal laws and implementing regulations. These laws and regulations are interpreted, implemented, and enforced by the Bureau of Consumer Financial Protection (the "CFPB"). Chief among these federal laws with which the Company must comply are the Federal Truth-in-Lending Act ("TILA"), the Equal Credit Opportunity Act ("ECOA"), the Fair Credit Reporting Act ("FCRA") and the Federal Real Estate Settlement Procedures Act ("RESPA"). The TILA requires us, among other things, to disclose to our customers the finance charge, the annual percentage rate, the total number and amount of payments, the total cost of credit, and other material information on all loans. A Federal Trade Commission regulation prevents consumer lenders such as the Company from using certain household goods as collateral on direct cash loans. As a result, we generally seek to secure such loans with non-prohibited household goods such as automobiles, boats and other exempt items of personal property. We continually monitor our compliance with these regulatory requirements.

Changes in the current regulatory environment, or in the interpretation or application of current regulations, could impact our business. Significant additional regulation or costs of compliance could materially adversely affect our business and financial condition.

HUMAN CAPITAL RESOURCES

As of December 31, 2024, the Company had 1,713 employees, located in Alabama, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, Tennessee, Texas, and Virginia. The development, attraction and retention of employees is a strong focus of the Company, as is fostering and maintaining a strong, healthy corporate culture.

Our employees play an important role in the success of the Company. We are committed to attracting, retaining and promoting high quality talent regardless of sex, race, color, national origin, age or religion. The Company is dedicated to providing a place of work for employees that is supportive, free from discrimination and harassment, and rewarding for employees. Benefit programs offered to employees include competitive salaries, incentive awards and 401(k) retirement savings plans with company match. Various health insurance plans are also available for employees.

We are committed to advancing a safe work environment for our employees. We adhere, and expect all of our employees to adhere, to our Code of Business Conduct and Ethics, which, among other things, sets forth numerous policies designed to provide for a safe, ethical, respectful and compliant work environment. We expect our employees to follow our core values listed below:

Team:	Be Trustworthy
Impact:	Be Intentional
People:	Be Exceptional
Service:	Be Humble

SOURCES OF FUNDS AND COMMON STOCK MATTERS

The Company is dependent upon the availability of funds from various sources in order to meet its ongoing financial obligations and to make new loans as a part of its business. Our various sources of funds as a percent of total liabilities and stockholders' equity and the number of persons investing in the Company's debt securities were as follows:

	As of December 31				
	2024	2023	2022	2021	2020
Bank Borrowings	11.58 %	9.84 %	5.81 %	5.39 %	11.73 %
Senior Debt	61.74 %	61.45 %	63.37 %	58.69 %	51.19 %
Subordinated Debt	2.35 %	2.30 %	2.49 %	2.66 %	2.97 %
Other Liabilities	5.22 %	5.08 %	6.03 %	6.73 %	6.64 %
Stockholders’ Equity	19.11 %	21.33 %	22.30 %	26.53 %	27.47 %
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Number of Investors	4,689	4,681	4,809	4,713	4,543

The average interest rates we pay on borrowings, computed by dividing the interest paid by the average indebtedness outstanding, have been as follows:

	Year Ended December 31				
	2024	2023	2022	2021	2020
Senior Borrowings	5.80%	5.08%	3.50%	3.39%	3.42%
Subordinated Borrowings	4.69%	3.63%	3.16%	3.12%	3.01%
All Borrowings	5.76%	5.02%	3.49%	3.38%	3.40%

Certain financial ratios relating to our debt have been as follows:

	As of December 31				
	2024	2023	2022	2021	2020
Total Liabilities to Stockholders' Equity	4.23	3.69	3.48	2.77	2.64
Unsubordinated Debt to Subordinated Debt Plus Stockholders' Equity	3.42	3.23	2.79	2.43	2.29

As of April 29, 2025, all of our voting common stock was closely held by three related individuals and all of our non-voting common stock was held by thirteen related shareholders. None of our common stock was listed on any securities exchange or traded on any established public trading market. The Company does not maintain any equity compensation plans, and did not repurchase any of its equity securities during any period represented. No cash distributions were paid to shareholders in 2024. Cash distributions of $15.80 per share were paid to shareholders in 2023, primarily in amounts to enable the Company's shareholders to pay their related income tax obligations which arise as a result of the Company's status as an S Corporation. No other distributions were paid during the applicable periods. For the foreseeable future, the Company expects to pay annual cash distributions equal to an amount sufficient to enable the Company's shareholders to pay their respective income tax obligations as a result of the Company's status as an S Corporation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis provides a narrative discussion of the Company's financial condition and performance during 2024 and 2023. The narrative reviews the Company's results of operations, liquidity and capital resources, critical accounting policies and estimates, and certain other matters. It includes Management's interpretation of our financial results, the factors affecting these results and the significant factors that we currently believe may materially affect our future financial condition, operating results and liquidity. This discussion should be read in conjunction with the Company's consolidated financial statements and notes thereto contained elsewhere in this Annual Report. Discussion of 2022 results and year-to-year comparisons between 2023 and 2022 can be found in the Company's 2023 Annual Report filed as Exhibit 13 to the Company's Annual Report on Form 10-K which was filed with the SEC on April 1, 2024.

Our significant accounting policies are disclosed in Note 1 "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements. Certain information in this discussion and other statements contained in this Annual Report which are not historical facts are forward-looking statements within the meaning of the federal securities laws. These forward-looking statements involve risks and uncertainties. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. Possible factors which could cause our actual future results to differ from any expectations expressed or implied by any forward-looking statements, or otherwise, include, but are not limited to, changes in our ability to manage liquidity and cash flow, the accuracy of Management's estimates and judgments, adverse developments in economic conditions including the interest rate environment, unforeseen changes in our net interest margin, federal and state regulatory changes, unfavorable outcomes of litigation and other factors referenced in the "Risk Factors" section of the Company's Annual Report and elsewhere herein, or otherwise contained in our filings with the Securities and Exchange Commission from time to time.

General:

The Company is a privately-held corporation that has been engaged in the consumer finance industry since 1941. Our operations focus primarily on making installment loans to individuals in relatively small amounts for short periods of time. Other lending-related activities include the purchase of sales finance contracts from various dealers and the making of first and second mortgage real estate loans. The Company de-prioritized mortgage originations while advanced systems for origination and servicing are being developed. All of our loans are at fixed rates, and contain fixed terms and fixed payments. We operate branch offices in nine southern states and had a total of 369 branch locations at December 31, 2024. The Company and its operations are guided by a strategic plan which includes planned growth through strategic expansion of our branch office network. The majority of our revenues are derived from finance charges earned on loans outstanding. Additional revenues are derived from earnings on investment securities, insurance income and other miscellaneous income.

Financial Condition:

The Company's total assets increased $71.4 million (6%) to $1.3 billion as of December 31, 2024 compared to $1.2 billion as of December 31, 2023. The increase in assets was primarily due to growth in the Company's net loan portfolio, investment securities portfolio, cash and cash equivalents, and increases in other assets.

Cash and cash equivalents increased $13.2 million (58%) at December 31, 2024 compared to December 31, 2023.

The Company maintains an amount of funds in restricted accounts at its insurance subsidiaries in order to comply with certain requirements imposed on insurance companies by the State of Georgia and to meet the reserve requirements of its reinsurance agreements. Restricted cash also includes escrow deposits held by the Company on behalf of certain mortgage real estate customers.

At December 31, 2024, restricted cash was $8.8 million compared to $12.1 million at December 31, 2023. See Note 3, “Investment Securities” in the accompanying “Notes to Consolidated Financial Statements” for further discussion of amounts held in trust.

Gross loan originations increased $116.4 million (9%) during 2024 compared to 2023. Our net loan portfolio increased $48.9 million (6%) at December 31, 2024 compared to 2023. The percent of the loan portfolio greater than 30 days delinquent is 8.43% at December 31, 2024 compared to 7.48% at December 31, 2023. The ratio of bankrupt accounts to the net principal balance was 1.38% and 1.43% at December 31, 2024 and December 31, 2023, respectively. Our allowance for credit losses reflects Management's estimate of expected credit losses in the loan portfolio as of the date of the statement of financial position. See Note 2, “Allowance for Credit Losses,” in the accompanying “Notes to Consolidated Financial Statements” for further discussion of the Company’s allowance for credit losses. Management believes the current allowance for credit losses is adequate to cover expected losses in our existing portfolio as of December 31, 2024; however, changes in trends or deterioration in economic conditions could result in additional changes in the allowance or an increase in actual losses. Any increase could have a material adverse impact on our results of operation or financial condition in the future.

Our investment securities portfolio increased $5.9 million (2%) to $256.0 million at December 31, 2024 compared to $250.1 million at December 31, 2023. The portfolio consists primarily of invested surplus funds generated by the Company's insurance subsidiaries. Management maintains what it believes to be a conservative approach when formulating its investment strategy. The Company does not participate in hedging programs, interest rate swaps or other similar activities. This investment portfolio consists mainly of U.S. Treasury bonds, government agency bonds, and various municipal bonds. Investment securities have been designated as “available for sale” at December 31, 2024 with any unrealized gain or loss accounted for in the equity section of the Company’s consolidated statement of financial position, net of deferred income taxes for those investments held by the insurance subsidiaries as well as the statement of comprehensive income.

Other assets increased $6.7 million (7%) to $99.3 million at December 31, 2024 compared to $92.6 million at December 31, 2023. Increases in capitalized internal use software costs, prepaid expenses for furniture, fixtures, and leasehold improvements, miscellaneous accounts receivables for rebates for medical claims, and prepaid income taxes were main factors contributing to the increase in other assets. Offsetting a portion of the increase was a decline in loan purchase premium and lease right of use assets.

Our senior debt is comprised of a bank line of credit, the Company’s senior demand notes and commercial paper debt securities. Our subordinated debt is comprised of the variable rate subordinated debentures sold by the Company. The aggregate amount of senior and subordinated debt outstanding at December 31, 2024 increased $79.7 million (9%) to $992.5 million compared to $912.7 million outstanding at December 31, 2023. Higher usage of the line of credit and sales of the Company’s debt securities were the primary factors contributing to the increase. The line of credit usage increased $29.8 million (24%) to $151.9 million at December 31, 2024 and the Company's debt securities increased $49.9 million (6%) to $840.6 million at December 31, 2024. Increases in the credit line and debt securities funded the Company's growth in our loan portfolio and allowed for additional expenditures developing our systems.

Other accounts payables and accrued expenses increased $6.5 million (33%) at December 31, 2024 compared to the prior year. The increase in the Company’s accounts payable and accrued expenses was primarily due to an increase in trade accounts payable for insurance premiums due to unaffiliated insurance company in 2024 compared to 2023. The increase was partially offset by a decrease in accrued payroll and accrued health insurance claims.

Operating lease liabilities decreased $1.0 million (2%) at December 31, 2024 compared to the prior year. The decrease in the Company's operating lease liabilities was the result of a decrease in the average remaining lease term in 2024 compared to 2023.

Results of Operations:

Total revenues, which include finance charge income, investment income, insurance income and miscellaneous other revenue, were $377.8 million and $351.4 million for 2024 and 2023, respectively. The aforementioned growth in our loan portfolio resulted in higher revenue across finance charge income, investment income, and insurance income, which was partially offset by a decrease in miscellaneous other revenue.

The provision for credit losses decreased $4.0 million (5%) during 2024 compared to 2023 due to lower net charge-offs.

Higher revenues and lower provision expense were offset by increases in interest expense, personnel expense, loan purchase premium amortization expense, and information technology related expenses which resulted in a increase in net income for the Company during the year just ended. Net income decreased $6.1 million (1157%) to a net loss of $5.6 million during 2024 compared to $0.5 million during 2023.

Net Interest Income:

Net interest income is a principal component of the Company's operating performance and resulting net income. It represents the difference between income on earning assets and the cost of funds on interest bearing liabilities. Debt securities represent a majority of our interest bearing liabilities. Factors affecting our net interest income include the level of average net receivables and the interest income associated therewith, capitalized loan origination costs and our average outstanding debt, as well as the general interest rate environment. Volatility in interest rates generally has more impact on the income earned on investments and the Company's borrowing costs than on interest income earned on loans. Management does not normally change the rates charged on loans originated solely as a result of changes in the interest rate environment.

Net interest income represents the difference between income on earning assets (loans and investments) and the cost of funds on interest bearing liabilities. Our net interest income is affected by the size and mix of our loan and investment portfolios as well as the spread between interest and finance charges earned on the respective assets and interest incurred on our debt. Net interest income increased $8.3 million (3%) compared to the same period in 2023. The increase in net interest income was primarily due to growth in our loan portfolio and a decrease in charge-offs in 2024 compared to 2023, partially offset by an increase in interest expense. Our average net loan balance increased $54.6 million (6%) during the twelve months just ended compared to the same period a year ago.

Average Gross Loans Outstanding less unearned finance charges was $995.9 million at December 31, 2024, compared to $941.3 million at December 31, 2023. Net interest income was $252.1 million during 2024, compared to $243.8 million in 2023.

As previously mentioned, higher sales of the Company's debt securities and an increase in borrowings on the Company's credit line resulted in an increase in senior debt. The increase resulted in higher interest cost. Average borrowings were $893.5 million during 2024 compared to $828.4 million during 2023. Interest expense increased $12.0 million (28%) during 2024 compared to 2023.

Net Insurance Income:

The Company offers certain optional credit insurance products to loan customers when closing a loan. Net insurance income (insurance revenues less claims and expenses) was $47.6 million during 2024 and $40.4 million during 2023. Net insurance premium revenue increased 18% while claims and expenses decreased 1% during 2024.

Other Revenue:

Other revenue was $7.0 million and $7.8 million during 2024 and 2023, respectively. A significant component of other revenue is earnings from the sale of auto club memberships. The Company, as an agent for a third party, offers auto club memberships to loan customers during the closing of a loan. An increase in sales of auto club memberships partially offset the decrease in service charge revenue for the period just ended.

Provision for Credit Losses:

The Company's provision for credit losses is a charge against earnings to maintain the allowance for credit losses at a level that Management estimates is adequate to cover expected losses as of the date of the statement of financial position. See Note 2. "Allowance for Credit Losses," in the accompanying "Notes to Consolidated Financial Statements" for further discussion of the Company's provision for credit losses.

The provision for credit losses decreased $4.0 million (5%) during 2024 compared to 2023 due to an improved macroeconomic outlook. Net charge-offs impacting the provision for credit losses were $81.4 million for 2024 and $91.2 million for 2023, respectively.

Determining a proper allowance for credit losses is a critical accounting estimate which involves Management's judgment with respect to certain relevant factors, such as historical and expected loss trends, unemployment rates in various locales, delinquency levels, bankruptcy trends and overall general and industry specific economic conditions.

