



Quarterly Report To Stockholders

For the Quarter Ended September 30, 2025

REPORT OF MANAGEMENT

The undersigned certify that this quarterly report has been reviewed and prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate and complete to the best of our knowledge and belief.

/s/ Jeff Norte
Chief Executive Officer

/s/ Kenton Kimball
Chairman, Board of Directors

/s/ Sally Lawson
Chief Financial Officer

November 6, 2025

Third Quarter 2025 Financial Report

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Dollars in thousands)**

The following commentary reviews the financial performance of Capital Farm Credit, ACA, referred to as the association, for the quarter ended September 30, 2025. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2024, Annual Report to Stockholders. The association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder. The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries, Capital Farm Credit, PCA and Capital Farm Credit, FLCA. The consolidated financial statements were prepared under the oversight of the association's audit committee.

The Federal Open Market Committee (FOMC) cut the federal funds rate in September and October by .25 percent, setting the overnight borrowing rate to 3.75 to 4.00 percent. While markets are still hopeful for another reduction in December, Chairman Powell indicated the FOMC may not approve another reduction in the federal fund rate this year. He also announced the end of Quantitative Tightening, which has reduced the Federal Reserve Bank's balance sheet by \$2.3 trillion.

Agriculture continues to be a mixed bag in Texas. While favorable weather and good yields in several commodities would suggest a positive year for farmers across the state, low commodity prices, high input costs, and previous years' carryover appear to be more than farmers can offset with one good year. Concerns continue into 2026 as many farmers will face these same ongoing issues. The cattle industry continues to do well with high demand and prices; however, inflated prices could impact replacement of stock.

The Texas economy in general continues to do well in 2025. Texas job growth at 1.2 percent continues to outpace the nation at 0.6 percent. Texas Gross Domestic Product grew 6.8 percent annualized through the first half of 2025, showing strong economic expansion. Headwinds to this continued growth include continued tariffs and lower immigration. Housing inventory continues to outpace housing sales in Texas. It remains to be seen if changes in the interest rate environment will impact this trend.

Approximately every five years, Congress considers legislation, commonly referred to as the "Farm Bill", that sets national agriculture, nutrition, conservation and forestry policy. The last Farm Bill enacted was the Agricultural Improvement Act of 2018 that was extended twice to September 30, 2025. On July 4, 2025, the President signed H.R.1, known as the One Big Beautiful Bill Act into law, which enacted many of the provisions typically authorized and funded in a Farm Bill. This Act continues crucial commodities programs and increases spending for many agricultural programs over 10 years. Because the bill was passed using the budget reconciliation process, it could only include measures that directly affect federal spending or revenue. There is the potential for a separate, smaller Farm Bill being introduced before the end of 2025 to address outstanding issues.

Rating Agency Actions

Fitch Ratings Actions

On December 11, 2024, Fitch reaffirmed the association's "BBB" with a stable outlook rating.

S&P Global Rating Actions

On December 11, 2024, S&P reaffirmed the association's "BBB" with a stable outlook rating.

Board Update

During the third quarter, the board elected Kenton Kimball as the new board chairman. Mr. Kimball had been serving as the vice chair for the board. Dale Crenwelge was elected as vice chair of the board.

Senior Officer Update

Effective January 1, 2025, Joseph Paulraj was appointed as the association's Chief Digital Officer and joined the Executive Management Team.

Patronage Refunds by Association

The board of directors approved a \$189,596 patronage distribution for 2024. Of that amount, \$111,464 of this distribution was paid in cash in March 2025, and \$78,132 will be distributed in the form of nonqualified allocated equity, which means the owners of these distributions will not pay federal income taxes until the equities are retired. In March 2025, the association finalized the computation of these distributions which resulted in an increase in cash patronage payable of \$10 for an actual cash distribution of \$111,474, and an increase of nonqualified allocated equities of \$10 for a final allocation of \$78,142. It is the board's intention with these allocations

to assign ownership of the earnings of the association, allowing the stockholders to benefit more fully from the earnings of the association and to create a method to make future equity distributions in the form of cash. Though there is not a planned retirement of these allocated equities, the board of directors will make an annual evaluation of the association's capital position and determine if some cash retirements of these equities can be made. The reduction in allocated equity in 2024 is due to the capital call on the association's direct note at the Farm Credit Bank of Texas (bank) in March 2025. The association held back in unallocated retained earnings the amount needed to increase the stock investment in the bank from 2.0 percent to 2.5 percent. In 2023, the board of directors approved a \$243,498 patronage distribution, with cash patronage payable of \$118,791 and \$124,707 in nonqualified allocations.

In October 2024, the board of directors approved a resolution to retire \$59,997 in nonqualified allocated equities, which were paid to the recipients in November 2024. The retirement was a distribution of 74 percent of the earnings allocated in 2015. In October 2023, the board of directors approved a resolution to retire \$70,065 in nonqualified allocated equities which was paid to the recipients in November 2023. The retirement was a distribution of the earnings allocated in 2014.

Loan Portfolio

Total loans outstanding at September 30, 2025, including nonperforming loans, were \$13,214,195 compared to \$12,990,455 at December 31, 2024, reflecting an increase of \$223,740, or approximately 1.7 percent, with increases in the real estate mortgage, farm-related business, production and intermediate-term, energy, international, and communication industries, offset by decreases in the water and waste disposal, rural residential real estate, mission related investments, and lease receivable industries. The association has experienced moderate growth through the third quarter of 2025, offset by significant paydowns.

The association's portfolio quality remains strong with credit quality of 95.4 percent acceptable at September 30, 2025, compared to 96.4 percent at December 31, 2024. Substandard loans increased from 1.5 percent at December 31, 2024, to 2.1 percent at September 30, 2025, and other assets especially mentioned increased from 2.1 percent at December 31, 2024, to 2.5 percent at September 30, 2025. The association recorded \$930 in recoveries and \$29,215 in charge-offs for the nine months ended September 30, 2025, and \$970 in recoveries and \$9,408 in charge-offs for the same period in 2024. The charge-offs in 2025 are primarily related to one relationship. The association's allowance for loan losses was 0.4 percent of total loans outstanding as of September 30, 2025, and 0.3 percent at December 31, 2024.

Risk Exposure

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, and other property owned. The following table summarizes the association's components and trends of high-risk assets:

	September 30, 2025	%	December 31, 2024	%
Nonaccrual loans	\$ 144,166	98.4	\$ 68,335	99.1
Loans 90 days past due and still accruing interest	1,337	0.9	-	-
Other property owned, net	1,029	0.7	619	0.9
Total	<u>\$ 146,532</u>	<u>100.0</u>	<u>\$ 68,954</u>	<u>100.0</u>

Nonaccrual loans increased \$75,831 during the nine months ended September 30, 2025, with increases in real estate mortgage, farm-related business, rural residential real estate and lease receivable industries, offset by a decrease in the production and intermediate-term industry. Nonaccrual loans were 1.1 percent of total loans outstanding at September 30, 2025, and 0.5 percent at December 31, 2024.