During the year ended December 31, 2024, the Company engaged a major rating service provider to assist with estimating the instances of loss ("Probability of Default" or "PD") and the average severity of losses ("Loss Given Default" or "LGD") using the characteristics of our loan portfolio, along with incorporating a reasonable and supportable forecast which is utilized to support the adjustments to historical loss experience of loans with similar credit risk. Key segmentation in the technique is origination vintage, remaining contractual term, risk score and state of origination. The technique produces a variety of alternative economic scenarios. We consider how macroeconomic and/or other factors might impact expected credit losses over the remaining maturity of the portfolio and determine which scenario(s) and specific scenario weights are applied within the estimation. The allowance for credit losses recorded in the statement of financial position reflects Management's best estimate of expected credit losses. For further information regarding the change in technique, refer to the Critical Accounting Policies section below. In addition, please see Note 2, "Loans" in the accompanying "Notes to Unaudited Condensed Consolidated Financial Statements" for further discussion of estimated credit losses. Management may determine it is appropriate to increase or decrease the allowance for expected credit losses in future period, or actual losses in any period, either of which events could have a material impact on our results of operations in the future.

Operating Expenses*:*

Other operating expenses of the Company were $223.2 million during 2024 compared to $199.2 million during 2023. Other operating expenses encompass personnel expense, occupancy expense and miscellaneous other expenses.

Personnel expense increased $12.8 million (11%) during 2024 compared to 2023. Higher insurance costs, higher payroll taxes, higher bonus accrual, and salary adjustments for certain team members were the primary factors causing the increase in personnel expenses.

Occupancy expenses increased $1.5 million (7%) during 2024 compared to 2023. Increases in monthly rent expenses, depreciation and amortization expenses, and new branch openings attributed to the increase in occupancy expenses.

Other expenses increased $9.6 million (14%) during 2024 compared to 2023. Higher information technology consulting expenses, conversion expenses, and the amortization of loans purchased at a premium offset by a reduction in advertising expenses were the primary factors driving the increase in miscellaneous other operating expenses during 2024 compared to 2023.

Income Taxes:

The Company has elected to be treated as an S corporation for income tax reporting purposes. The taxable income or loss of an S corporation is treated as income of and is reportable in the individual tax returns of the shareholders of the Company in an appropriate allocation. Accordingly, deferred income tax assets and liabilities have been eliminated and no provisions for current and deferred income taxes were made by the Company except for amounts attributable to state income taxes for certain states, which do not recognize S corporation status for income tax reporting purposes. Deferred income tax assets and liabilities will continue to be recognized and provisions for current and deferred income taxes will be made by the Company's subsidiaries as they are not permitted to be treated as S Corporations.

Effective income tax rates for the years ended December 31, 2024 and 2023 were 6268.6% and 90.1%, respectively. The effective income tax rate differs from the statutory rate due to changes in the proportion of income earned by the Company's insurance subsidiaries.

Quantitative and Qualitative Disclosures About Market Risk:

Volatility in market interest rates can impact the Company's investment portfolio and the interest rates paid on its bank borrowings and debt securities. Changes in interest rates have more impact on the income earned on investments and the Company's borrowing costs than on interest income earned on loans, as Management does not normally change the rates charged on loans originated solely as a result of changes in the interest rate environment. These exposures are monitored and managed by the Company as an integral part of its overall cash management program. It is Management's goal to minimize any adverse effect that movements in interest rates may have on the financial condition and operations of the Company. The information in the table below summarizes the Company's risk associated with marketable debt securities and debt obligations as of December 31, 2024. Rates associated with the investment securities represent weighted averages based on the tax effected yield to maturity of each individual security. No adjustment has been made to yield, even though many of the investments are tax-exempt and, as a result, actual yield will be higher than that disclosed. For debt obligations, the table presents principal cash flows and related weighted average interest rates by contractual maturity dates. The Company's subordinated debt securities are sold with various interest adjustment periods, which is the time from sale until the interest rate adjusts, and which allows the holder to redeem that security prior to the contractual maturity without penalty. It is expected that actual maturities on a portion of the Company's subordinated debentures will occur prior to the contractual maturity as a result of interest rate adjustments. Management estimates the carrying value of senior and subordinated debt approximates their fair values when compared to instruments of similar type, terms and maturity.

Loans originated by the Company are excluded from the table (in millions, except for %) below since interest rates charged on loans are based on rates allowable in compliance with any applicable regulatory guidelines. Management does not believe that changes in market interest rates will significantly impact rates charged on loans. The Company has no exposure to foreign currency risk.

	Expected Year of Maturity							
	2025	2026	2027	2028	2029	2030 & Beyond	Total	Fair Value
Assets:								
Investment Securities	$ 0.2	$ 0.3	$ 0.5	$ 0.9	$ 2.9	$ 251.2	$ 256.0	$ 256.0
Average Interest Rate	3.3 %	3.5 %	3.3 %	3.7 %	3.6 %	3.4 %	3.4 %	
Liabilities:								
Senior Debt								
Note Payable to Bank	$ —	$ —	$ 151.9	$ —	$ —	$ —	$ 151.9	$ 151.9
Average Interest Rate	— %	— %	8.18 %	— %	— %	— %	8.18 %	
Senior Demand Notes	$ 91.1	$ —	$ —	$ —	$ —	$ —	$ 91.1	$ 91.1
Average Interest Rate	1.90 %	— %	— %	— %	— %	— %	1.90 %	
Commercial Paper	$ 715.8	$ —	$ —	$ —	$ —	$ —	$ 715.8	$ 715.8
Average Interest Rate	5.96 %	— %	— %	— %	— %	— %	5.96 %	
Subordinated Debentures	$ 19.7	$ 9.7	$ 0.9	$ 0.5	$ —	$ —	$ 30.8	$ 30.8
Average Interest Rate	4.35 %	5.05 %	5.29 %	5.53 %	— %	— %	4.69 %	

Liquidity and Capital Resources:

Liquidity is the ability of the Company to meet its ongoing financial obligations, either through the collection of receivables or by generating additional funds through liability management. The Company's liquidity is therefore dependent on the collection of its receivables, the sale of its debt securities and the continued availability of funds under the Company's revolving credit agreement.

We continue to monitor and review current economic conditions and the related potential implications on us, including with respect to, among other things, changes in credit losses, liquidity, compliance with our debt covenants, and relationships with our customers.

As of December 31, 2024 and December 31, 2023, the Company had $35.9 million and $22.8 million, respectively, invested in cash and short-term investments readily convertible into cash with original maturities of three months or less. The Company uses cash reserves to fund its operations, including providing funds for any increase in redemptions of debt securities by investors which may occur.

The Company's investment securities can be converted into cash, if necessary. As of December 31, 2024 and 2023, 99% and 99%, respectively, of the Company's cash and cash equivalents and investment securities were maintained in Frandisco Property and Casualty Insurance Company and Frandisco Life Insurance Company, the Company's insurance subsidiaries. Georgia state insurance regulations limit the use an insurance company can make of its assets. Ordinary dividend payments to the Company by its wholly owned life insurance subsidiary are subject to annual limitations and are restricted to the lesser of 10% of policyholder's statutory surplus or the net statutory gain from operations before recognizing realized investment gains of the individual insurance subsidiary during the prior year. Dividend payments to a parent company by its wholly owned property and casualty subsidiary are subject to annual limitations and are restricted to the lessor of 10% of policyholder's surplus or the net statutory income before recognizing realized investment gains of the individual insurance subsidiary during the prior two years. Any dividends above these state limitations are termed "extraordinary dividends" and must be approved in advance by the Georgia Insurance Commissioner. The maximum aggregate amount of dividends these subsidiaries could have paid to the Company during 2024, without prior approval of the Georgia Insurance Commissioner, was approximately $49.7 million.

At December 31, 2023, Frandisco Property and Casualty Insurance Company and Frandisco Life Insurance Company had a statutory surplus of $129.9 million and $111.0 million, respectively. The maximum aggregate amount of dividends these subsidiaries can pay to the Company in 2024 without prior approval of the Georgia Insurance Commissioner is approximately $49.7 million. On November 28, 2023, Management submitted a request for approval of two separate transactions involving dividends and/or lines of credit with maximum amounts of $90.0 million from Frandisco Life Insurance Company and $105.0 million from Frandisco Property and Casualty Insurance Company. The Commissioner of the Insurance Department did not deny such requests with the 30 days allotted by law, thereby granting approval for transactions on or before December 31, 2024. Effective February 1, 2024, Frandisco Property and Casualty Insurance Company and Frandisco Life Insurance Company amended previous unsecured revolving line of credits available to the Company extending the terms to December 31, 2027.

At December 31, 2024, Frandisco Property and Casualty Insurance Company and Frandisco Life Insurance Company had a statutory surplus of $142.6 million and $120.7 million, respectively. The maximum aggregate amount of dividends these subsidiaries could pay to the Company during 2024, without prior approval of the Georgia Insurance Commissioner, is approximately $56.2 million. On December 12, 2024, Management submitted a request for approval of two separate transactions involving dividends and/or lines of credit with maximum amounts of $90.0 million from Frandisco Life Insurance Company and $105.0 million from Frandisco Property and Casualty Insurance Company. The Commissioner of the Insurance Department did not deny such requests with the 30 days allotted by law, thereby granting approval for transactions on or before December 31, 2025. The request was approved by the Georgia Insurance Department for transactions on or before December 31, 2025. Effective February 1, 2025, Frandisco Life Insurance Company and Frandisco Property and Casualty Insurance Company amended previous unsecured revolving lines of credit available to the Company by extending the term to December 31, 2028.

Most of the Company's loan portfolio is financed through sales of its various debt securities, which, because of certain redemption features contained therein, have shorter average maturities than the loan portfolio as a whole. The difference in maturities may adversely affect liquidity if the Company is not able to continue to sell debt securities at interest rates and on terms that are responsive to the demands of the marketplace or maintain sufficient borrowing availability under our credit facility.

The Company's continued liquidity is therefore also dependent on the collection of its receivables and the sale of debt securities that meet the investment requirements of the public. In addition to its receivables and securities sales, the Company had an external source of funds available under a revolving credit facility with

BMO Bank, N.A. The credit agreement with BMO Bank, N.A. executed on December 6, 2024, provides for borrowings or re-borrowings of up to $300.0 million or 75% of the Company's net finance receivables (as defined in the credit agreement), whichever is less, subject to certain limitations, and all borrowings are secured by the finance receivables of the Company. At December 31, 2024 $151.9 million was outstanding under the credit facility. The outstanding includes the payoff and termination of the Wells Fargo Bank, N.A, credit agreement (as amended, the "credit agreement") that provided for borrowings or re-borrowings of up to $230.0 million or 70% of the Company's net finance receivables (as defined in the credit agreement), whichever is less, subject to certain limitations, and all borrowings are secured by the finance receivables of the Company. At December 31, 2023, $122.1 million, was outstanding under the credit line. Management believes the current credit facility, when considered with funds expected to be available from operations, should provide sufficient liquidity for the Company.

Available but unborrowed amounts under the credit agreement are subject to a periodic unused line fee of up to 0.50%, based on the outstanding balance on the credit line. The interest rate under the credit agreement is equivalent to the greater of (a) 0.75% per annum plus the Applicable Margin or (b) the one month secured overnight financing rate (the “SOFR Rate”) plus the term SOFR adjustment (the "Adjusted Term SOFR Rate") plus the Applicable Margin. The Adjusted Term SOFR Rate is adjusted on the first day of each calendar month based upon the SOFR Rate as of the last day of the preceding calendar month. The Applicable Margin is 3.00%. The interest rate on the credit agreement at December 31, 2024 and 2023 was 7.52% and 8.19%, respectively.

The credit agreement requires the Company to comply with certain covenants customary for financing transactions of this nature, including, among others, maintaining a minimum interest coverage ratio, a minimum loss reserve ratio, a minimum ratio of earnings to interest, taxes and depreciation and amortization to interest expense, a minimum asset quality ratio, a minimum consolidated tangible net worth ratio, and a maximum debt to tangible net worth ratio, each as defined. The Company must also comply with certain restrictions on its activities consistent with credit facilities of this type, including limitations on: (a) restricted payments; (b) additional debt obligations (other than specified debt obligations); (c) investments (other than specified investments); (d) mergers, acquisitions, or a liquidation or winding up; (e) modifying its organizational documents or changing lines of business; (f) modifying certain contracts; (g) certain affiliate transactions; (h) sale-leaseback, synthetic lease, or similar transactions; (i) guaranteeing additional indebtedness (other than specified indebtedness); (j) capital expenditures; or (k) speculative transactions. The credit agreement also restricts the Company or any of its subsidiaries from creating or allowing certain liens on their assets, entering into agreements that restrict their ability to grant liens (other than specified agreements), or creating or allowing restrictions on any of their ability to make dividends, distributions, inter-company loans or guaranties, or other inter-company payments, or inter-company asset transfers.

Any increase in the Company's allowance for credit losses would not directly affect the Company's liquidity, as any adjustment to the allowance has no impact on cash; however, an increase in the actual loss rate may have a material adverse effect on the Company's liquidity. The inability to collect loans could materially impact the Company's liquidity in the future.

The Company anticipates that its cash and cash equivalents, cash flows from operations, available lines of credit, and borrowings from time to time under the credit agreement will be sufficient to fund its liquidity needs for the next 12 months and thereafter for the foreseeable future.

Critical Accounting Policies:

The accounting and reporting policies of 1st Franklin are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the financial services industry. The more critical accounting and reporting policies include the allowance for credit losses, revenue recognition and insurance claims reserves.

Allowance for Credit Losses:

Provisions for credit losses are charged to operations in amounts sufficient to maintain the allowance for credit losses at a level considered adequate to cover expected credit losses in our loan portfolio. The allowance for credit losses is established based on the determination of the amount of expected losses inherent in the loan portfolio as of the reporting date.

The Company uses a Probability of Default ("PD") / Loss Given Default ("LGD") technique to estimate the allowance for credit losses, in which the estimated loss is equal to the product of PD and LGD. Historical net finance receivables are tracked over the term of the loan pools to identify the instances of loss (PDs) and the average severity of losses (LGDs). We engaged a major rating service provider to assist with incorporating a reasonable and supportable forecast which is utilized to support the adjustments to historical loss experience of loans with similar credit risk. Key segmentation in the technique is origination vintage, remaining contractual term, risk score and state of origination. The technique produces a variety of alternative economic scenarios. We consider how macroeconomic or other factors might impact expected credit losses over the remaining maturity of the portfolio and determine which scenario(s) and specific scenario weights to be applied within the estimation. The allowance for credit losses recorded in the balance sheet reflects our best estimate of expected credit losses.

Revenue Recognition:

Accounting principles generally accepted in the United States of America require that an interest yield method be used to calculate the income recognized on accounts which have precomputed charges. An interest yield method is used by the Company on each individual account with precomputed charges to calculate income for those on-going accounts; however, state regulations often allow interest refunds to be made according to the "Rule of 78's" method for payoffs and renewals. Since the majority of the Company's accounts which have precomputed charges are paid off or renewed prior to maturity, the result is that most of the accounts effectively yield on a Rule of 78's basis.

Precomputed finance charges are included in the gross amount of certain direct cash loans, sales finance contracts and certain real estate loans. These precomputed charges are deferred and recognized as income on an accrual basis using the effective interest method. Some other cash loans and real estate loans, which do not have precomputed charges, have income recognized on a simple interest accrual basis. Income is not accrued on a loan that is more than 60 days past due.

Loan fees and origination costs are deferred and recognized as an adjustment to the loan yield over the contractual life of the related loan.

The property and casualty credit insurance policies written by the Company, as agent for a non-affiliated insurance company, are reinsured by the Company's property and casualty insurance subsidiary. The premiums are deferred and earned over the period of insurance coverage using the pro-rata method or the effective yield method, depending on whether the amount of insurance coverage generally remains level or declines.

The credit life and accident and health insurance policies written by the Company, as agent for a non-affiliated insurance company, are reinsured by the Company's life insurance subsidiary. The premiums are deferred and earned using the pro-rata method for level-term life insurance policies and the effective yield method for decreasing-term life policies. Premiums on accident and health insurance policies are earned based on an average of the pro-rata method and the effective yield method.

Insurance Claims Reserves:

Included in unearned insurance premiums and commissions on the consolidated statements of financial position are reserves for incurred but unpaid credit insurance claims for policies written by the Company and reinsured by the Company's wholly owned insurance subsidiaries. These reserves are established based on accepted actuarial methods. In the event that the Company's actual reported losses for any given period are materially in excess of the previously estimated amounts, such losses could have a material adverse effect on the Company's results of operations.

Different assumptions in the application of these policies could result in material changes in the Company's consolidated financial position or consolidated results of operations.

New Accounting Pronouncements:

See Note 1, "Summary of Significant Accounting Policies - Recent Accounting Pronouncements," in the accompanying "Notes to Consolidated Financial Statements" for a discussion of new accounting standards and the expected impact of accounting standards recently issued but not yet required to be adopted. For pronouncements already adopted, any material impacts on the Company's consolidated financial statements are discussed in the applicable section(s) of this Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to the Company's Consolidated Financial Statements included elsewhere in this Annual Report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of 1st Franklin Financial Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of 1st Franklin Financial Corporation and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses – Refer to Note 2 to the consolidated financial statements

Critical Audit Matter Description

The allowance for credit losses is based on Management's evaluation of the inherent risks and changes in the composition of the Company's loan portfolio. For the year ended December 31, 2024, the Company selected a Probability of Default ("PD") / Loss Given Default ("LGD") technique to estimate the allowance for credit losses, in which the estimated loss is equal to the product of PD and LGD. The Company engaged a major rating service provider to assist with estimating the instances of loss (PDs) and the average severity of losses (LGDs) using the characteristics of the Company’s loan portfolio, along with incorporating a reasonable and supportable forecast which is utilized to support the adjustments to historical loss experience of loans with similar credit risk. Key segmentation in the technique is origination vintage, remaining contractual term, risk score and state of origination. The technique produces a variety of alternative economic scenarios. The Company considers how macroeconomic and other factors might impact expected credit losses over the remaining maturity of the portfolio and determines which scenario(s) and specific scenario weights are applied within the estimation.

We identified the allowance for credit losses estimate as a critical audit matter because of the significant amount of complexity and judgment required by management to select and weight the macroeconomic forecast scenarios that are applied to the estimate. Performing audit procedures to evaluate the appropriateness of this model and whether adjustments are necessary required a high degree of auditor judgment, the use of specialists, and an increased extent of effort, specifically due to the effect of uncertainty in consumer payment patterns and general economic conditions on the estimate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the allowance for credit losses included the following, among others:

- We used credit specialists to assist us in (i) evaluating the reasonableness of the PD/LGD model and relevant assumptions, and (ii) evaluating the reasonableness of design, theory, and logic of the model for estimating expected credit losses.

- We tested the completeness and accuracy of data utilized as inputs within the PD/LGD model and the reasonableness of the technique’s calculation of probability of default and loss given default.

- We evaluated the reasonableness of management’s judgments related to the selection and weighting of macroeconomic forecast scenarios by comparing the forecast data to other independent sources.

- We compared the output of the estimated allowance for credit losses to the consolidated financial statements and assessed the reasonableness of the related disclosures.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

April 29, 2025

We have served as the Company’s auditor since 2002.

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
CASH AND CASH EQUIVALENTS (Note 1)	$ 35,930,768	$ 22,775,852
RESTRICTED CASH (Note 1)	8,784,328	12,059,022
LOANS (Note 2):		
Direct Cash Loans	1,080,370,655	972,567,737
Real Estate Loans	23,364,743	29,812,798
Sales Finance Contracts	154,677,310	175,548,110
	1,258,412,708	1,177,928,645
Less: Unearned Finance Charges	199,844,507	174,043,203
Unearned Insurance Premiums	73,503,536	69,748,304
Allowance for Credit Losses	73,365,842	71,361,745
	911,698,823	862,775,393
INVESTMENT SECURITIES (Note 3):		
Available for Sale, at fair value	255,966,759	250,085,804
OTHER ASSETS:		
Land, Buildings, Equipment and Leasehold Improvements, less accumulated depreciation and amortization of $60,361,530 and $55,304,631 in 2024 and 2023, respectively	15,515,210	17,215,898
Operating Lease Right-of-Use Assets (Note 8)	40,737,215	41,938,371
Deferred Acquisition Costs	4,464,900	4,149,171
Due from Non-affiliated Insurance Company	3,596,769	2,365,339
Other Miscellaneous	34,968,298	26,931,910
	99,282,392	92,600,689
TOTAL ASSETS	$1,311,663,070	$1,240,296,760

See Notes to Consolidated Financial Statements

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

LIABILITIES AND STOCKHOLDERS' EQUITY

	2024	2023
SENIOR DEBT (Note 6):		
Bank Borrowings	$ 151,868,570	$ 122,050,000
Senior Demand Notes, including accrued interest	91,100,482	100,568,430
Commercial Paper	718,724,910	661,573,356
	961,693,962	884,191,786
ACCOUNTS PAYABLE AND ACCRUED EXPENSES:		
Operating Lease Liabilities (Note 8)	42,026,593	43,034,942
Other Accounts Payable and Accrued Expenses	26,462,022	19,952,978
	68,488,615	62,987,920
SUBORDINATED DEBT (Note 7)	30,769,476	28,533,940
Total Liabilities	1,060,952,053	975,713,646
COMMITMENTS AND CONTINGENCIES (Note 9)		
STOCKHOLDERS' EQUITY:		
Preferred Stock; $100 par value 6,000 shares authorized; no shares outstanding	—	—
Common Stock:		
Voting Shares; $100 par value; 2,000 shares authorized; 1,700 shares outstanding as of December 31, 2024 and 2023	170,000	170,000
Non-Voting Shares; no par value; 198,000 shares authorized; 168,300 shares outstanding as of December 31, 2024 and 2023		—
Accumulated Other Comprehensive Loss	(27,222,450)	(18,955,725)
Retained Earnings	277,763,467	283,368,839
Total Stockholders' Equity	250,711,017	264,583,114
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,311,663,070	$1,240,296,760

See Notes to Consolidated Financial Statements

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
INTEREST INCOME:			
Finance Charges	$ 296,507,429	$ 276,974,396	$ 266,963,826
Net Investment Income	10,735,461	10,038,606	8,177,846
	307,242,890	287,013,002	275,141,672
INTEREST EXPENSE:			
Senior Debt	53,668,197	42,093,613	26,875,546
Subordinated Debt	1,481,765	1,099,749	971,958
	55,149,962	43,193,362	27,847,504
NET INTEREST INCOME	252,092,928	243,819,640	247,294,168
PROVISION FOR CREDIT LOSSES (Note 2)	83,387,023	87,387,765	84,287,916
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	168,705,905	156,431,875	163,006,252
NET INSURANCE INCOME:			
Premiums	63,570,924	56,570,776	56,984,335
Insurance Claims and Expense	(16,003,370)	(16,203,800)	(17,164,735)
	47,567,554	40,366,976	39,819,600
OTHER REVENUE	6,985,345	7,774,862	6,831,179
OPERATING EXPENSES:			
Personnel Expense	124,597,000	111,763,367	113,732,789
Occupancy Expense	22,241,147	20,705,383	18,173,248
Other Expense	76,329,787	66,754,481	57,173,463
	223,167,934	199,223,231	189,079,500
INCOME BEFORE INCOME TAXES	90,870	5,350,482	20,577,531
PROVISION FOR INCOME TAXES (Note 12)	5,696,242	4,820,393	4,417,904
NET (LOSS) / INCOME	$ (5,605,372)	$ 530,089	$ 16,159,627
BASIC EARNINGS PER SHARE:			
170,000 Shares Outstanding for All Periods (1,700 voting, 168,300 non-voting)	$ (32.97)	$ 3.12	$ 95.06

See Notes to Consolidated Financial Statements

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
Net (Loss) / Income	$ (5,605,372)	$ 530,089	$ 16,159,627
Other Comprehensive (Loss) / Income:			
Net changes related to available-for-sale Securities:			
Unrealized (losses) gains	(10,175,433)	9,743,321	(45,165,474)
Income tax benefit (provision)	2,183,398	(2,026,463)	9,479,082
Net unrealized (losses) gains	(7,992,035)	7,716,858	(35,686,392)
Less reclassification of gains to net income	274,690	270,767	452,074
Total Other Comprehensive (Loss) / Income	(8,266,725)	7,446,091	(36,138,467)
Total Comprehensive (Loss) / Income	$ (13,872,097)	$ 7,976,180	$ (19,978,840)

See Notes to Consolidated Financial Statements

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			
Balance at December 31, 2021	170,000	170,000	286,851,102	9,736,651	296,757,753
Comprehensive Income:					
Net Income for 2022	—	—	16,159,627	—	
Other Comprehensive Loss	—	—	—	(36,138,467)	
Total Comprehensive Loss	—	—	—	—	(19,978,840)
Cash Distributions Paid	—	—	(17,485,889)	—	(17,485,889)
Balance at December 31, 2022	170,000	170,000	285,524,840	(26,401,816)	259,293,024
Comprehensive Income:					
Net Income for 2023	—	—	530,089	—	
Other Comprehensive Income	—	—	—	7,446,091	
Total Comprehensive Income	—	—	—	—	7,976,180
Cash Distributions Paid	—	—	(2,686,090)	—	(2,686,090)
Balance at December 31, 2023	170,000	$ 170,000	$ 283,368,839	$ (18,955,725)	$ 264,583,114
Comprehensive Income:					
Net Loss for 2024	—	—	(5,605,372)	—	
Other Comprehensive Loss	—	—	—	(8,266,725)	
Total Comprehensive Loss	—	—	—	—	(13,872,097)
Cash Distributions Paid	—	—	—	—	—
Balance at December 31, 2024	170,000	$ 170,000	$ 277,763,467	$ (27,222,450)	$ 250,711,017

See Notes to Consolidated Financial Statements

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (Loss) / Income	$ (5,605,372)	$ 530,089	$ 16,159,627
Adjustments to reconcile net (loss) / income to net cash provided by operating activities:			
Provision for credit losses	83,387,023	87,387,765	84,287,916
Depreciation and amortization	9,479,026	6,606,132	4,425,985
Deferred tax expense (benefit)	516,947	392,024	(151,474)
Net (gains) due to called redemptions of marketable securities, gain on sales of equipment and amortization on securities	(715,950)	(661,315)	(830,011)
Increase in other assets	(9,419,269)	(8,882,938)	(7,430,995)
(Decrease) Increase in other liabilities	6,509,044	(11,210,993)	1,125,774
Net Cash Provided	84,151,449	74,160,764	97,586,822
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans originated or purchased	(619,849,662)	(642,891,708)	(602,792,430)
Loan payments	487,539,209	493,004,266	469,077,122
Purchases of securities, available for sale	(22,410,290)	(38,010,713)	(30,156,252)
Sales / Redemptions of securities, available for sale	6,781,079	18,040,000	26,815,000
Capital expenditures	(6,061,948)	(11,493,546)	(5,219,242)
Proceeds from Sale of Fixed Assets	13,122	—	22,929
Net Cash Used	(153,988,490)	(181,351,701)	(142,252,873)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) / increase in Senior Demand Notes	(9,488,397)	(11,757,244)	8,282,195
Advances on credit line	424,542,649	239,172,362	213,677,200
Payments on credit line	(394,724,079)	(184,653,362)	(206,446,200)
Commercial paper issued	243,815,087	146,377,614	135,878,572
Commercial paper redeemed	(186,663,533)	(109,389,811)	(63,485,901)
Subordinated debt securities issued	9,725,581	6,795,654	5,759,655
Subordinated debt securities redeemed	(7,490,045)	(7,267,540)	(6,446,173)
Dividends / distributions paid	—	(2,686,090)	(17,485,889)
Net Cash Provided	79,717,263	76,591,583	69,733,459
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	9,880,222	(30,599,354)	25,067,408
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning	34,834,874	65,434,228	40,366,820
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ending	$ 44,715,096	$ 34,834,874	$ 65,434,228
Cash paid during the year for -			
Interest Paid	$ 54,881,513	$ 41,752,170	$ 27,264,793
Income Taxes Paid	$ 5,215,000	$ 4,763,842	4,156,000
Non-Cash Transactions for -			
ROU assets and associated liabilities	9,241,050	10,311,099	9,553,566

See Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business:

1st Franklin Financial Corporation (the "Company") is a consumer finance company which originates and services direct cash loans, real estate loans and sales finance contracts through 369 branch offices located throughout the southern United States. In addition to this business, the Company writes credit insurance when requested by its loan customers as an agent for a non-affiliated insurance company specializing in such insurance. Two of the Company's wholly owned subsidiaries, Frandisco Life Insurance Company and Frandisco Property and Casualty Insurance Company, reinsure the credit life, the credit accident and health, the credit unemployment and the credit property insurance so written.

Basis of Consolidation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Inter-company accounts and transactions have been eliminated.

Fair Values of Financial Instruments:

The following methods and assumptions are used by the Company in estimating fair values for financial instruments.

Cash and Cash Equivalents. Cash includes cash on hand and with banks. Cash equivalents are short-term highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value due to the relatively short period of time between the origination of the instruments and their expected realization. Cash and cash equivalents are classified as a Level 1 financial asset.

Loans. The fair value of the Company's direct cash loans and sales finance contracts approximate the carrying value since the estimated life, assuming prepayments, is short-term in nature. The fair value of the Company's real estate loans approximate the carrying value as the interest rate charged by the Company is at statutory maximums, which approximates market rates as there have been no material changes to statutory maximums since origination. Loans are classified as a Level 3 financial asset.