Loans that are 90 or more days past due and still accruing interest increased \$1,337 in the nine months ended September 30, 2025, in the farm-related business industry. These loans have a documented plan that details how and when the amount owed will be paid.

Other property owned increased \$410 during the first nine months of 2025. The association is actively working with real estate professionals to ensure properties are accurately valued on the association's books and that proactive marketing activities are in place.

Management also continues to routinely evaluate and monitor counterparty and collateral risks in an effort to avoid concentrations that could result in excess exposure to a single counterparty or type of collateral. The loan portfolio management practices that are in place have been designed to ensure loans and industries with actual or potential problems are promptly identified, monitored and addressed in a manner that allows the lending staff to work with distressed customers and industries through periods of adversity.

Results of Operations

The association had net income of \$177,632 and \$60,493 for the nine and three months ended September 30, 2025, compared to net income of \$211,370 and \$69,213 for the same periods in 2024, reflecting decreases of \$33,738 and \$8,720 or 16.0 percent and 12.6 percent, respectively. The decrease in net income for the nine month period ended September 30, 2025, was primarily attributable to an increase provision for loan losses of \$30,586 or 288.8 percent, an increase in interest expense of \$29,999 or 9.0 percent, an increase in noninterest expenses of \$1,039 or 1.0 percent, offset by an increase in interest income of \$27,784 or 4.6 percent, and an increase in noninterest income of \$101 or 0.2 percent for the same period in the prior year. The decrease in net income for the three month period ended September 30, 2025, was attributable to an increase in provision for loan losses of \$4,946 or 220.7 percent, and a decrease in noninterest income of \$3,219 or 22.5 percent, offset by an increase in interest income of \$6,073 or 2.9 percent, and a decrease in noninterest expense of \$1,415 or 4.2 percent, compared to the same period of 2024.

Net interest income was \$267,875 and \$88,912 for the nine and three months ended September 30, 2025, compared to \$270,090 and \$90,884 for the same periods in 2024, respectively, reflecting decreases of \$2,215 and \$1,972 or 0.8 percent and 2.2 percent, respectively. Interest income for the nine and three months ended September 30, 2025, increased by \$27,784 and \$6,073 or 4.6 percent and 2.9 percent, respectively, from the same periods of 2024, primarily as a result of an increase in average earning assets of \$700,631 for the nine month period ended September 30, 2025. Interest expense for the nine and three months ended September 30, 2025, increased by \$29,999 and \$8,045 or 9.0 percent and 6.9 percent, respectively, from the same periods of 2024, primarily due to an increase in the direct note.

The effects of changes in average volume and interest rates on net interest income in the nine months ended September 30, 2025, as compared with the corresponding period of the prior year, are presented in the following tables:

	For the nine months ended September 30, 2025		For the nine months ended September 30, 2024	
	Average Balance	Interest	Average Balance	Interest
Accrual loans and investments	\$ 13,042,396	\$ 632,242	\$ 12,341,765	\$ 604,458
Interest-bearing liabilities	11,574,305	364,367	10,794,571	334,368
Impact of capital	\$ 1,468,091		\$ 1,547,194	
Net interest income		\$ 267,875		\$ 270,090
	Average Yield		Average Yield	
Yield on loans	6.48%		6.54%	
Cost of interest-bearing Liabilities	4.21%		4.14%	
Net interest spread	2.27%		2.40%	
Net interest income as a percentage of average earning assets	2.75%		2.92%	

	For the nine months ended 2025 vs. 2024		
	Increase (decrease) due to		
	Volume	Rate	Total
Interest income	\$ 34,283	\$ (6,499)	\$ 27,784
Interest expense	24,130	5,869	29,999
Net interest income	\$ 10,153	\$ (12,368)	\$ (2,215)

The association's noninterest income for the nine months ended September 30, 2025, increased \$101 or 0.2 percent, and decreased \$3,219 or 22.5 percent, for the three month period ended September 30, 2025, from the same periods in 2024. The increase in the nine months ended September 30, 2025, is primarily a result of an increase in other noninterest income of \$3,870 or 33.0 percent, due to a refund from the Farm Credit System Insurance Corporation (FCSIC), an increase in loan fees of \$2,474 or 36.7 percent and an increase in financially related services income of \$3,384 or 175.6 percent offset by a decrease in patronage income from the bank of \$9,459 or 28.6 percent. The decrease in the three months ended September 30, 2025, is primarily a result of a decrease in the accrual of patronage from the bank of \$8,850 or 79.4 percent, offset by increases in financially related services income of \$3,659 or 1,412.7 percent, an increase in loan fees of \$938 or 38.3 percent and an increase in other noninterest income of \$1,169 or 1,343.7 percent.

Noninterest expenses for the nine months ended September 30, 2025, increased by \$1,039 or 1.0 percent and decreased \$1,415 or 4.2 percent, respectively, from the same periods of 2024. The increase in the nine month period is attributed to the majority of the categories of noninterest expenses offset by decreases in salaries and employee benefits of \$2,664 or 4.1 percent, a decrease in

communications of \$110 or 13.8 percent, a decrease in supervisory and exam expenses of \$84 or 4.1 percent and a decrease in training expenses of \$733 or 39.3 percent from the same period in 2024. The decrease in the three month period is primarily driven by a decrease in salaries and employee benefits of \$1,869 or 8.4 percent, a decrease in occupancy and equipment of \$99 or 4.5 percent, a decrease in supervisory and exam expenses of \$139 or 20.3 percent, a decrease in training of \$235 or 35.1 percent, a decrease in communications of \$4 or 1.8 percent, and a decrease in director expenses of \$7 or 2.3 percent, offset by increases in the remaining categories of noninterest expenses for the same period of 2024.

The association's return on average assets for the nine months ended September 30, 2025, was 1.7 percent and 2.2 percent for the same period of 2024 primarily as a result of the increase in provision for loan losses. The association's return on average equity for the nine months ended September 30, 2025, was 12.0 percent, compared to 14.8 percent for the same period in 2024.

Liquidity and Funding Sources

The association secures the majority of its lendable funds from the bank, which obtains its funds through the issuance of System-wide obligations. The following schedule summarizes the association's borrowings.