Investment Securities. The fair value of investment securities is based on quoted market prices. If a quoted market price is not available, fair value is estimated using market prices for similar securities. See additional information below regarding fair value under Accounting Standards Codification ("ASC") No. 820, *Fair Value Measurements*. See Note 4 for fair value measurement of available-for-sale investment securities and for information related to how these securities are valued.

Senior Debt. The carrying value of the Company's senior debt securities approximates fair value due to the relatively short period of time between the origination of the instruments and their expected payment. Senior debt securities are classified as a Level 2 financial liability.

Subordinated Debt. The carrying value of the Company's subordinated debt securities approximates fair value due to the re-pricing frequency of the securities. Subordinated debt securities are classified as a Level 2 financial liability.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary materially from these estimates.

Income Recognition:

The Company categorizes it primary sources of revenue into three categories: (1) interest related revenues, (2) insurance related revenue, and (3) revenue from contracts with customers.

(1) Interest related revenues are specifically excluded from the scope of ASC 606 and accounted for under ASC Topic 310, "Receivables".

(2) Insurance related revenues are subject to industry-specific guidance within the scope of ASC Topic 944, "Financial Services - Insurance".

(3) Other revenues primarily relate to commissions earned by the Company on sales of auto club memberships. Auto club commissions are revenue from contracts with customers and are accounted for in accordance with the guidance set forth in ASC 606.

Accounting principles generally accepted in the United States of America require that an interest yield method be used to calculate the income recognized on accounts which have precomputed charges. An interest yield method is used by the Company on each individual account with precomputed charges to calculate income for those on-going accounts; however, state regulations often allow interest refunds to be made according to the "Rule of 78's" method for payoffs and renewals. Since the majority of the Company's accounts which have precomputed charges are paid off or renewed prior to maturity, the result is that most of the accounts effectively yield on a Rule of 78's basis.

Precomputed finance charges are included in the gross amount of certain direct cash loans, sales finance contracts and certain real estate loans. These precomputed charges are deferred and recognized as income on an accrual basis using the effective interest method. Some other cash loans and real estate loans, which do not have precomputed charges, have income recognized on a simple interest accrual basis. Income is not accrued on a loan that is more than 60 days past due.

Loan fees and origination costs are deferred and recognized as an adjustment to the loan yield over the contractual life of the related loan.

The property and casualty credit insurance policies written by the Company, as agent for an unrelated insurance company, are reinsured by the Company's property and casualty insurance subsidiary. The premiums are deferred and earned over the period of insurance coverage using the pro-rata method or the effective yield method, depending on whether the amount of insurance coverage generally remains level or declines.

The credit life and accident and health policies written by the Company, as agent for an unrelated insurance company, are reinsured by the Company's life insurance subsidiary. The premiums are deferred and earned using the pro-rata method for level-term life policies and the effective yield method for decreasing-term life policies. Premiums on accident and health policies are earned based on an average of the pro-rata method and the effective yield method.

Claims of the insurance subsidiaries are expensed as incurred and reserves are established for incurred but not reported claims. Reserves for claims totaled $7.2 million and $7.0 million at December 31, 2024 and 2023, respectively, and are included in unearned insurance premiums on the consolidated statements of financial position.

Policy acquisition costs of the insurance subsidiaries are deferred and amortized to expense over the life of the policies on the same methods used to recognize premium income.

The primary revenue category included in other revenue relates to commissions earned by the Company on sales of auto club memberships. Commissions received from the sale of auto club memberships are earned at the time the membership is sold. The Company sells the memberships as an agent for a third party. The Company has no further obligations after the date of sale as all claims for benefits are paid and administered by the third party.

Depreciation and Amortization:

Office machines, equipment, internal use software, and Company automobiles are recorded at cost and depreciated on a straight-line basis over a period of three to ten years. Leasehold improvements are amortized on a straight-line basis over five years or less depending on the term of the applicable lease. Depreciation and amortization expense for each of the three years ended December 31, 2024, 2023, and 2022 was $9.5 million, $6.6 million and $4.4 million, respectively.

Restricted Cash:

Restricted cash consists of funds maintained in restricted accounts in order to comply with certain requirements imposed on insurance companies by the State of Georgia and to meet the reserve requirements of its reinsurance agreements. Restricted cash also includes escrow deposits held by the Company on behalf of certain real estate mortgage customers.

	Year Ended December 31, (In thousands)		
	2024	2023	2022
Cash and cash equivalents	$ 35,931	$ 22,776	$ 49,653
Restricted cash	8,784	12,059	15,781
Total cash, cash equivalents and restricted cash	$ 44,715	$ 34,835	$ 65,434

Impairment of Long-Lived Assets:

The Company annually evaluates whether events and circumstances have occurred or triggering events have occurred that indicate the carrying amount of property and equipment may warrant revision or may not be recoverable. When factors indicate that these long-lived assets should be evaluated for possible impairment, the Company assesses the recoverability by determining whether the carrying value of such long-lived assets will be recovered through the future undiscounted cash flows expected from use of the asset and its eventual disposition. Based on Management's evaluation, there was no impairment of the carrying value of the long-lived assets, including property and equipment at December 31, 2024 or 2023.

Income Taxes:

The Financial Accounting Standards Board ("FASB") issued ASC 740-10. FASB ASC 740-10 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized. FASB ASC 740-10 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2024 and 2023, the Company had no uncertain tax positions.

The Company's insurance subsidiaries are treated as taxable entities and income taxes are provided for where applicable (Note 12). No provision for income taxes has been made by the Company since it has elected to be treated as an S Corporation for income tax reporting purposes. However, certain states do not recognize S Corporation status, and the Company has accrued amounts necessary to pay the required income taxes in such states.

Collateral Held for Resale:

When the Company takes possession of collateral which secures a loan, the collateral is recorded at the lower of its estimated resale value or the loan balance. Any losses incurred at that time are charged against the Allowance for Credit Losses.

Marketable Debt Securities:

Management has designated the Company’s investment securities held in the Company's investment portfolio at December 31, 2024 and 2023 as being available for sale. This portion of the investment portfolio is reported at fair value with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss) included in the consolidated statements of comprehensive income (loss). Gains and losses on sales of securities designated as available for sale are determined based on the specific identification method.

Earnings per Share Information:

The Company has no contingently issuable common shares, thus basic and diluted earnings per share amounts are the same.

Recent Accounting Pronouncements:

In November 2023, the FASB issued ASU 2023-07, improving the disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. These enhanced disclosures require reporting of incremental segment information on an annual and interim basis for all public entities, including public entities with only one reportable segment, to enable investors to develop more decision-useful financial analyses. The amendments in this update are effective for annual periods beginning after December 15, 2023 and interim periods within annual periods beginning after December 15, 2024, and early adoption is permitted. The segment reporting guidance should be applied retrospectively to all prior periods presented in the financial statements, and upon transition, the expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company adopted and applied on a retrospective basis for all prior periods presented in the financial statements, and upon transition, the expense categories and amounts disclosed in the prior periods are based on the significant segment expense categories identified and disclosed in the period of adoption. Implementation of the update did not have a material effect on the Company’s consolidated financial statements. See Note 13, "Segment Reporting," for the Company's enhanced disclosures to reflect the adoption of this update.

In December 2023, the FASB issued ASU 2023-09, enhancing the transparency and decision usefulness of income tax disclosures. The amendment, among other things, improves transparency of income tax disclosures by requiring more consistent categories and greater disaggregation of information in rate reconciliations, and disaggregation of income taxes paid by jurisdiction. The amendments in this update are effective for annual periods beginning after December 15, 2024, and early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The income tax guidance should be applied on a prospective basis, however, retrospective application is permitted. The Company is currently evaluating the potential impact of this update on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, enhancing the disclosures about a company’s expenses. The amendment, among other things, improves these disclosures by requiring disaggregated expense information about a company’s expense types. The amendments in this update are effective for annual periods beginning after December 15, 2026, and early adoption is permitted. The enhanced expense guidance can be applied on either a prospective (for financial statements issued during reporting periods after the effective date of this ASU) or retrospective (to any or all prior periods presented) basis. The Company is currently evaluating the impact of this update on its consolidated financial statements.

2. LOANS

The Company’s consumer loans are made to individuals in relatively small amounts for relatively short periods of time. First and second mortgage loans on real estate are made in larger amounts and for longer periods of time. The Company also purchases sales finance contracts from various dealers. All loans and sales contracts are held for investment.

Loan Renewals:

Loan renewals are accounted for in accordance with the applicable guidance in *ASC Topic 310-20 Nonrefundable Fees and Other Costs*. Loan renewals are a product the Company offers to existing customers that allows them to borrow additional funds from the Company. In evaluating a loan for renewal, in addition to our standard underwriting requirements, we may take into consideration the customer's prior payment performance with us, which we believe to be an indicator of the customer's future credit performance. If the terms of the new loan resulting from a loan renewal are at least as favorable to us as the terms for comparable loans to other customers with similar collection risks who are not renewing a loan, the renewal is accounted for as a new loan. The criteria is met if the new loan's effective yield is at least equal to the effective yield for such comparable loans and the modification of the original loan is more than minor. A modification of a loan is more than minor if the present value of the cash flows under the terms of the renewal is at least 10 percent different from the present value of the remaining cash flows under the terms of the original loan. Accordingly, when a renewal is generated, the original loan(s) are extinguished along with the associated unearned finance charges and a new loan is originated. Substantially all renewals include a non-cash component that represents the exchange of the original principal balance for the new principal balance and a cash component for the net proceeds distributed to the customer for the additional amount borrowed. The cash component is presented as outflows from investing activities and the non-cash component is presented as a non-cash investing activity.

Cash, unearned finance charges, origination fees, discounts, premiums, deferred fees, and, in the instance of a loan renewal, the net payoff of the of the renewed loan are included in the loan origination amount. The cash component of the loan origination is included in the Statement of Cash Flows in the Cash Flows from Investing Activities as Loans Originated or Purchased.

Reconciliation of Gross Loans Originated / Acquired to Loans Originated or Purchased in Consolidated Statements of Cash Flows (in millions):

	2024	2023	2022
Loans Originated/Acquired per Business Section	$ 1,337	$ 1,228	$ 1,158
Non-Cash Reconciling items:			
Other Consumer (Live Check and Premier) Renewed Loans Payoff	326	319	314
Other non-cash activity: unearned finance charges, origination fees, discounts, premiums, and deferred fees	391	266	241
Loans originated or purchased per Consolidated Statements of Cash Flows	$ 620	$ 643	$ 603

Description of Loans

Loans outstanding on the Consolidated Statements of Financial Position ("Financial Gross Outstanding(s)") include principal, origination fees, premiums, discounts, and in the case of interest-bearing loans, deferred fees, other fees receivable, and accrued interest receivable.

Loan performance reporting is generally based on a loan's gross outstanding balance ("Gross Outstanding(s)"), ("Gross Balance"), ("Gross Amount"), or ("Gross Loan") that includes principal plus origination fees for interest-bearing loans and the total of payments for loans with pre-computed interest.

The allowance for credit losses is based on the underlying financial instrument's amortized cost basis ("Amortized Cost Basis"), with the allowance representing the portion of Amortized Cost Basis the Company does not expect to recover due to credit losses. The following are included in the Company's Amortized Cost Basis:

- For pre-computed loans: Principal Balance, net of unearned finance charges and unearned insurance[1].
- For interest-bearing loans: Principal Balance, net of unearned insurance[1].

[1] The state of Louisiana classifies certain insurance products as non-refundable. Non-refundable products are not netted against the principal balance for calculation of the amortized cost basis.

Gross Balance (in thousands) by Origination Year as of December 31, 2024:

Loan Class	2024	2023	2022	2021	2020	Prior	Total
Direct Cash Loans: Live Check Loans	$ 176,859	$ 18,932	$ 3,081	$ 425	$ 55	$ 20	$ 199,372
Direct Cash Loans: Premier Loans	3,398	3,786	9,563	3,320	492	161	20,720
Direct Cash Loans: Other Consumer Loans	645,179	150,608	40,634	14,853	2,623	1,312	855,209
Real Estate Loans	2,249	4	1,035	8,486	3,607	7,364	22,745
Sales Finance Contracts	63,232	53,598	24,938	9,232	2,361	278	153,639
Total	$ 890,917	$ 226,928	$ 79,251	$ 36,316	$ 9,138	$ 9,135	$ 1,251,685

Gross Balance (in thousands) by Origination year as of December 31, 2023:

Loan Class	2023	2022	2021	2020	2019	Prior	Total
Direct Cash Loans: Live Check Loans	$ 136,419	$ 16,682	$ 2,661	$ 376	$ 36	$ 17	$ 156,191
Direct Cash Loans: Premier Loans	11,890	27,961	10,878	2,160	505	170	53,564
Direct Cash Loans: Other Consumer Loans	582,489	123,277	41,431	8,044	2,536	854	758,631
Real Estate Loans	2,075	1,365	10,877	4,649	4,118	6,220	29,304
Sales Finance Contracts	98,384	47,852	18,935	8,279	1,142	112	174,704
Total	$ 831,257	$ 217,137	$ 84,782	$ 23,508	$ 8,337	$ 7,373	$ 1,172,394

Contractual Maturities of Loans:

An estimate of contractual maturities stated as a percentage of the loan balances based upon an analysis of the Company's portfolio as of December 31, 2024 is as follows:

Due In Calendar Year	Direct Cash Loans	Real Estate Loans	Sales Finance Contracts
2025	13%	12%	4%
2026	43	4	16
2027	25	7	23
2028	13	9	31
2029	6	7	26
2030 & beyond	—	61	—
	100%	100%	100%

Historically, a majority of the Company's loans have been renewed many months prior to their final contractual maturity dates, and the Company expects this trend to continue in the future. Accordingly, the above contractual maturities should not be regarded as a forecast of future cash collections.

The Company's principal balances on non-accrual loans by loan class at December 31, 2024 and 2023 are as follows (in thousands):

Loan Class	December 31, 2024	December 31, 2023
Direct Cash Loans: Live Check Consumer Loans	$ 7,815	$ 10,888
Direct Cash Loans: Premier Consumer Loans	1,170	2,526
Direct Cash Loans: Other Consumer Loans	38,895	33,194
Real Estate Loans	1,464	1,383
Sales Finance Contracts	6,741	6,655
Total	$ 56,085	$ 54,647

An age analysis of principal balances past due, segregated by loan class, as of December 31, 2024 and 2023 is as follows (in thousands):

December 31, 2024	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due Loans
Direct Cash Loans: Live Check Loans	$ 4,812	$ 3,794	$ 5,180	$ 13,786
Direct Cash Loans: Premier Loans	768	416	759	1,943
Direct Cash Loans: Other Consumer Loans	31,154	17,363	25,229	73,746
Real Estate Loans	1,213	299	1,308	2,820
Sales Finance Contracts	6,140	3,298	3,801	13,239
Total	$ 44,087	$ 25,170	$ 36,277	$ 105,534

December 31, 2023	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due Loans
Direct Cash Loans: Live Check Loans	$ 4,555	$ 4,228	$ 6,548	$ 15,331
Direct Cash Loans: Premier Loans	1,142	789	1,713	3,644
Direct Cash Loans: Other Consumer Loans	19,975	11,240	24,433	55,648
Real Estate Loans	776	334	1,403	2,513
Sales Finance Contracts	4,228	2,226	4,142	10,596
Total	$ 30,676	$ 18,817	$ 38,239	$ 87,732

While delinquency rating analysis is a primary credit quality indicator, we also consider the ratio of bankrupt accounts to the total loan portfolio in evaluating whether any qualitative adjustments were necessary to the allowance for credit losses. The ratio of bankrupt accounts to total principal loan balances outstanding at December 31, 2024 and December 31, 2023 was 1.38% and 1.43% respectively.

The Company considers the performance of the loan portfolio and its impact on the allowance for credit losses. For each segment in the portfolio, the Company also evaluates credit quality based on the aging status of the loan and by payment activity.

The following table presents the gross balance (in thousands) in each segment in the portfolio as of December 31, 2024 based on year of origination.

	Payment Performance – Principal Balance by Origination Year						
	2024	2023	2022	2021	2020	Prior	Total Net Balance
Direct Cash Loans: Live Checks							
Performing	$ 171,371	$ 16,923	$ 2,843	$ 359	$ 46	$ 15	$ 191,557
Nonperforming	5,488	2,009	238	66	9	5	7,815
	$ 176,859	$ 18,932	$ 3,081	$ 425	$ 55	$ 20	$ 199,372
Direct Cash Loans: Premier Loans							
Performing	$ 3,273	$ 3,616	$ 8,968	$ 3,087	$ 452	$ 154	$ 19,550
Nonperforming	125	170	595	233	40	7	1,170
	$ 3,398	$ 3,786	$ 9,563	$ 3,320	$ 492	$ 161	$ 20,720
Direct Cash Loans: Other Consumer Loans							
Performing	$ 625,542	$ 137,705	$ 36,576	$ 13,122	$ 2,278	$ 1,090	$ 816,313
Nonperforming	19,637	12,903	4,058	1,731	345	222	38,896
	$ 645,179	$ 150,608	$ 40,634	$ 14,853	$ 2,623	$ 1,312	$ 855,209
Real Estate Loans:							
Performing	$ 2,249	$ 4	$ 953	$ 7,893	$ 3,256	$ 6,927	$ 21,282
Nonperforming	—	—	82	593	351	437	1,463
	$ 2,249	$ 4	$ 1,035	$ 8,486	$ 3,607	$ 7,364	$ 22,745
Sales Finance Contracts:							
Performing	$ 61,721	$ 50,929	$ 23,370	$ 8,530	$ 2,124	$ 224	$ 146,898
Nonperforming	1,511	2,669	1,568	702	237	54	6,741
	$ 63,232	$ 53,598	$ 24,938	$ 9,232	$ 2,361	$ 278	$ 153,639

Modifications to Borrowers Experiencing Financial Difficulty

The Company allows refinancing of delinquent loans on a case-by-case basis for those who satisfy certain eligibility requirements. The eligible customers can include those experiencing temporary hardships, lawsuits, or customers who have declared bankruptcy. In most cases, the loans that are eligible for restructuring are between 90 and 180 days past due. We do not allow the amount of the new loan to exceed the original amount of the existing loan and we believe that refinancing the delinquent loans for certain customers provides the Company with an opportunity to increase its average loans outstanding and its interest, fees, and other income without experiencing a significant increase in loan losses. These refinancings also provide a resolution to temporary financial setbacks for these borrowers and sustain their credit rating.

Legal fees and other direct costs incurred by the Company during a restructuring are expensed when incurred. The effective interest rate for restructured loans is based on the original contractual rate, not the rate specified in the restructuring agreement. The modified loans are adjusted to be recorded at the value of expected cash flows to be received in the future. Modifications that lower the principal balance experience a direct charge-off for the difference of the original and modified principal amount. Substantially all of the restructurings relate to fee and interest rate concessions. The Company only lowers the principal balance in the event of a court order.

The information relating to modifications made to borrowers experiencing financial difficulty (in thousands, except for %) for the period indicated are as follows:

	Year ended December 31, 2024									
Loan Class	Interest Rate Reduction		Term Extension		Principal Forgiveness		Combination - Term Extension and Principal Forgiveness		Combination - Term Extension and Interest Rate Reduction	
Direct Cash Loans: Live Check Loans	$ 3,217	40.2 %	$ 1,205	15.1 %	$ 1,283	16.0 %	$ 1,319	16.5 %	$ 968	12.1 %
Direct Cash Loans: Premier Loans	381	14.7 %	602	23.2 %	311	12.0 %	759	29.3 %	539	20.8 %
Direct Cash Loans: Other Consumer Loans	12,202	17.7 %	13,529	19.6 %	6,452	9.4 %	21,679	31.5 %	15,007	21.8 %
Real Estate Loans	91	65.8 %	37	26.8 %	3	2.4 %	—	— %	7	5.0 %
Sales Finance Contracts	774	10.2 %	826	10.9 %	1,134	14.9 %	4,325	57.0 %	533	7.0 %
Total	$ 16,665	19.1 %	$ 16,199	18.5 %	$ 9,183	10.5 %	$ 28,082	32.2 %	$ 17,054	19.6 %

	Year ended December 31, 2023									
Loan Class	Interest Rate Reduction		Term Extension		Principal Forgiveness		Combination - Term Extension and Principal Forgiveness		Combination - Term Extension and Interest Rate Reduction	
Direct Cash Loans: Live Check Loans	$ 5,244	36.9 %	$ 2,350	16.5 %	$ 2,557	18.0 %	$ 2,784	19.6 %	$ 1,277	9.0 %
Direct Cash Loans: Premier Loans	1,218	18.0 %	1,735	25.6 %	748	11.0 %	1,784	26.3 %	1,289	19.0 %
Direct Cash Loans: Other Consumer Loans	15,617	17.1 %	16,482	18.1 %	10,009	11.0 %	30,706	33.6 %	18,453	20.2 %
Real Estate Loans	281	75.6 %	48	12.9 %	25	6.8 %	—	— %	17	4.7 %
Sales Finance Contracts	696	6.2 %	977	8.7 %	1,865	16.7 %	7,008	62.6 %	643	5.8 %
Total	$ 23,056	18.6 %	$ 21,591	17.4 %	$ 15,206	12.3 %	$ 42,282	34.1 %	$ 21,679	17.5 %

The financial effects of the modifications made to borrowers experiencing financial difficulty in the year ended December 31, 2024 are as follows:

Loan Modification	Loan Class	Financial Effect
Interest Rate Reduction	Live Check Loans	Reduced the weighted-average contractual interest rate from 27.5% to 16.7%
	Premier Loans	Reduced the weighted-average contractual interest rate from 20.2% to 15.2%
	Other Consumer Loans	Reduced the weighted-average contractual interest rate from 29.1% to 19.1%
	Real Estate Loans	Reduced the weighted-average contractual interest rate from 19.3% to 8.5%
	Sales Finance Contracts	Reduced the weighted-average contractual interest rate from 22.2% to 15.7%
Term Extension	Live Check Loans	Added a weighted-average 12 months to the term
	Premier Loans	Added a weighted-average 22 months to the term
	Other Consumer Loans	Added a weighted-average 16 months to the term
	Real Estate Loans	No Financial Effect
	Sales Finance Contracts	Added a weighted-average 19 months to the term
Principal Forgiveness	Live Check Loans	Reduced the gross balance of the loans $1.3 million
	Premier Loans	Reduced the gross balance of the loans $0.3 million
	Other Consumer Loans	Reduced the gross balance of the loans $6.5 million
	Real Estate Loans	No Financial Effect
	Sales Finance Contracts	Reduced the gross balance of the loans $1.1 million

The financial effects of the modifications made to borrowers experiencing financial difficulty in the year ended December 31, 2023 are as follows:

Loan Modification	Loan Class	Financial Effect
Interest Rate Reduction	Live Check Loans	Reduced the weighted-average contractual interest rate from 27.0% to 16.5%
	Premier Loans	Reduced the weighted-average contractual interest rate from 20.2% to 15.5%
	Other Consumer Loans	Reduced the weighted-average contractual interest rate from 29.2% to 19.4%
	Real Estate Loans	Reduced the weighted-average contractual interest rate from 18.3% to 6.6%
	Sales Finance Contracts	Reduced the weighted-average contractual interest rate from 21.9% to 15.7%
Term Extension	Live Check Loans	Added a weighted-average 13 months to the term
	Premier Loans	Added a weighted-average 23 months to the term
	Other Consumer Loans	Added a weighted-average 16 months to the term
	Real Estate Loans	Added a weighted-average 28 months to the term
	Sales Finance Contracts	Added a weighted-average 17 months to the term
Principal Forgiveness	Live Check Loans	Reduced the gross balance of the loans $2.6 million
	Premier Loans	Reduced the gross balance of the loans $0.7 million
	Other Consumer Loans	Reduced the gross balance of the loans $10.0 million
	Real Estate Loans	No Financial Effect
	Sales Finance Contracts	Reduced the gross balance of the loans $1.9 million

The aging for loans that were modified to borrowers experiencing financial difficulty in the past 12 months (in thousands):

	December 31, 2024			
Loan Class	Current	30 - 89 Past Due	90+ Past Due	Total
Direct Cash Loans: Live Check Loans	$ 3,670	$ 903	$ 3,419	$ 7,992
Direct Cash Loans: Premier Loans	1,545	390	657	2,592
Direct Cash Loans: Other Consumer Loans	40,693	11,702	16,474	68,869
Real Estate Loans	36	19	84	139
Sales Finance Contracts	4,709	1,309	1,573	7,591
Total	$ 50,653	$ 14,323	$ 22,207	$ 87,183

	December 31, 2023			
Loan Class	Current	30 - 89 Past Due	90+ Past Due	Total
Direct Cash Loans: Live Check Loans	$ 4,023	$ 1,096	$ 1,629	$ 6,747
Direct Cash Loans: Premier Loans	3,212	597	686	4,495
Direct Cash Loans: Other Consumer Loans	46,154	7,640	8,900	62,694
Real Estate Loans	183	—	198	380
Sales Finance Contracts	6,361	1,202	1,107	8,670
Total	$ 59,933	$ 10,534	$ 12,519	$ 82,986

Loans modified for borrowers experiencing financial difficulty during the prior 12 months that subsequently charged off (in thousands):

	Twelve months ended December 31, 2024				
Loan Class	Interest Rate Reduction	Term Extension	Principal Forgiveness	Combination- Term Extension and Principal Forgiveness	Combination - Term Extension and Interest Rate Reduction
Direct Cash Loans: Live Check Loans	$ 799	$ 1,925	$ 492	$ 185	$ 167
Direct Cash Loans: Premier Loans	128	155	62	68	94
Direct Cash Loans: Other Consumer Loans	2,528	4,237	1,625	999	1,953
Real Estate Loans	—	—	—	—	—
Sales Finance Contracts	204	317	145	70	355
Total	$ 3,659	$ 6,634	$ 2,324	$ 1,322	$ 2,569

Loan Class	Twelve months ended December 31, 2023				
	Interest Rate Reduction	Term Extension	Principal Forgiveness	Combination- Term Extension and Principal Forgiveness	Combination - Term Extension and Interest Rate Reduction
Direct Cash Loans: Live Check Loans	$ 2,679	$ 272	$ 1,206	$ 258	$ 286
Direct Cash Loans: Premier Loans	458	139	359	181	221
Direct Cash Loans: Other Consumer Loans	4,880	1,004	3,207	2,264	1,994
Real Estate Loans	—	—	5	—	—
Sales Finance Contracts	222	66	420	398	82
Total	$ 8,239	$ 1,481	$ 5,197	$ 3,101	$ 2,583

Prior to January 1, 2023, the Company classified a receivable as a TDR when the Company modified a loan's contractual terms for economic or other reasons related to the borrower's financial difficulties and granted a concession that would not have otherwise been considered.

The following table presents a summary of loans that were restructured during the year ended December 31, 2022 (in thousands, except number of loans):

Loan Class	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Direct Cash Loans: Live Check Consumer Loans	6,238	$ 11,026	$ 10,869
Direct Cash Loans: Premier Consumer Loans	999	6,521	6,367
Direct Cash Loans: Other Consumer Loans	21,599	85,663	83,162
Real Estate Loans	26	238	236
Sales Finance Contracts	1,165	8,922	8,664
Total	30,027	$ 112,370	$ 109,298

TDRs that subsequently defaulted during the year ended December 31, 2022 are listed below (in thousands, except number of loans):

Loan Class	Number of Loans	Pre-Modification Recorded Investment
Direct Cash Loans: Live Check Consumer Loans	2,252	$ 3,883
Direct Cash Loans: Premier Consumer Loans	182	1,066
Direct Cash Loans: Other Consumer Loans	5,196	13,212
Real Estate Loans	2	5
Sales Finance Contracts	183	1,061
Total	7,815	$ 19,227

Allowance for Credit Losses:

The Company uses a Probability of Default (“PD”) / Loss Given Default (“LGD”) technique to estimate the allowance for credit losses, in which the estimated loss is equal to the product of PD and LGD. We utilized this same technique for the current and prior reporting periods. We engaged a major rating service provider to assist with estimating the instances of loss (PDs) and the average severity of losses (LGDs) using the characteristics of our loan portfolio, along with incorporating a reasonable and supportable forecast which is utilized to support the adjustments to historical loss experience of loans with similar credit risk. Key segmentation in the technique is origination vintage, remaining contractual term, risk score and state of origination. The technique produces a variety of alternative economic scenarios. We consider how macroeconomic and/or other factors might impact expected credit losses over the remaining maturity of the portfolio and determine which scenario(s) and specific scenario weights are applied within the estimation. The allowance for credit losses recorded in the balance sheet reflects Management’s best estimate of expected credit losses.

The Company classifies delinquent accounts at the end of each month according to the Company’s graded delinquency rules which includes the number of installments past due at that time, based on the then-existing terms of the contract. Accounts are classified in delinquency categories of 30-59 days past due, 60-89 days past due, or 90 or more days past due based on the Company’s graded delinquency policy. When a loan meets the Company’s charge-off policy, the loan is charged off, unless Management directs that it be retained as an active loan. In making this charge-off evaluation, Management considers factors such as pending insurance, bankruptcy status and other indicators of collectability. The amount charged off is the unpaid balance less the unearned finance charges and the unearned insurance premiums, if applicable.