	September 30, 2025	December 31, 2024
Note payable to the bank	\$11,605,762	\$11,372,524
Accrued interest on note payable	41,286	39,187
Total	\$11,647,048	\$11,411,711

The association operates under a general financing agreement (GFA) with the bank. The current GFA is effective through September 30, 2026. The primary source of liquidity and funding for the association is a direct loan from the bank. The outstanding balance of \$11,605,762 as of September 30, 2025, is recorded as a liability on the association's balance sheet. The note carried a weighted average interest rate of 4.3 percent at September 30, 2025. The indebtedness is collateralized by a pledge of substantially all of the association's assets to the bank and is governed by the GFA. The increase in note payable to the bank since December 31, 2024, is due to the association's increase in loan volume and the distribution of the 2024 patronage refund. The increase in accrued interest on the note payable is the result of an increase in the direct note. The association's own funds, which represent the amount of the association's loan portfolio funded by the association's equity, were \$1,600,564 at September 30, 2025. The maximum amount the association may borrow from the bank as of September 30, 2025, was \$13,056,112 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, unless sooner terminated by the bank upon the occurrence of an event of default, or by the association, in the event of a breach of this agreement by the bank, upon giving the bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the bank 120 days' prior written notice.

The association is required to maintain an investment in the bank in the form of Class A voting capital stock and allocated retained earnings. For 2024, the investment required of the association was 2.0 percent of its average borrowing from the bank, which was equalized annually. In 2025, the investment requirement of the association increased to 2.5 percent of the average borrowings from the bank, annualized semi-annually. The first semi-annual equalization resulted in an increased investment in the bank of \$67,413 and was recorded in the first quarter of 2025. The liquidity policy of the association is to manage cash balances to maximize debt reduction, and to increase accrual loan volume. This policy will continue to be pursued during 2025. As borrower payments are received, they are applied to the association's note payable with the bank.

Capital Resources and Regulatory Matters

The association's capital position increased by \$170,220 or 9.1 percent at September 30, 2025, compared to December 31, 2024, primarily as a result of net earnings for the period offset by dividend payments. The association's debt as a percentage of members' equity was 5.74:1 as of September 30, 2025, compared to 6.20:1 percent as of December 31, 2024. Farm Credit Administration regulations require the association to maintain minimums for various regulatory capital ratios. The regulations became effective January 1, 2017, which replaced the previously required core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The regulations also added tier 1 leverage and unallocated retained earnings and equivalents (UREE) ratios. The permanent capital ratio remains in effect, with some modifications to align with the new regulations. As of September 30, 2025, the association exceeded all regulatory capital requirements. For more information, see Note 4—"Members Equity" in the accompanying financial statements.

Significant Recent Accounting Pronouncements

Refer to Note 1 – “Organization and Significant Accounting Policies” in this quarterly report for disclosures of recent accounting pronouncements which may impact the association’s consolidated financial position and results of operations and for critical accounting policies.

Relationship with the Farm Credit Bank of Texas

The association’s financial condition may be impacted by factors that affect the bank. The financial condition and results of operations of the bank may materially affect the stockholder’s investment in the association. The Management’s Discussion and Analysis and Notes to Financial Statements contained in the 2024 Annual Report of Capital Farm Credit more fully describe the association’s relationship with the bank.

The annual and quarterly stockholder reports for the bank can be found at the Bank’s website at www.farmcreditbank.com.

The association’s annual and quarterly stockholder reports are available free of charge, upon request. These reports can be obtained by writing to Capital Farm Credit, ACA, 3902 South Traditions Drive, College Station, Texas 77845 or calling (979) 822-3018. Copies of the association’s quarterly and annual stockholder reports are also available on its website at www.capitalfarmcredit.com or can be requested by emailing Javier.Lemus@capitalfarmcredit.com.

CAPITAL FARM CREDIT, ACA
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<u>ASSETS</u>		
Loans	\$ 13,214,195	\$ 12,990,455
Less: Allowance for losses	(55,013)	(42,144)
Net Loans	13,159,182	12,948,311
Accrued interest receivable	134,456	120,675
Investment in and receivable from the bank:		
Capital stock	285,651	218,693
Receivable	31,476	57,800
Investment in Rural Business Investment Company (RBIC)	4,025	4,528
Investments in other Farm Credit Institutions	37,329	35,896
Other property owned, net	1,029	619
Premises and equipment, net	96,542	88,763
Right of use asset - leases	4,870	5,244
Other assets	39,806	34,656
Total assets	\$ 13,794,366	\$ 13,515,185
<u>LIABILITIES</u>		
Note payable to the bank	\$ 11,605,762	\$ 11,372,524
Advanced conditional payments	17,753	12,619
Accrued interest payable	41,286	39,187
Lease liabilities	5,174	5,553
Drafts outstanding	443	317
Patronage distributions payable	4	111,471
Unfunded post retirement medical obligations	24,344	23,883
Reserve for unfunded commitments	523	499
Other liabilities	51,403	71,678
Total liabilities	11,746,692	11,637,731
<u>MEMBERS' EQUITY</u>		
Capital stock and participation certificates	28,417	28,319
Preferred stock	200,000	200,000
Non-qualified allocated retained earnings	958,618	958,608
Unallocated retained earnings	859,450	689,338
Accumulated other comprehensive income	1,189	1,189
Total members' equity	2,047,674	1,877,454
Total liabilities and members' equity	\$ 13,794,366	\$ 13,515,185

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

CAPITAL FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in thousands)
(UNAUDITED)

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
<u>Interest Income</u>				
Total interest income	\$ 213,759	\$ 207,686	\$ 632,242	\$ 604,458
<u>Interest Expense</u>				
Note Payable to the bank	124,742	116,708	364,066	334,091
Advance conditional payments	105	94	301	277
Total interest expense	124,847	116,802	364,367	334,368
Net interest income	88,912	90,884	267,875	270,090
<u>Provision for Loan Losses</u>				
Provision for loan losses	7,187	2,241	41,178	10,592
Net interest income after provision for losses	81,725	88,643	226,697	259,498
<u>Noninterest Income</u>				
Patronage income from the bank	2,303	11,153	23,593	33,052
Loan fees	3,385	2,447	9,212	6,738
Financially related services income	3,918	259	5,311	1,927
Gain on sale of premises and equipment, net	418	144	1,173	1,186
Gain on other property owned, net	-	409	-	155
Other noninterest income/ (loss)	1,082	(87)	15,611	11,741
Total noninterest income	11,106	14,325	54,900	54,799
<u>Noninterest Expense</u>				
Salaries and employee benefits	20,400	22,269	62,904	65,568
Insurance fund premium	2,818	2,620	8,336	7,672
Occupancy and equipment	2,117	2,216	7,145	6,767
Purchased services	1,016	898	4,265	3,390
Travel	1,236	1,054	3,549	2,881
Advertising	1,032	1,012	3,382	3,207
Public and member relations	812	795	3,318	3,129
Data processing	839	672	2,627	2,067
Supervisory and exam expense	545	684	1,969	2,053
Business insurance expense	1	-	1,681	1,484
Training	435	670	1,131	1,864
Director's expense	303	310	1,103	1,080
Communications	223	227	688	798
Loss on other property owned, net	24	-	66	-
Other noninterest expenses	536	325	1,800	965
Total noninterest expenses	32,337	33,752	103,964	102,925
Income before income tax	60,494	69,216	177,633	211,372
Provision for income taxes	1	3	1	2
Net income	\$ 60,493	\$ 69,213	\$ 177,632	\$ 211,370
Other comprehensive (loss)				
Change in postretirement benefit plans	-	(55)	-	(166)
Income tax expense related items of other comprehensive income	-	-	-	-
Other comprehensive (loss), net of tax	-	(55)	-	(166)
COMPREHENSIVE INCOME	\$ 60,493	\$ 69,158	\$ 177,632	\$ 211,204