Management ceases accruing finance charges on loans that meet the Company’s non-accrual policy based on grade delinquency rules, generally when two payments remain unpaid on precomputed loans or when the interest paid-to-date on an interest-bearing loan is 60 days or more past due. Finance charges are then only recognized to the extent there is a loan payment received or when the account qualifies for return to accrual status. Accounts qualify for return to accrual status when the graded delinquency on a precomputed loan is less than two payments and when the interest paid-to-date on an interest-bearing loan is less than 60 days past due. There were no loans that met the non-accrual policy still accruing interest at December 31, 2024 or December 31, 2023.

The allowance for credit losses increased by $2.0 million (3%) to $73.4 million as of December 31, 2024, compared to $71.4 million at December 31, 2023.

Management believes that the allowance for credit losses, as calculated in accordance with the Company’s current expected credit loss (“CECL”) methodology, is appropriate to cover expected credit losses on loans at December 31, 2024; however, because the allowance for credit losses is based on estimates, there can be no assurance that the ultimate charge-off amount will match such estimates. Management may determine it is appropriate to increase or decrease the allowance for expected credit losses in future periods, or actual losses in any period, either of which events could have a material impact on our results of operations in the future.

Gross charge-offs (in thousands) by origination year are as follows:

	Twelve months ended December 31, 2024						
	2024	2023	2022	2021	2020	Prior	Total
Direct Cash Loans: Live Check Loans	$ 4,802	$ 18,473	$ 2,856	$ 387	$ 64	$ 54	26,636
Direct Cash Loans: Premier Loans	25	394	2,464	844	140	57	3,924
Direct Cash Loans: Other Consumer Loans	18,444	35,693	12,832	4,422	893	715	72,999
Real Estate Loans	—	—	—	(4)	—	10	6
Sales Finance Contracts	544	4,857	3,543	1,673	800	160	11,577
Total	$ 23,815	$ 59,417	$ 21,695	$ 7,322	$ 1,897	$ 996	$ 115,142

	Twelve months ended December 31, 2023						
	2023	2022	2021	2020	2019	Prior	Total
Direct Cash Loans: Live Check Loans	$ 8,385	$ 20,548	$ 2,185	$ 182	$ 44	$ 53	31,397
Direct Cash Loans: Premier Loans	219	4,512	2,285	447	176	46	7,685
Direct Cash Loans: Other Consumer Loans	10,461	38,971	14,762	2,234	948	635	68,011
Real Estate Loans	—	—	1	12	1	8	22
Sales Finance Contracts	1,196	4,600	2,674	1,536	283	65	10,354
Total	$ 20,261	$ 68,631	$ 21,907	$ 4,411	$ 1,452	$ 807	$ 117,469

Segmentation of the portfolio began with the adoption of ASC 326 on January 1, 2020. The following table provides additional information on our allowance for credit losses based on a collective evaluation in thousands).

	2024					
	Direct Cash: Live Checks	Direct Cash: Premier Loans	Direct Cash: Other Consumer Loans	Real Estate Loans	Sales Finance Contracts	Total
Allowance for Credit Losses:						
Balance at January 1, 2024	$ 9,832	$ 2,510	$ 47,282	$ 2,488	$ 9,250	$ 71,362
Provision for Credit Losses	21,565	354	54,118	(872)	8,222	83,387
Charge-offs	(26,636)	(3,924)	(72,999)	(6)	(11,577)	(115,142)
Recoveries	6,810	1,917	22,542	6	2,484	33,759
Ending Balance	$ 11,571	$ 857	$ 50,943	$ 1,616	$ 8,379	$ 73,366

	2023					
	Direct Cash: Live Checks	Direct Cash: Premier Loans	Direct Cash: Other Consumer Loans	Real Estate Loans	Sales Finance Contracts	Total
Allowance for Credit Losses:						
Balance at January 1, 2023	$ 14,896	$ 6,108	$ 46,412	$ 143	$ 7,651	$ 75,210
Provision for Credit Losses	20,807	2,592	51,726	2,360	9,903	87,388
Charge-offs	(31,397)	(7,685)	(68,011)	(22)	(10,354)	(117,469)
Recoveries	5,526	1,495	17,155	7	2,050	26,233
Ending Balance	$ 9,832	$ 2,510	$ 47,282	$ 2,488	$ 9,250	$ 71,362

3. INVESTMENT SECURITIES

Investment securities available for sale are carried at estimated fair market value. The amortized cost and estimated fair values of these investment securities are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2024:				
Obligations of states and political subdivisions	$ 290,425	$ 683	$ (35,141)	$ 255,967
Total	$ 290,425	$ 683	$ (35,141)	$ 255,967
December 31, 2023:				
Obligations of states and political subdivisions	$ 273,595	$ 2,443	$ (26,437)	$ 249,601
Corporate securities	485	—	—	485
Total	$ 274,080	$ 2,443	$ (26,437)	$ 250,086

The amortized cost and estimated fair values of investment securities at December 31, 2024, by contractual maturity, are shown below (in thousands):

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 250	$ 250
Due after one year through five years	4,600	4,537
Due after five years through ten years	34,185	33,528
Due after ten years	251,390	217,652
Total	$ 290,425	$ 255,967

The following table provides an analysis of available-for-sale investment securities in an unrealized loss position (in thousands).

	Less than 12 Months		12 Months or Longer		Total	
December 31, 2024	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of states and political subdivisions	$ 97,056	$ (2,934)	$ 125,068	$ (32,208)	$ 222,124	$ (35,142)

	Less than 12 Months		12 Months or Longer		Total	
December 31, 2023	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of states and political subdivisions	$ 33,724	$ (421)	$ 112,931	$ (26,017)	$ 146,655	$ (26,438)

The previous two tables represent 244 investments and 158 investment held by the Company at December 31, 2024 and 2023, respectively, the majority of which were rated "A" or higher. The unrealized losses on the Company's investments were the result of interest rate and market fluctuations. Based on the credit ratings of these investments, along with the consideration of whether the Company has the intent to sell or will be more likely than not required to sell the applicable investment before recovery of amortized cost basis, the Management concluded that an allowance for credit losses was not required at December 31, 2024 or at December 31, 2023.

On December 2, 2024, the Company engaged in the sale of our corporate securities, classified as available for sale. The total gross proceeds from the sale were $707 thousand. The sale resulted in realized gains of $222 thousand in 2024, which is reflected in investment income in the consolidated statement of income. Total proceeds from the redemption of investments due to the exercise of call provisions by the issuers thereof and regularly scheduled maturities during 2024 were $6.1 million. Gross and net gains of $0.1 million were realized on these redemptions.

There were no sales of securities during 2023. Proceeds from redemption of investments due to the exercise of call provisions by the issuers thereof and regularly scheduled maturities during 2023 were $18.0 million Gross and net gains of $0.2 million were realized on these redemptions.

4. FAIR VALUE

FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date The following fair value hierarchy is used in selecting inputs used to determine the fair value of an asset or liability, with the highest priority given to Level 1, as these are the most transparent or reliable. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The Company is responsible for the valuation process and as part of this process may use data from outside sources in establishing fair value. The Company performs due diligence to understand the inputs or how the data was calculated or derived. The Company employs a market approach in the valuation of its obligations of states, political subdivisions and municipal revenue bonds that are available for sale. These investments are valued on the basis of current market quotations provided by independent pricing services selected by Management based on the advice of an investment manager. To determine the value of a particular investment, these independent pricing services may use certain information with respect to market transactions in such investment or comparable investments, various relationships observed in the market between investments, quotations from dealers, and pricing metrics and calculated yield measures based on valuation methodologies commonly employed in the market for such investments. Quoted prices are subject to our internal price verification procedures. The fair values of common stocks and mutual funds are based on unadjusted quoted market prices in active markets. We validate prices received using a variety of methods, including, but not limited to comparison to other pricing services or corroboration of pricing by reference to independent market data such as a secondary broker. There was no change in this methodology during any period reported.

Assets measured at fair value as of December 31, 2024 and 2023 are available-for-sale investment securities which are summarized below (in thousands):

		Fair Value Measurements at Reporting Date Using		
Description	December 31, 2024	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Obligations of states and political subdivisions	255,967	—	255,967	—
Available-for-sale investment securities	$ 255,967	$ —	$ 255,967	$ —

Description	December 31, 2023	Fair Value Measurements at Reporting Date Using Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate securities	$ 485	$ 485	$ —	$ —
Obligations of states and political subdivisions	249,601	—	249,601	—
Available-for-sale investment securities	$ 250,086	$ 485	$ 249,601	$ —

5. INSURANCE SUBSIDIARY RESTRICTIONS

As of December 31, 2024 and 2023, 99% and 99%, respectively, of the Company's cash and cash equivalents and investment securities were maintained in the Company's insurance subsidiaries. State insurance regulations limit the types of investments an insurance company may hold in its portfolio. These limitations specify types of eligible investments, quality of investments and the percentage a particular investment may constitute of an insurance company's portfolio.

Dividend payments to the Company by its wholly owned life insurance subsidiary are subject to annual limitations and are restricted to the lesser of 10% of policyholders' surplus or the net statutory gain from operations before recognizing realized investment gains of the individual insurance subsidiary during the prior year. Dividend payments to the Company by its wholly owned property and casualty insurance subsidiary are also subject to annual limitations and are restricted to the greater of 10% of policyholders' surplus or the net statutory income before recognizing realized investment gains of the individual insurance subsidiary during the prior three years.

At December 31, 2024, Frandisco Property and Casualty Insurance Company and Frandisco Life Insurance Company had a statutory surplus of $142.6 million and $120.7 million, respectively. The maximum aggregate amount of dividends these subsidiaries could pay to the Company during 2024, without prior approval of the Georgia Insurance Commissioner, is approximately $56.2 million. On December 12, 2024, Management submitted a request for approval of two separate transactions involving dividends and/or lines of credit with maximum amounts of $90.0 million from Frandisco Life Insurance Company and $105.0 million from Frandisco Property and Casualty Insurance Company. The Commissioner of the Insurance Department did not deny such requests with the 30 days allotted by law, thereby granting approval for transactions on or before December 31, 2025. The request was approved by the Georgia Insurance Department for transactions on or before December 31, 2025. Effective February 1, 2025, Frandisco Life Insurance Company and Frandisco Property and Casualty Insurance Company amended previous unsecured revolving lines of credit available to the Company by extending the term to December 31, 2028.

At December 31, 2023, Frandisco Property and Casualty Insurance Company and Frandisco Life Insurance Company had a statutory surplus of $129.9 million and $111.0 million, respectively. The maximum aggregate amount of dividends these subsidiaries could pay to the Company in 2024 without prior approval of the Georgia Insurance Commissioner is approximately $49.7 million. On November 28, 2023, Management submitted a request for approval of two separate transactions involving dividends and/or lines of credit with maximum amounts of $90.0 million from Frandisco Life Insurance Company and $105.0 million from Frandisco Property and Casualty Insurance Company. The Commissioner of the Insurance Department did not deny such requests with the 30 days allotted by law, thereby granting approval for transactions on or before December 31, 2024. Effective February 1, 2024, Frandisco Property and Casualty Insurance Company and Frandisco Life Insurance Company amended previous unsecured revolving line of credits available to the Company extending the terms to December 31, 2027.

6. SENIOR DEBT

Effective December 6, 2024, the Company entered into a credit facility with BMO Bank, N.A. to replace the Wells Fargo N.A. credit agreement. The credit facility provides for borrowings or re-borrowings of up to $300.0 million or 75% of the Company's net finance receivables (as defined in the credit agreement), whichever is less, subject to certain limitations, and all borrowings are secured by the finance receivables of the Company. At December 31, 2024 $151.9 million was outstanding under the credit facility. At December 31, 2023, $122.1 million, was outstanding under the credit line with Wells Fargo Bank, N.A. Management believes the current credit facility, when considered with funds expected to be available from operations, should provide sufficient liquidity for the Company.

Available but unborrowed amounts under the credit agreement are subject to a periodic unused line fee of up to 0.50%, based on the outstanding balance on the credit line. The interest rate under the credit agreement is equivalent to the greater of (a) 0.75% per annum plus the Applicable Margin or (b) the one month secured overnight financing rate (the “SOFR Rate”) plus the term SOFR adjustment (the "Adjusted Term SOFR Rate") plus the Applicable Margin. The Adjusted Term SOFR Rate is adjusted on the first day of each calendar month based upon the SOFR Rate as of the last day of the preceding calendar month. The Applicable Margin is 3.00%. The interest rate on the credit agreements at December 31, 2024 and 2023 was 7.52% and 8.19%, respectively.

The credit agreement requires the Company to comply with certain covenants customary for financing transactions of this nature, including, among others, maintaining a minimum interest coverage ratio, a minimum loss reserve ratio, a minimum ratio of earnings to interest, taxes and depreciation and amortization to interest expense, a minimum asset quality ratio, a minimum consolidated tangible net worth ratio, and a maximum debt to tangible net worth ratio, each as defined. The Company must also comply with certain restrictions on its activities consistent with credit facilities of this type, including limitations on: (a) restricted payments; (b) additional debt obligations (other than specified debt obligations); (c) investments (other than specified investments); (d) mergers, acquisitions, or a liquidation or winding up; (e) modifying its organizational documents or changing lines of business; (f) modifying certain contracts; (g) certain affiliate transactions; (h) sale-leaseback, synthetic lease, or similar transactions; (i) guaranteeing additional indebtedness (other than specified indebtedness); (j) capital expenditures; or (k) speculative transactions. The credit agreement also restricts the Company or any of its subsidiaries from creating or allowing certain liens on their assets, entering into agreements that restrict their ability to grant liens (other than specified agreements), or creating or allowing restrictions on any of their ability to make dividends, distributions, inter-company loans or guaranties, or other inter-company payments, or inter-company asset transfers.

The Company’s Senior Demand Notes are unsecured obligations which are payable on demand. The interest rate payable on any Senior Demand Note is a variable rate, compounded daily, established from time to time by the Company.

Commercial paper is issued by the Company only to qualified investors, in amounts in excess of $50,000, with maturities of less than 260 days and at interest rates that the Company believes are competitive in its market. Additional data related to the Company's senior debt is as follows (in thousands, except % data):

Year Ended December 31	Weighted Average Interest Rate at End of Year	Maximum Amount Outstanding During Year	Average Amount Outstanding During Year	Weighted Average Interest Rate During Year (1)
2024				
Bank Borrowings	7.52 %	$ 154,850	$ 111,916	8.03 %
Senior Demand Notes	1.90	104,826	95,809	1.90
Commercial Paper	5.96	715,795	685,772	5.95
2023				
Bank Borrowings	8.19 %	$ 125,250	$ 92,381	8.05 %
Senior Demand Notes	1.91	115,527	102,967	1.90
Commercial Paper	5.93	658,942	633,086	5.02
2022				
Bank Borrowings	6.97 %	$ 81,942	$ 47,083	7.07 %
Senior Demand Notes	1.92	122,860	113,151	1.92
Commercial Paper	3.94	633,534	604,980	3.54

(1) Includes unused line fee and administrative fee.