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

CAPITAL FARM CREDIT, ACA
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
(Dollars in thousands)
(UNAUDITED)

	Capital Stock/ Participation Certificates	Preferred Stock	Retained Earnings		Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
			Non-qualified Allocated	Unallocated		
Balance at December 31, 2023	\$ 28,018	\$ 200,000	\$ 940,473	\$ 625,119	\$ 2,851	\$ 1,796,461
Net income	-	-	-	211,370	-	211,370
Other comprehensive income	-	-	-	-	(166)	(166)
Capital stock/participation certificates issued	2,510	-	-	-	-	2,510
Capital stock/participation certificates/ allocated equities retired	(2,227)	-	-	-	-	(2,227)
Preferred stock dividends	-	-	-	(7,500)	-	(7,500)
Patronage distributions declared:						
Cash	-	-	-	-	-	-
Nonqualified allocations	-	-	-	-	-	-
Change in patronage declared and paid	-	-	(1)	-	-	(1)
Balance at September 30, 2024	28,301	200,000	940,472	828,989	2,685	2,000,447
Net income	-	-	-	52,446	-	52,446
Other comprehensive income	-	-	-	-	(1,496)	(1,496)
Capital stock/participation certificates issued	787	-	-	-	-	787
Capital stock/participation certificates/ allocated equities retired	(769)	-	(59,997)	-	-	(60,766)
Preferred stock dividends	-	-	-	(2,500)	-	(2,500)
Patronage distributions declared:						
Cash	-	-	-	(111,464)	-	(111,464)
Nonqualified allocations	-	-	78,132	(78,132)	-	-
Change in patronage declared and paid	-	-	1	(1)	-	-
Balance at December 31, 2024	28,319	200,000	958,608	689,338	1,189	1,877,454
Net income	-	-	-	177,632	-	177,632
Other comprehensive loss	-	-	-	-	-	-
Capital stock/participation certificates issued	2,706	-	-	-	-	2,706
Capital stock/participation certificates/ allocated equities retired	(2,608)	-	-	-	-	(2,608)
Preferred stock dividends	-	-	-	(7,500)	-	(7,500)
Patronage distributions declared:						
Cash	-	-	-	-	-	-
Nonqualified allocations	-	-	-	-	-	-
Change in patronage declared and paid	-	-	10	(20)	-	(10)
Balance at September 30, 2025	\$ 28,417	\$ 200,000	\$ 958,618	\$ 859,450	\$ 1,189	\$ 2,047,674

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

CAPITAL FARM CREDIT, ACA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)
(UNAUDITED)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Capital Farm Credit, ACA including its wholly owned subsidiaries, Capital Farm Credit, PCA and Capital Farm Credit, FLCA, (collectively called the “association”), is a member-owned cooperative which provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes in 192 counties in the state of Texas. The association is a lending institution of the Farm Credit System (System) which was established by acts of Congress and is subject to the provisions of the Farm Credit Act of 1971, as amended (Act), to meet the needs of American agriculture.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2024, as contained in the 2024 Annual Report to Stockholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2025. Descriptions of the significant accounting policies are included in the 2024 Annual Report to Stockholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry. Certain amounts in the prior period’s financial statements have been reclassified to the current period’s financial statement presentation.

Recently Adopted Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-06 Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The amendment introduces several key changes: (1) eliminates the stage-based rules for capitalization, (2) replaces these rules with a principles-based framework where capitalization occurs when management has authorized and committed to funding, and it is probable that the project will be completed and the software used as intended, (3) clarifies website developments costs and (4) modifies the disclosure requirements for capitalized software costs. The standard is effective for annual periods starting after December 15, 2027, with early adoption permitted as of the beginning of any annual reporting period. The association is currently assessing the potential impact of this amendment on its disclosures.

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

In November 2024, FASB issued ASU 2024-03 – Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities, and require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e).
- Include certain amounts that are already required to be disclosed under current generally accepted accounting principles (GAAP) in the same disclosure as the other disaggregation requirements.

- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The association is currently assessing the potential impact of this standard on its disclosures.

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The enhanced rate reconciliation will require tabular reporting by amount and percentage for specifically defined reconciling items as well as additional information for reconciling items that meet a quantitative threshold of greater than five percent of the amount computed by multiplying pre-tax income by the applicable statutory income tax rate. The guidance will also eliminate the requirement to disclose an estimate of the range of the reasonably possible change in the unrecognized tax benefits balances in the next 12 months. The amendments in this guidance are effective for public business entities for annual periods beginning after December 15, 2024, and should be applied on a prospective basis, although retrospective application is permitted. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The adoption of this guidance is not expected to have a material impact on the association's financial condition, results of operations or cash flows. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid.

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07 - Segment Reporting: Improvements to Reportable Segment Disclosures. The amendments in this ASU improve reportable segment disclosure but do not change the definition of segment, method of determining a segment, or the criteria for aggregating operating segments. The standard requires a public entity to disclose, on an annual and interim basis, the following:

- significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss,
- composition and aggregate amount of other segment items, which represent the difference between profit or loss and segment revenues less significant segment expenses,
- the title and position of the CODM, and
- an explanation of how the CODM uses the reported segment measures in assessing segment performance and deciding how to allocate resources.

Even if a public entity has a single reportable segment, it is required to provide all disclosures set forth in the standard and all existing segment disclosures. The amendments in the standard are to be applied retrospectively to all prior periods presented and are effective for fiscal years beginning after December 31, 2023, and interim periods within fiscal years beginning after December 15, 2024. The adoption of this guidance did not have an impact on our financial condition or results of operations or cash flows.