7. SUBORDINATED DEBT

The payment of the principal and interest on the Company's subordinated debt is subordinate and junior in right of payment to all unsubordinated indebtedness of the Company.

Subordinated debt consists of Variable Rate Subordinated Debentures issued from time to time by the Company, and which mature four years after their date of issue The maturity date is automatically extended for an additional four year term unless the holder or the Company redeems the debenture on its original maturity date or within any applicable grace period thereafter The debentures are offered and sold in various minimum purchase amounts with varying interest rates as established from time to time by the Company and interest adjustment periods for each respective minimum purchase amount. Interest rates on the debentures automatically adjust at the end of each adjustment period. The debentures may also be redeemed by the holder at the applicable interest adjustment date or within any applicable grace period thereafter without penalty. Redemptions at any other time are at the discretion of the Company and are subject to a penalty. The Company may redeem the debentures for a price equal to 100% of the principal plus accrued but unpaid interest upon 30 days' notice to the holder.

Interest rate information on the Company's subordinated debt at December 31 is as follows:

Weighted Average Interest Rate as of End of Year			Weighted Average Interest Rate During Year		
2024	2023	2022	2024	2023	2022
5.04%	4.30%	3.29%	4.69%	3.68%	3.16%

Maturity and redemption information relating to the Company's subordinated debt at December 31, 2024 in (thousands) is as follows:

	Amount Maturing or Redeemable at Option of Holder	
	Based on Maturity Date	Based on Interest Adjustment Period
2024	$ 5,643	$ 19,698
2025	4,900	9,656
2026	7,456	924
2027	12,770	491
Total	$ 30,769	$ 30,769

8. LEASES

The Company's operations are carried on in locations which are occupied under operating lease agreements. These lease agreements are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities. Total operating lease expense was $11.0 million, $10.1 million, and $9.2 million for the years ended December 31, 2024, 2023 and 2022, respectively. The Company's minimum aggregate future lease commitments at December 31, 2024 and 2023 are presented in the tables that follow.

ROU assets represent the Company's right to use an underlying asset during the lease term and the operating lease liabilities represent the Company's obligations for lease payments in accordance with the lease. Recognition of ROU assets and liabilities are recognized at the lease commitment based on the present value of the remaining lease payments using a discount rate that represents the Company's incremental borrowing rate at the lease commitment date or adoption. Operating lease expense, which is comprised of amortization of the ROU asset and the implicit interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term and is recorded in occupancy expense in the consolidated statement of income.

Remaining lease terms range from 1 to 10 years and typically include extension options. The Company's leases are not complex and do not contain residual value guarantees, variable lease payments, or significant assumptions or judgments made in applying the requirements of Topic 842. Operating leases with a term of 12 months or less are not recorded on the statement of financial condition and the related lease expense is recognized on a straight-line basis over the lease term.

The tables below summarize our lease expense and other information related to the Company's operating leases (dollars in thousands):

	Twelve Months Ended Dec 31, 2024
Operating lease expense	$ 9,241
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	9,124
Weighted-average remaining lease term – operating leases (in years)	6.64
Weighted-average discount rate – operating leases	5.84%

Lease Maturity Schedule as of December 31, 2024:	Amount
2024	9,201
2025	8,530
2026	7,641
2027	6,721
2028	5,306
2028 and beyond	13,463
Total	50,862
Less: Discount	(8,835)
Present Value of Lease Liability	$ 42,027
Present Value of Lease Asset	$ 40,737

	Twelve Months Ended Dec 31, 2023
Operating lease expense	$ 8,038
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	7,890
Weighted-average remaining lease term – operating leases (in years)	7.01
Weighted-average discount rate – operating leases	5.45%

Lease Maturity Schedule as of December 31, 2023:	Amount
2023	8,612
2024	8,227
2025	7,677
2026	6,801
2027	5,849
2027 and beyond	14,768
Total	51,933
Less: Discount	(8,898)
Present Value of Lease Liability	$ 43,035
Present Value of Lease Asset	$ 41,938

9. COMMITMENTS AND CONTINGENCIES

We conduct our lending operations under the provisions of various federal and state laws, implementing regulations, and insurance regulations. Changes in the current regulatory environment, or the interpretation or application of current regulations, could impact our business.

The Company is subject to various legal proceedings, claims and administrative proceedings arising in the ordinary course of its business, some of which are expected to be covered by liability insurance. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters using the latest information available. The Company records a liability for litigation if an unfavorable outcome is probable, the peril or claim is uninsured or under insured, and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the uninsured or under insured loss is a range, the Company accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the uninsured or under insured loss cannot be reasonably estimated, the Company discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated uninsured or under insured loss is material, the Company discloses the nature and estimate of the possible loss of the litigation. The Company does not disclose information with respect to litigation where an unfavorable outcome is considered to be remote or where the estimated loss (whether on the merits or by virtue of the existence of collectible insurance) would not be material.

Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on the liquidity, results of operations, business or financial condition of the Company.

10. EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) plan, which is qualified under Section 401(a) and Section 401(k) of the Internal Revenue Code of 1986 (the "Code"), as amended, to cover employees of the Company.

Any employee who is 18 years of age or older is eligible to participate in the 401(k) plan on the first day of the month following the completion of one complete calendar month of continuous employment and the Company begins matching employee contributions of up to 6% of their salary, using the following formula: 100% of the first 1% and 70% of the next 5% of salary deferred. From August 1, 2023 to December 31, 2023 the Company paused their matches on employee contributions. The Company resumed matches on January 1, 2024 utilizing our previous methodology. During 2024, 2023 and 2022, the Company contributed $2.9 million, $1.9 million and $2.9 million, respectively, in matching funds for employee 401(k) deferred accounts.

The Company also maintains a non-qualified deferred compensation plan for employees who receive compensation in excess of the amount provided in Section 401(a)(17) of the Code, as such amount may be adjusted from time to time in accordance with the Code.

11. RELATED PARTY TRANSACTIONS

The Company leased a portion of its properties (see Note 8) for an aggregate of $0.5 million per year from certain officers or stockholders.

The Company has an outstanding loan to a real estate development partnership of which David Cheek (son of Ben F. Cheek, III) who beneficially owns 24.24% of the Company's voting stock, is a partner. The balance on this commercial loan (including principal and accrued interest) was $2.3 million at December 31, 2024. The loan is a variable-rate loan with the interest based on the prime rate plus 1%. The interest rate adjusts whenever the prime rate changes.

Certain directors, officers and stockholders have funds personally invested in the Company's debt securities. The rates on these debt securities are the same rates provided to other customers.

Effective September 23, 1995, the Company entered into a Split-Dollar Life Insurance Agreement with the Trustee of a member of the board of directors and a retired executive officer's irrevocable life insurance trust. The life insurance policy insures a member of the Company's board of directors and a retired executive officer. As a result of certain changes in tax regulations relating to split-dollar life insurance policies, the agreement was amended effectively making the premium payments a loan to the Trust. The interest on the loan is a variable rate adjusting monthly based on the federal mid-term Applicable Federal Rate. A payment of $20.0 thousand for interest accrued during 2024 was applied to the loan on December 31, 2024. No principal payments on this loan were made in 2024. The balance on this loan at December 31, 2024 was $485.4 thousand. This was the maximum loan amount outstanding during the year.

12. INCOME TAXES

The Company has elected to be treated as an S corporation for income tax reporting purposes. The taxable income or loss of an S corporation is treated as income of and is reportable in the individual tax returns of the shareholders of the Company in an appropriate allocation. Accordingly, deferred income tax assets and liabilities have been eliminated and no provisions for current and deferred income taxes were made by the Company except for amounts attributable to state income taxes for certain states, which do not recognize S corporation status for income tax reporting purposes. Deferred income tax assets and liabilities will continue to be recognized and provisions for current and deferred income taxes will be made by the Company's subsidiaries as they are not permitted to be treated as S Corporations.

We account for income taxes under the asset and liability method, which requires the recognition of Deferred Tax Assets, "DTAs", and Deferred Tax Liabilities, "DTLs", for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine DTAs and DTLs on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on DTAs and DTLs is recognized in income in the period that includes the enactment date.

We recognize DTAs to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. If we determine that we would be able to realize our DTAs in the future in excess of their net recorded amount, we would make an adjustment to the DTA valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

We recognize interest and penalties related to unrecognized tax benefits, "UTBs", on the interest expense line and other expense line, respectively, in the accompanying consolidated statement of operations. Accrued interest and penalties are included on the related liability lines in the consolidated balance sheet.

The provision for income taxes for the years ended December 31, 2024, 2023 and 2022 is made up of the following components:

	2024	2023	2022
Current – Federal	$ 5,174,295	$ 4,389,030	$ 4,280,033
Current – State	5,000	39,339	289,345
Total Current	5,179,295	4,428,369	4,569,378
Deferred tax expense (benefit)	516,947	392,024	(151,474)
Total Provision	$ 5,696,242	$ 4,820,393	$ 4,417,904

Temporary differences create deferred federal tax assets and liabilities, which are detailed below as of December 31, 2024 and 2023. These amounts are included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

	As Of December 31,	
	2024	2023
Deferred Tax Assets:		
Unearned Premium Reserves	$ 2,229,173	$ 2,132,375
Unrealized Loss (Gain) on		
Marketable Debt Securities	7,236,347	5,038,864
SPAE Capitalization	39,204	33,195
STAT & Tax Reserve	743,174	690,797
Total Deferred Tax Assets	$ 10,247,898	$ 7,895,231
Deferred Tax Liabilities:		
Insurance Commissions	(5,863,515)	(5,270,518)
Deferred Acquisition Cost Amortization	(1,648,246)	(1,589,701)
GAAP/STAT Premium Tax	(249,723)	(229,493)
Unrealized Loss (Gain) on		
Other	(33,897)	(37,155)
Total Deferred Tax Liabilities	(7,795,381)	(7,126,867)
Net Deferred Tax Asset (Liability)	$ 2,452,517	$ 768,364

The Company's effective tax rate for the years ended December 31, 2024, 2023 and 2022 is analyzed as follows.

	2024	2023	2022
Statutory Federal income tax rate	21.0%	21.0%	21.0%
Tax effect of S corporation status	7836.8	92.5	5.0
Tax exempt income	(1594.8)	(24.1)	(5.9)
State income taxes	5.5	0.7	1.4
Effective Tax Rate	6268.6%	90.1%	21.5%

13. SEGMENT FINANCIAL INFORMATION:

The Company discloses segment information in accordance with FASB ASC 280. FASB ASC 280 requires companies to determine segments based on how management makes decisions about allocating resources to segments and measuring their performance. The Company adopted ASU 2023-07 and applied the guidance retrospectively effective for the fiscal year beginning January 1, 2024. See Note 1 under "Recent Accounting Pronouncements" for additional information.

Following a series of entrances into new states of operation, the Company reorganized into two new reportable segments: North and South. The impact of change of the segments is presented on a retrospective basis for all periods presented below. Each segment is managed by a Senior Vice President who directly reports to the Company's Chief Operating Officer. The Company allocates resources and assesses operational and financial performance to each segment. The products offered require similar marketing strategies, technology, and training. The Company's Chief Operating Officer ("CODM") is responsible for allocating resources and assessing financial performance.

The Company's net income is the measure used by the CODM in evaluating the segments' profit and loss of the each segment. The CODM uses the net income results and impacts along with the strategy of the organization to assess performance and enable decision making when allocating resources. The Company's financial results include the following measures' amounts for the periods indicated that are either reviewed by the CODM or are otherwise regularly provided to the CODM:

As part of the CODM's review and evaluation process for allocating resources, the CODM is provided segment income and expenses.

Below is a performance report of each of the Company's segments for the year ended December 31, 2024 followed by a reconciliation to consolidated Company data.

Year 2024	North	South	Total
		(In Millions)	
Revenues:			
Finance Charges Earned	$ 114	$ 182	$ 296
Insurance Income	19	38	57
Other	3	5	8
	136	225	361
Expenses:			
Interest Cost	21	36	57
Provision for Loan Losses	35	47	82
Depreciation and Amortization	1	2	3
Other Expense	49	79	128
	106	164	270
Segment Profit	$ 30	$ 61	$ 91
Segment Assets:			
Net Receivables	$ 378	$ 636	1,014
Cash	33	23	56
Net Fixed Assets	3	6	9
Other Assets	18	27	45
Total Segment Assets	$ 432	$ 692	$ 1,124

RECONCILIATION:		2024
		(In Millions)
Revenues:		
Total revenues from reportable segments	$	361
Corporate finance charges earned not allocated to segments		—
Corporate investment income earned not allocated to segments		11
Timing difference of insurance income allocation to segments		7
Other revenues not allocated to segments	$	(1)
Consolidated Revenues (1)	$	378
Net Income:		
Total profit or loss for reportable segments	$	91
Corporate earnings not allocated		17
Corporate expenses not allocated		(107)
Consolidated Income Before Income Taxes	$	—
Assets:		
Total assets for reportable segments	$	1,124
Loans held at corporate level		2
Unearned insurance at corporate level		(31)
Allowance for loan losses at corporate level		(73)
Cash and cash equivalents held at corporate level		(11)
Investment securities at corporate level		256
Fixed assets at corporate level		6
Other assets at corporate level		39
Consolidated Assets	$	1,312

Note 1: Includes Finance Charge Income, Investment Income, Insurance Premium Revenues and Other Revenue.

Below is a performance report of each of the Company's segments for the year ended December 31, 2023 followed by a reconciliation to consolidated Company data.

Year 2023	North		South		Total	
			(In Millions)			
Revenues:						
Finance Charges Earned	$	104	$	173	$	277
Insurance Income	$	17	$	33		50
Other		3		4		7
		124		210		334
Expenses:						
Interest Cost	$	16	$	28		44
Provision for Loan Losses	$	35	$	56		91
Depreciation and Amortization	$	1	$	2		3
Other Expenses		49		77		126
		101		163		264
Segment Profit	$	23	$	47	$	70
Segment Assets:						
Net Receivables	$	355	$	613		968
Cash	$	—	$	—		—
Net Fixed Assets	$	3	$	7		10
Other Assets		17		25		42
Total Segment Assets	$	375	$	645	$	1,020

RECONCILIATION:		2023
	(In Millions)	
Revenues:		
Total revenues from reportable segments	$	334
Corporate finance charges earned not allocated to segments		—
Corporate investment income earned not allocated to segments		10
Timing difference of insurance income allocation to segments		7
Other revenues not allocated to segments	$	—
Consolidated Revenues (1)	$	351
Net Income:		
Total profit or loss for reportable segments	$	70
Corporate earnings not allocated		17
Corporate expenses not allocated		(82)
Consolidated Income Before Income Taxes	$	5
Assets:		
Total assets for reportable segments	$	1,021
Loans held at corporate level		2
Unearned insurance at corporate level		(40)
Allowance for loan losses at corporate level		(71)
Cash and cash equivalents held at corporate level		38
Investment securities at corporate level		250
Fixed assets at corporate level		7
Other assets at corporate level		33
Consolidated Assets	$	1,240

Note 1: Includes Finance Charge Income, Investment Income, Insurance Premium Revenues and Other Revenue.