NOTE 2 — LOANS AND ALLOWANCE FOR LOAN LOSSES:

A summary of loans follows:

Industry	September 30, 2025	%	December 31, 2024	%
Real estate mortgage	\$ 9,537,225	72.2	\$ 9,333,454	71.9
Production and intermediate term	1,852,378	14.0	1,833,672	14.1
Farm-related business	1,222,640	9.2	1,201,122	9.3
Communication	251,698	1.9	251,657	1.9
Energy	227,496	1.7	210,805	1.6
Rural residential real estate	63,882	0.5	73,501	0.6
Water and waste disposal	23,824	0.2	53,852	0.4
International	21,228	0.2	16,230	0.1
Lease receivables	12,259	0.1	14,512	0.1
Mission-related investments	1,565	0.0	1,650	0.0
Total	<u>\$ 13,214,195</u>	<u>100.0</u>	<u>\$ 12,990,455</u>	<u>100.0</u>

At September 30, 2025, the association held two transactions, which are reported as loans on the consolidated balance sheet totaling \$1,565 and with \$0 in remaining commitments extended under the Rural America Bond Program approved by the FCA. The program is designed to meet the growing and changing needs of agricultural enterprises, agribusinesses and rural communities by providing investment in rural areas.

The association is authorized under the Farm Credit Act to accept “advance conditional payments” (ACPs) from borrowers. To the extent the borrower’s access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against loans as presented on the balance sheet. The association held \$58,652 and \$61,056 in funds which were netted against the loan balance at September 30, 2025, and December 31, 2024, respectively. Unrestricted advance conditional payments are included in liabilities. ACPs are not insured, and interest is generally paid by the association on such balances. Balances of ACPs were \$17,753 and \$12,619 on the balance sheet at September 30, 2025, and December 31, 2024, respectively.

The association purchases or sells participation interests in loans with other parties in order to diversify risk, manage loan volume and comply with FCA regulations. The following table presents information regarding the balances of participations purchased and sold as of September 30, 2025:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations	Participations	Participations	Participations	Participations	Participations
	<u>Purchased</u>	<u>Sold</u>	<u>Purchased</u>	<u>Sold</u>	<u>Purchased</u>	<u>Sold</u>
Real estate mortgage	\$ 464,744	\$ 1,989,062	\$ -	\$ 25,404	\$ 464,744	\$ 2,014,466
Production and Intermediate-term	1,011,593	1,374,784	15,903	16,078	1,027,496	1,390,862
Farm-related business	912,427	268,721	231	3,903	912,658	272,624
Communication	251,698	-	-	-	251,698	-
Energy	227,496	-	-	-	227,496	-
Water and waste disposal	23,824	-	-	-	23,824	-
International	21,228	-	-	-	21,228	-
Lease receivables	12,259	-	-	-	12,259	-
Mission-related investments	1,565	-	-	-	1,565	-
Total	<u>\$ 2,926,834</u>	<u>\$ 3,632,567</u>	<u>\$ 16,134</u>	<u>\$ 45,385</u>	<u>\$ 2,942,968</u>	<u>\$ 3,677,952</u>

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower’s credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower’s ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original

appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The association reviews, at least on an annual basis, or when a credit action is taken the probability of default category and the loss given default.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. These categories are defined as follows:

- acceptable — assets are expected to be fully collectible and represent the highest quality,
- other assets especially mentioned (OAEM) — assets are currently collectible but exhibit some potential weakness,
- substandard — assets exhibit some serious weakness in repayment capacity, equity, or collateral pledged on the loan,
- doubtful — assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable, and
- loss — assets are considered uncollectible.

The following table presents credit quality indicators by loan type and related amortized cost loan balance as of September 30, 2025:

	Term Loans by Origination Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
	2025	2024	2023	2022	2021	Prior			
September 30, 2025									
Real estate mortgage									
Acceptable	\$ 1,118,472	\$ 1,270,716	\$ 855,540	\$ 1,181,465	\$ 1,944,773	\$ 2,782,588	\$ 72,868	\$ 38,452	\$ 9,264,874
OAEM	5,316	13,272	44,096	15,992	17,356	36,943	5,724	-	138,699
Substandard/Doubtful	14,499	16,291	5,024	8,162	40,092	49,584	-	-	133,652
Total	<u>\$ 1,138,287</u>	<u>\$ 1,300,279</u>	<u>\$ 904,660</u>	<u>\$ 1,205,619</u>	<u>\$ 2,002,221</u>	<u>\$ 2,869,115</u>	<u>\$ 78,592</u>	<u>\$ 38,452</u>	<u>\$ 9,537,225</u>
Current period gross charge-offs	<u>1,087</u>	<u>485</u>	<u>3</u>	<u>51</u>	<u>78</u>	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>4,554</u>
Production and intermediate-term									
Acceptable	165,957	184,071	54,305	73,797	31,208	78,531	1,105,840	\$ 6,771	1,700,480
OAEM	14,486	5,603	2,017	39,478	774	1,378	37,731	-	101,467
Substandard/Doubtful	18,207	2,743	14,732	263	751	1,185	12,550	-	50,431
Total	<u>198,650</u>	<u>192,417</u>	<u>71,054</u>	<u>113,538</u>	<u>32,733</u>	<u>81,094</u>	<u>1,156,121</u>	<u>\$ 6,771</u>	<u>1,852,378</u>
Current period gross charge-offs	<u>-</u>	<u>190</u>	<u>11</u>	<u>277</u>	<u>3</u>	<u>69</u>	<u>23,989</u>	<u>-</u>	<u>24,539</u>
Farm-related business									
Acceptable	143,480	117,689	110,474	153,420	65,915	98,558	359,415	868	1,049,819
OAEM	9,220	12,488	-	12,680	11,819	3,856	31,931	5,831	87,825
Substandard/Doubtful	177	6,322	3,347	542	6,408	32,012	36,188	-	84,996
Total	<u>152,877</u>	<u>136,499</u>	<u>113,821</u>	<u>166,642</u>	<u>84,142</u>	<u>134,426</u>	<u>427,534</u>	<u>6,699</u>	<u>1,222,640</u>
Current period gross charge-offs	<u>-</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>
Communication									
Acceptable	27,420	92,030	50,174	20,077	28,932	21,145	10,287	-	250,065
OAEM	-	1,633	-	-	-	-	-	-	1,633
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>27,420</u>	<u>93,663</u>	<u>50,174</u>	<u>20,077</u>	<u>28,932</u>	<u>21,145</u>	<u>10,287</u>	<u>-</u>	<u>251,698</u>
Current period gross charge-offs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Energy									
Acceptable	8,854	64,942	24,768	20,606	35,000	26,004	47,322	-	227,496
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>8,854</u>	<u>64,942</u>	<u>24,768</u>	<u>20,606</u>	<u>35,000</u>	<u>26,004</u>	<u>47,322</u>	<u>-</u>	<u>227,496</u>
Current period gross charge-offs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rural residential real estate									
Acceptable	-	-	244	6,928	15,409	38,793	-	-	61,374
OAEM	-	-	-	179	473	1,185	-	-	1,837
Substandard/Doubtful	-	-	-	52	245	374	-	-	671
Total	<u>-</u>	<u>-</u>	<u>244</u>	<u>7,159</u>	<u>16,127</u>	<u>40,352</u>	<u>-</u>	<u>-</u>	<u>63,882</u>
Current period gross charge-offs	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>
Water and Waste Disposal Loans									
Acceptable	-	9,018	13,573	-	-	1,233	-	-	23,824
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>9,018</u>	<u>13,573</u>	<u>-</u>	<u>-</u>	<u>1,233</u>	<u>-</u>	<u>-</u>	<u>23,824</u>
Current period gross charge-offs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
International									
Acceptable	-	-	4,994	7,497	8,737	-	-	-	21,228
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>4,994</u>	<u>7,497</u>	<u>8,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,228</u>
Current period gross charge-offs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lease									
Acceptable	131	258	-	950	281	3,705	-	-	5,325
OAEM	-	61	2,042	797	-	-	-	-	2,900
Substandard/Doubtful	-	-	1,310	-	2,724	-	-	-	4,034
Total	<u>131</u>	<u>319</u>	<u>3,352</u>	<u>1,747</u>	<u>3,005</u>	<u>3,705</u>	<u>-</u>	<u>-</u>	<u>12,259</u>
Current period gross charge-offs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Term Loans by Origination Year									
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Mission Related Loans									
Acceptable	-	-	-	-	-	1,565	-	-	1,565
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	1,565	-	-	1,565
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	\$ 1,464,314	\$ 1,738,724	\$ 1,114,072	\$ 1,464,740	\$ 2,130,255	\$ 3,052,122	\$ 1,595,732	\$ 46,091	\$ 12,606,050
OAEM	29,022	33,057	48,155	69,126	30,422	43,362	75,386	5,831	334,361
Substandard/Doubtful	32,883	25,356	24,413	9,019	50,220	83,155	48,738	-	273,784
Total	\$ 1,526,219	\$ 1,797,137	\$ 1,186,640	\$ 1,542,885	\$ 2,210,897	\$ 3,178,639	\$ 1,719,856	\$ 51,922	\$ 13,214,195
Total current period gross charge-	\$ 1,087	\$ 761	\$ 14	\$ 364	\$ 81	\$ 2,919	\$ 23,989	\$ -	\$ 29,215

The following table presents credit quality indicators by loan type and the related principal balance as of December 31, 2024:

Term Loans Amortized Cost by Origination Year									
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Real estate mortgage									
Acceptable	\$ 1,429,923	\$ 999,340	\$ 1,299,466	\$ 2,149,511	\$ 1,224,012	\$ 1,955,429	\$ 74,517	\$ 10,886	\$ 9,143,084
OAEM	3,861	14,173	10,042	36,433	19,529	22,407	-	-	106,445
Substandard/Doubtful	14,737	2,281	10,242	15,727	19,940	18,385	2,613	-	83,925
Total	\$ 1,448,521	\$ 1,015,794	\$ 1,319,750	\$ 2,201,671	\$ 1,263,481	\$ 1,996,221	\$ 77,130	\$ 10,886	\$ 9,333,454
Current period gross charge-offs	1	4	5	80	1	26	-	-	117
Production and intermediate-term									
Acceptable	278,519	91,626	118,885	46,828	26,239	73,772	1,086,519	6,839	1,729,227
OAEM	7,742	5,085	409	662	1,383	4	36,613	-	51,898
Substandard/Doubtful	430	3,323	900	693	227	1,099	45,875	-	52,547
Total	286,691	100,034	120,194	48,183	27,849	74,875	1,169,007	6,839	1,833,672
Current period gross charge-offs	-	-	78	13	526	2	367	-	986
Farm-related business									
Acceptable	118,808	131,606	182,624	81,978	50,135	114,614	354,721	4,081	1,038,567
OAEM	5,994	-	11,767	10,657	17,327	32,785	28,520	1,748	108,798
Substandard/Doubtful	1,961	3,999	-	6,193	15,753	-	25,851	-	53,757
Total	126,763	135,605	194,391	98,828	83,215	147,399	409,092	5,829	1,201,122
Current period gross charge-offs	-	49	-	5,819	-	-	3,282	-	9,150
Communication									
Acceptable	75,724	49,116	29,831	58,818	9,822	21,307	5,339	-	249,957
OAEM	1,700	-	-	-	-	-	-	-	1,700
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	77,424	49,116	29,831	58,818	9,822	21,307	5,339	-	251,657
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	29,003	27,311	31,104	35,000	-	27,050	52,126	9,211	210,805
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	29,003	27,311	31,104	35,000	-	27,050	52,126	9,211	210,805
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	-	246	8,815	18,247	15,146	29,359	-	-	71,813
OAEM	-	-	179	89	189	872	-	-	1,329
Substandard/Doubtful	-	-	-	209	-	150	-	-	359
Total	-	246	8,994	18,545	15,335	30,381	-	-	73,501
Current period gross charge-offs	-	-	-	2	-	9	-	-	11

	Term Loans Amortized Cost by Origination Year						Revolving Loans		Total
	2024	2023	2022	2021	2020	Prior	Loans	Converted to Term Loans	
Water and Waste Disposal Loans									
Acceptable	3,133	13,569	35,612	-	1,260	-	278	-	53,852
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	3,133	13,569	35,612	-	1,260	-	278	-	53,852
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
International									
Acceptable	-	-	7,495	8,735	-	-	-	-	16,230
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	7,495	8,735	-	-	-	-	16,230
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Lease Receivables									
Acceptable	259	-	985	359	-	3,167	-	-	4,770
OAEM	72	2,495	1,157	-	-	-	-	-	3,724
Substandard/Doubtful	-	1,408	69	3,500	1,041	-	-	-	6,018
Total	331	3,903	2,211	3,859	1,041	3,167	-	-	14,512
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Mission Related Loans									
Acceptable	-	-	-	-	-	1,650	-	-	1,650
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	1,650	-	-	1,650
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	\$ 1,935,369	\$ 1,312,814	\$ 1,714,817	\$ 2,399,476	\$ 1,326,614	\$ 2,226,348	\$ 1,573,500	\$ 31,017	\$ 12,519,955
OAEM	19,369	21,753	23,554	47,841	38,428	56,068	65,133	1,748	273,894
Substandard/Doubtful	17,128	11,011	11,211	26,322	36,961	19,634	74,339	-	196,606
Total	\$ 1,971,866	\$ 1,345,578	\$ 1,749,582	\$ 2,473,639	\$ 1,402,003	\$ 2,302,050	\$ 1,712,972	\$ 32,765	\$ 12,990,455
Total current period gross charge-offs	1	53	83	5,914	527	37	3,649	-	10,264

The following table presents the amortized cost of loans classified under the Uniform Loan Classification System as a percentage of the amortized cost of total loans:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Acceptable	95.4%	96.4%
OAEM	2.5%	2.1%
Substandard/Doubtful	2.1%	1.5%
Total	<u>100.0%</u>	<u>100.0%</u>

Accrued interest receivable on loans of \$134,456 and \$120,675 at September 30, 2025, and December 31, 2024, have been excluded from the amortized cost of loans and reported separately in the consolidated balance sheet. The association wrote off accrued interest receivable of \$3,087 and \$1,893 for the nine and three months ended September 30, 2025, respectively, compared to \$216 and \$60 for the same periods of 2024.