Below is a performance report of each of the Company's segments for the year ended December 31, 2022 followed by a reconciliation to consolidated Company data.

Year 2022	North		South		Total	
			(In Millions)			
Revenues:						
Finance Charges Earned	$	98	$	169	$	267
Insurance Income	$	16	$	32		48
Other	$	2	$	4		6
		116		205		321
Expenses:						
Interest Cost	$	10	$	18		28
Provision for Loan Losses	$	29	$	47		76
Depreciation and Amortization	$	—	$	2		2
Other Expenses	$	40	$	69		109
		79		136		215
Segment Profit	$	37	$	69	$	106
Segment Assets:						
Net Receivables	$	328	$	583		911
Cash	$	3	$	5		8
Net Fixed Assets	$	3	$	6		9
Other Assets		6		25		31
Total Segment Assets	$	340	$	619	$	959

RECONCILIATION:		2022
		(In Millions)
Revenues:		
Total revenues from reportable segments	$	321
Corporate finance charges earned not allocated to segments		—
Corporate investment income earned not allocated to segments		8
Timing difference of insurance income allocation to segments		10
Other revenues not allocated to segments		0
Consolidated Revenues (1)	$	339
Net Income:		
Total profit or loss for reportable segments	$	106
Corporate earnings not allocated		18
Corporate expenses not allocated		(103)
Consolidated Income Before Income Taxes	$	21
Assets:		
Total assets for reportable segments	$	959
Loans held at corporate level		2
Unearned insurance at corporate level		(37)
Allowance for loan losses at corporate level		(75)
Cash and cash equivalents held at corporate level		58
Investment securities at corporate level		220
Fixed assets at corporate level		4
Other assets at corporate level		32
Consolidated Assets	$	1,163

Note 1:Includes Finance Charge Income, Investment Income, Insurance Premium Revenues and Other Revenue.

DIRECTORS AND EXECUTIVE OFFICERS

Directors

Name	Principal Occupation, Title and Company	Director Since
Ben F. Cheek, IV	Chairman of Board, 1st Franklin Financial Corporation	2001
Ben F. Cheek, III	Chairman Emeritus, 1st Franklin Financial Corporation	1967
David W. Cheek	Shareholder	2024
Virginia C. Herring	President and Chief Executive Officer 1st Franklin Financial Corporation	2020
A. Roger Guimond	Retired Executive Vice President and Chief Financial Officer, 1st Franklin Financial Corporation	2004
Jerry J. Harrison, Jr.	Executive Vice President and Chief Strategy Officer 1st Franklin Financial Corporation	2020
Donata Ison	Vice President of Finance Armhr	2023
John G. Sample, Jr.	CPA	2004
Sheryl Smith	Retired Chief Operating, Risk and Compliance Officer Omni Financial	2024
Keith D. Watson	Chairman Bowen & Watson, Inc.	2004

Executive Officers

Name	Position with Company	Position Since
Ben F. Cheek, IV	Chairman of Board	2015
Virginia C. Herring	President and Chief Executive Officer	2015
Kelly E. Abernathy	Executive Vice President and Chief Compliance Officer	2025
Daniel E. Clevenger, II	Executive Vice President and Chief Administrative Officer	2015
Kristin M. Dunn	Executive Vice President and Chief Marketing Officer	2025
Brian J. Gyomory	Executive Vice President and Chief Financial Officer	2021
Jerry J. Harrison, Jr.	Executive Vice President and Chief Strategy Officer	2023
Gary L. McQuain	Executive Vice President and Chief Operations Officer	2020
John D. Niemiec	Executive Vice President and Chief Credit Officer	2025
Mark J. Scarpitti	Executive Vice President and General Counsel	2021
Joseph A. Shaw	Executive Vice President and Chief Information Officer	2018
Mary S. Zimmerman	Executive Vice President and Chief Human Resources Officer	2025

CORPORATE INFORMATION

Corporate Offices	Legal Counsel	Independent Registered Public Accounting Firm
P.O. Box 880	Jones Day	Deloitte & Touche LLP
135 East Tugalo Street	Atlanta, Georgia	Atlanta, Georgia
Toccoa, Georgia 30577		
(706) 886-7571		

Requests for Additional Information

Informational inquiries, including requests for a copy of the Company’s most recent annual report on Form 10-K, and any subsequent quarterly reports on Form 10-Q, as filed with the Securities and Exchange Commission, should be addressed to the Company's Secretary at the corporate offices listed above.

BRANCH OPERATIONS

SOUTH CAROLINA

M. Summer Clevenger — Vice President

Regional Operations Directors

Nicholas D. Blevins	Gerald D. Rhoden
Lonnie N. Boston III	Gregory A. Shealy
Jenna L. Henderson	Louise S. Stokes
Tammy T. Lee	

MIDDLE GEORGIA

Jennifer C. Purser — Vice President

Regional Operations Directors

Janet R. Brownlee	James A. Mahaffey
Ronald E. Byerly	Deloris L. O’Neal
Kathryn D. Landry	Harriet H. Welch

SOUTH GEORGIA

Michael E. Shankles — Vice President

Regional Operations Directors

Stacy M. Courson	Wanda Parham
Jeffrey C. Lee	David B. Surrett
Sylvia J. McClung	Robert D. Whitlock

NORTH GEORGIA

Becki B. Lawhon — Vice President

Regional Operations Directors

James D. Blalock	Christian J. Murray
Kevin M. Gray	April E. Pelphrey
Nokie N. Moore	F. Cliff Snyder

ALABAMA

Jerry W. Hughes — Vice President

Regional Operations Directors

M. Peyton Givens	William J. Pridmore
Eric S. Hayes	Tanya M. Slaten
Tomerria S. Iser	Michael L. Spriggs
Jonathan M. Kendrick	

MISSISSIPPI

Marty B. Miskelly — Vice President

Regional Operations Directors

Maurice J. Bize, Jr.	Teresa A. Grantham
Carla A. Eldridge	Rebecca H. Rockette
Jimmy R. Fairbanks, Jr.	

TENNESSEE

Josh C. Nickerson — Vice President

Regional Operations Directors

Jerry D. Cline	J. Steven Knotts
Brian M. Hill	Angelia M. Stafford
Tammy R. Hood	Melissa D. Storck

LOUISIANA

John B. Gray — Vice President

Regional Operations Directors

Sonya L. Acosta	Tabatha A. Green
Bryan W. Cook	Anthony B. Seney
L. Christopher Deakle	

KENTUCKY		*VIRGINIA*	
Chad H. Frederick	Vice President	Richard F. Corirossi	Assistant Vice President
Regional Operations Directors		**Regional Operations Directors**	
Zackary S. Coker	Gary A. Zortman		
Daniel C. Powell			

TEXAS	
Lori A. Sanchez	Vice President
Lauren M. Munoz	Assistant Vice President
Regional Operations Directors	
Chadd D. Stewart	Brittany L. Rubio
Rene N. Villescas	

HOME OFFICE ADMINISTRATION

Billy Fuller	Senior Vice President – Branch Operations	James P. Smith	Senior Vice President – Branch Operations
Virginia K Palmer	Senior Vice President – Operations Administration	Richard J. Brandt	Senior Vice President – Internal Audit
John E. Copeland	Senior Vice President – Finance	Pat S. Kenny	Senior Vice President – Branch Operations Support
Joshua M. Dilbeck	Vice President – Product Management	Brian D. Lingle	Vice President – Controller
Angela C. Brock	Vice President – Payroll and Compensation	Timothy E. Ott	Vice President – Information Technology Applications
Richard C. Chapman	Vice President – Financial Planning and Analysis	Yogi Shah	Vice President - Information Technology Infrastructure
Valerie Younts	Vice President – Regulatory Counsel	Joe Schuebert	Vice President – Governmental and Regulatory Affairs
Stacey K. Estes	Vice President – Real Estate and Property Management	Kevin M. Morris	Vice President – Regulatory Counsel
Shelby Gober	Vice President - Employee Development	Justin Wiles	Vice President - Project Management
John-Mark Jones	Vice President - Chief Information Security Officer	April G. Whiten	Vice President - Regulatory Strategy Development
C. Huffman Lewis	Vice President - Legislative and Regulatory Affairs		

SYLVANIA, GA

2024 Ben F. Cheek, Jr. Office Of The Year

Pictured are employees of Branch 7970 Sylvania, GA. Kayla Baker, Manager-Kathy Cordell, Marlee Garvin and Asst Manager-Brandy Waters.

This award is presented annually in recognition of the office that represents the highest overall performance within the Company. Congratulations to the entire Sylvania, Georgia staff for this significant achievement.

The Friendly Franklin Folks salute you!

(Graphic showing state maps of Alabama, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, Tennessee, Texas, and Virginia which is regional operating territory of Company and listing of branch offices)

1st FRANKLIN FINANCIAL CORPORATION BRANCH OFFICES

ALABAMA

Adamsville	Brewton	Fort Payne	Moody	Pell City	Talladega
Albertville	Clanton	Gadsden	Moulton	Prattville	Tallassee
Alexander City	Cullman	Hamilton	Muscle Shoals	Robertsdale	Troy
Andalusia	Decatur	Huntsville (2)	Oneonta	Russellville (2)	Trussville
Arab	Dothan	Jackson	Opelika	Saraland	Tuscaloosa
Athens	Enterprise	Jasper	Oxford	Scottsboro	Wetumpka
Bay Minette	Fayette	Mobile	Ozark	Selma	
Bessemer	Florence	Montgomery	Pelham	Sylacauga	

GEORGIA

Adel	Cartersville	Douglasville	Hawkinsville	Monroe	Thomaston
Albany (2)	Cedartown	Dublin	Hazlehurst	Montezuma	Thomasville
Alma	Chatsworth	East Ellijay	Helena	Monticello	Thomson
Americus	Clarkesville	Eastman	Hinesville (2)	Moultrie	Tifton
Athens (2)	Claxton	Eatonton	Hiram	Nashville	Toccoa
Augusta	Clayton	Elberton	Hogansville	Newnan	Tucker
Bainbridge	Cleveland	Fayetteville	Jackson	Perry	Valdosta
Barnesville	Cochran	Fitzgerald	Jasper	Pooler	Vidalia
Baxley	Columbus (2)	Flowery Branch	Jefferson	Richmond Hill	Villa Rica
Blairsville	Commerce	Forest Park	Jesup	Rome	Warner Robins (2)
Blakely	Conyers	Forsyth	Kennesaw	Royston	Washington
Blue Ridge	Cordele	Fort Valley	LaGrange	Sandersville	Waycross
Bremen	Cornelia	Fort Oglethorpe	Lavonia	Savannah	Waynesboro
Brunswick	Covington	Gainesville	Lawrenceville	Statesboro	Winder
Butler	Cumming	Garden City	Macon (2)	Stockbridge	
Cairo	Dahlonega	Georgetown	Madison	Swainsboro	
Calhoun	Dalton	Greensboro	Manchester	Sylvania	
Canton	Dawson	Griffin	McDonough	Sylvester	
Carrollton	Douglas (2)	Hartwell	Milledgeville		

KENTUCKY

Burkesville	Harlan	Lexington	Middlesboro	Paducah	Shepherdsville
Cadiz	Hopkinsville	Louisville	Morehead	Richmond	Somerset
Elizabethtown	Jackson	Madisonville	Owensboro	Shelbyville	

LOUISIANA

Abbeville	Crowley	Jena	Marksville	New Iberia	Shreveport
Alexandria	Denham Springs	Kenner	Marrero	Opelousas	Sulphur
Baker	DeRidder	Lafayette	Minden	Pineville	Thibodaux
Bastrop	Eunice	Lake Charles	Monroe	Prairieville	West Monroe
Baton Rouge	Franklin	LaPlace	Morgan City	Ruston	Winnsboro
Bossier City	Hammond	Leesville	Natchitoches	Slidell	
Covington	Houma				

1st FRANKLIN FINANCIAL CORPORATION BRANCH OFFICES (Continued)

MISSISSIPPI

Amory	Columbia	Gulfport	Laurel	Olive Branch	Ridgeland
Batesville	Columbus	Hattiesburg	Louisville	Oxford	Ripley
Bay St. Louis	Corinth	Hazlehurst	Magee	Pearl	Senatobia
Booneville	D'Iberville	Hernando	McComb	Philadelphia	Starkville
Brookhaven	Forest	Houston	Meridian	Picayune	Tupelo
Carthage	Greenwood	Iuka	New Albany	Pontotoc	Winona
Clinton	Grenada	Kosciusko	Newton		

SOUTH CAROLINA

Aiken	Cheraw	Georgetown	Laurens	North Charleston	Summerville
Anderson	Chester	Greenwood	Lexington	North Greenville	Sumter
Batesburg-Leesville	Columbia	Greer	Manning	Orangeburg	Union
Beaufort	Conway	Hartsville	Marion	Rock Hill	Walterboro
Boiling Springs	Dillon	Irmo	Moncks Corner	Seneca	Winnsboro
Camden	Easley	Lake City	Myrtle Beach	Simpsonville	York
Cayce	Florence	Lancaster	Newberry	Spartanburg	
Charleston	Gaffney				

TENNESSEE

Athens	Crossville	Greeneville	Lebanon	Morristown	Sevierville
Bristol	Dayton	Hixson	Lenoir City	Murfreesboro	Springfield
Clarksville	Dickson	Jacksboro	Lexington	Newport	Smyrna
Cleveland	Dyersburg	Jackson	Madisonville	Powell	Tazewell
Columbia	Elizabethton	Johnson City	Maryville	Pulaski	Tullahoma
Cookeville	Fayetteville	Kingsport	Millington	Savannah	Winchester
Cordova	Gallatin	Lafayette			

TEXAS

Austin (2)	Houston	Lufkin	Pasadena	San Antonio (3)	Texarkana
Bastrop	Hunstville	Missouri City	Pearland	San Marcos	Victoria
Conroe	Katy	Mount Pleasant	Rosenburg	Temple	
Corpus Christi	Longview	New Braunfels			

VIRGINIA

Abingdon	Chesapeake (2)	Colonial Heights	Danville	Mechanicsville	Yorktown

1st FRANKLIN FINANCIAL CORPORATION

MISSION STATEMENT:

"Serving communities by offering opportunities to individuals and families through financial services."

CORE VALUES:

- ***Team: Be Trustworthy***
- ***Impact: Be Intentional***
- ***People: Be Exceptional***
- ***Service: Be Humble***

1ST FRANKLIN FINANCIAL CORPORATION
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Toccoa, GA 30577 • 706-886-7571

1FFC.com