The following table reflects nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more delinquent, and other property owned and related credit quality statistics:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Nonaccrual loans:		
Real estate mortgage	\$ 75,667	\$ 26,705
Production and intermediate-term	14,068	37,325
Farm-related business	52,790	3,660
Energy	-	-
Rural residential real estate	331	259
Lease receivable	1,310	386
Total nonaccrual loans	<u>\$ 144,166</u>	<u>\$ 68,335</u>
Accruing loans 90 days or more past due:		
Farm-related business	1,337	-
Total accruing loans 90 days or more past due	<u>\$ 1,337</u>	<u>\$ -</u>
Total nonperforming loans	<u>\$ 145,503</u>	<u>\$ 68,335</u>
Other property owned	1,029	619
Total nonperforming assets	<u>\$ 146,532</u>	<u>\$ 68,954</u>
Nonaccrual loans as a percentage of total loans	1.09%	0.53%
Nonperforming assets as a percentage of total loans and other property owned	1.11%	0.53%
Nonperforming assets as a percentage of capital	7.16%	3.67%

The following table provides the amortized cost for nonaccrual loans with and without a related allowance for loan losses, as well as interest income recognized on nonaccrual during the period:

	<u>September 30, 2025</u>			<u>Interest Income Recognized</u>	
	<u>Amortized Cost with Allowance</u>	<u>Amortized Cost without Allowance</u>	<u>Total</u>	<u>For the Three Months Ended September 30, 2025</u>	<u>For the Nine Months Ended September 30, 2025</u>
Nonaccrual loans:					
Real estate mortgage	\$ 3,861	\$ 71,806	\$ 75,667	\$ 392	\$ 1,146
Production and intermediate-term	2,296	11,772	14,068	504	646
Farm-related business	21,528	31,262	52,790	-	-
Rural residential real estate	-	331	331	1	7
Lease receivables	1,310	-	1,310	-	-
Total nonaccrual loans	<u>\$ 28,995</u>	<u>\$ 115,171</u>	<u>\$ 144,166</u>	<u>\$ 897</u>	<u>\$ 1,799</u>

	<u>December 31, 2024</u>			<u>Interest Income Recognized</u>	
	<u>Amortized Cost with Allowance</u>	<u>Amortized Cost without Allowance</u>	<u>Total</u>	<u>For the Three Months Ended September 30, 2024</u>	<u>For the Nine Months Ended September 30, 2024</u>
Nonaccrual loans:					
Real estate mortgage	\$ 4,722	\$ 21,983	\$ 26,705	\$ 326	\$ 977
Production and intermediate-term	32,263	5,062	37,325	(53)	413
Farm-related business	-	3,660	3,660	-	26
Rural residential real estate	-	259	259	4	14
Lease receivables	386	-	386	(128)	-
Total nonaccrual loans	<u>\$ 37,371</u>	<u>\$ 30,964</u>	<u>\$ 68,335</u>	<u>\$ 149</u>	<u>\$ 1,430</u>

The following table provides an aging analysis of past due loans at amortized cost by portfolio segment as of:

September 30, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Loans > 90 Days and Accruing
Real estate mortgage	\$ 110,223	\$ 25,107	\$ 135,330	\$ 9,401,895	\$ 9,537,225	\$ -
Production and intermediate-term	20,727	11,740	32,467	1,819,911	1,852,378	-
Farm-related business	1,221	27,418	28,639	1,194,001	1,222,640	1,337
Communication	-	-	-	251,698	251,698	-
Energy	-	-	-	227,496	227,496	-
Rural residential real estate	1,418	297	1,715	62,167	63,882	-
Water and waste disposal	-	-	-	23,824	23,824	-
International	-	-	-	21,228	21,228	-
Lease receivables	50	-	50	12,209	12,259	-
Mission-related investments	-	-	-	1,565	1,565	-
Total	\$ 133,639	\$ 64,562	\$ 198,201	\$ 13,015,994	\$ 13,214,195	\$ 1,337

December 31, 2024	30-89 Days Past Due	90 Days or More Past	Total Past Due	Not Past Due or less than 30	Total Loans	Loans > 90 Days and Accruing
Real estate mortgage	\$ 117,152	\$ 10,178	\$ 127,330	\$ 9,206,124	\$ 9,333,454	\$ -
Production and intermediate-term	15,938	1,017	16,955	1,816,717	1,833,672	-
Farm-related business	12,532	3,660	16,192	1,184,930	1,201,122	-
Communication	-	-	-	251,657	251,657	-
Energy	-	-	-	210,805	210,805	-
Rural residential real estate	1,154	-	1,154	72,347	73,501	-
Water and waste disposal	-	-	-	53,852	53,852	-
International	-	-	-	16,230	16,230	-
Lease receivables	386	-	386	14,126	14,512	-
Mission-related investments	-	-	-	1,650	1,650	-
Total	\$ 147,162	\$ 14,855	\$ 162,017	\$ 12,828,438	\$ 12,990,455	\$ -

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral dependent loans are primarily real estate mortgage and rural residential real estate loans.

Loan Modifications to Borrowers Experiencing Financial Difficulties

The following table shows the amortized cost basis at the end of the respective reporting period for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted. There were no modifications to borrowers experiencing financial difficulty during the three months ended September 30, 2025.

For the Nine Months Ended September 30, 2025						
	Interest Rate		Payment		Percentage of Total by Loan Type	
	Reduction	Term Extension	Deferral	Total		
Real estate mortgage	\$ 325	\$ 566	\$ -	\$ 891		0.0%
Production and Intermediate-Term	-	64	11,666	11,730		0.6%
Total	\$ 325	\$ 630	\$ 11,666	\$ 12,621		0.1%

For the Three Months Ended September 30, 2024					
	Payment		Percentage of Total by		
	Deferral	Total	Loan Type		
Real estate mortgage	\$ 12	\$ 12	0.0%		
Farm-related business	1,961	1,961	0.2%		
Total	\$ 1,973	\$ 1,973	0.0%		

For the Nine Months Ended September 30, 2024					
	Combination		Percentage of Total		
	Term Extension & Payment		by Loan Type		
	Term Extension	Payment Deferral	Payment Deferral	Total	
Real estate mortgage	\$ 2,910	\$ 12	\$ -	\$ 2,922	0.0%
Farm-related business	-	1,961	6,172	8,133	0.7%
Total	\$ 2,910	\$ 1,973	\$ 6,172	\$ 11,055	0.1%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the nine months ended September 30, 2025, was \$813. Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the nine and three months ended September 30, 2024, were \$188 and \$56, respectively.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the nine months ended September 30, 2025:

Financial Effect	
For the Nine Months Ended September 30, 2025	
Interest Rate Reduction	
Real estate mortgage	Weighted average interest rate decreased 0.6%
Term Extension	
Real estate mortgage	Added a weighted average 3.8 years to the life of the loans
Production and intermediate-term	Added a weighted average 2.0 years to the life of the loans
Payment Deferral	
Production and intermediate-term	Added a weighted average of 9.0 months in payment extensions

There were no modifications to borrowers experiencing financial difficulty during the three months ended September 30, 2025.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the nine months ended September 30, 2024:

	Financial Effect	Financial Effect
	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2024
	Payment Deferral	Payment Deferral
	Added a weighted average 1.0 years to the life of the loans	Added a weighted average 1.0 years to the life of the loans
Real estate mortgage	Added a weighted average 1.0 years to the life of the loans	Added a weighted average 1.0 years to the life of the loans
Farm-related business	Added a weighted average 1.0 years to the life of the loans	Added a weighted average 1.0 years to the life of the loans
	Term Extension	Term Extension
	-	Added a weighted average 3.9 years to the life of the loans
Real estate mortgage	-	Added a weighted average 3.9 years to the life of the loans
	Combination- Term Extension and Payment Deferral	Combination- Term Extension and Payment Deferral
	-	Added a weighted average 7.8 months to the life of the loans and 7.8 months in payment extensions
Real estate mortgage	-	Added a weighted average 7.8 months to the life of the loans and 7.8 months in payment extensions

The following table sets forth the amortized cost at September 30, 2025 of loans to borrowers experiencing financial difficulties that defaulted during the nine months ended September 30, 2025, and received a modification in the twelve months before default

**Modified Loans that Subsequently Defaulted During the Nine Months Ended
September 30, 2025**

	Interest Rate Reduction	Payment Deferral
Real estate mortgage	\$ 325	\$ -
Production and intermediate-term	-	11,666
Total	\$ 325	\$ 11,666

There were no loans to borrowers experiencing financial difficulties that defaulted during the nine months ended September 30, 2024, and received a modification in the twelve months before default.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to September 30, 2025:

Nine Months Ended September 30, 2025				
Payment Status of Loans Modified in the Past 12 Months				
	Current	30-89 Days Past Due	90 Days or More Past Due	
Real estate mortgage	\$ 5,958	\$ 325	\$ -	
Production and intermediate-term	396	11,666	-	
Total	\$ 6,354	\$ 11,991	\$ -	

The following table sets forth an aging analysis at September 30, 2024, of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to September 30, 2024:

Nine Months Ended September 30, 2024				
Payment Status of Loans Modified in the Past 12 Months				
	Current	30-89 Days Past Due	90 Days or More Past Due	
Real estate mortgage	\$ 2,923	\$ -	\$ -	
Production and intermediate-term	2,595	-	-	
Farm-related business	1,961	-	1,327	
Total	\$ 7,479	\$ -	\$ 1,327	

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the nine months ended September 30, 2025, and the year ended December 31, 2024, were \$0, respectively.

Allowance for Credit Losses

The credit risk rating methodology is a key component of the association's allowance for credit losses evaluation and is generally incorporated into the association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15 percent of the association's lending and leasing limit base but the association's boards of directors have generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment are as follows:

	Real Estate Mortgage	Production and Intermediate Term	Farm related business	Rural Residential Real Estate	Energy and Water/Waste Disposal	Communication	International	Mission Related Investments	Lease Receivable	Total
Allowance for credit losses on loans:										
Balance at June 30, 2025	\$ 18,412	\$ 10,232	\$ 15,906	\$ 77	\$ 613	\$ 562	\$ 6	\$ 5	\$ 2,159	\$ 47,972
Charge-offs	(93)	(222)	-	-	-	-	-	-	-	(315)
Recoveries	2	195	2	-	-	-	-	-	-	199
Provision for (reversal of) loan losses	1,984	1,232	4,166	(14)	-	(34)	2	-	(179)	7,157
Balance at September 30, 2025	\$ 20,305	\$ 11,437	\$ 20,074	\$ 63	\$ 613	\$ 528	\$ 8	\$ 5	\$ 1,980	\$ 55,013
Balance at December 31, 2024	\$ 18,431	\$ 15,428	\$ 6,047	\$ 97	\$ 295	\$ 477	\$ -	\$ 6	\$ 1,363	\$ 42,144
Charge-offs	(4,554)	(24,539)	(86)	(36)	-	-	-	-	-	(29,215)
Recoveries	45	326	559	-	-	-	-	-	-	930
Provision for (reversal of) loan losses	6,383	20,222	13,554	2	318	51	8	(1)	617	41,154
Balance at September 30, 2025	\$ 20,305	\$ 11,437	\$ 20,074	\$ 63	\$ 613	\$ 528	\$ 8	\$ 5	\$ 1,980	\$ 55,013
Balance at June 30, 2024	\$ 15,818	\$ 7,706	\$ 4,612	\$ 124	\$ 435	\$ 715	\$ -	\$ 5	\$ 720	\$ 30,135
Charge-offs	(10)	(167)	1	-	-	-	-	-	-	(176)
Recoveries	-	164	198	-	-	-	-	-	(333)	29
Provision for (reversal of) loan losses	698	439	404	(9)	(54)	(4)	-	-	736	2,210
Balance at September 30, 2024	\$ 16,506	\$ 8,142	\$ 5,215	\$ 115	\$ 381	\$ 711	\$ -	\$ 5	\$ 1,123	\$ 32,198
Balance at December 31, 2023	\$ 15,859	\$ 4,929	\$ 7,505	\$ 152	\$ 404	\$ 668	\$ -	\$ 6	\$ 583	\$ 30,106
Charge-offs	(113)	(331)	(8,953)	(11)	-	-	-	-	-	(9,408)
Recoveries	1	586	383	-	-	-	-	-	-	970
Provision for (reversal of) loan losses	759	2,958	6,280	(26)	(23)	43	-	(1)	540	10,530
Balance at September 30, 2024	\$ 16,506	\$ 8,142	\$ 5,215	\$ 115	\$ 381	\$ 711	\$ -	\$ 5	\$ 1,123	\$ 32,198
Allowance for credit losses on unfunded commitments:										
Balance at June 30, 2025	\$ 19	\$ 276	\$ 154	\$ -	\$ 22	\$ 21	\$ 1	\$ -	\$ -	\$ 493
Provision for (reversal of) loan losses	(3)	39	(5)	-	(3)	2	-	-	-	30
Balance at September 30, 2025	\$ 16	\$ 315	\$ 149	\$ -	\$ 19	\$ 23	\$ 1	\$ -	\$ -	\$ 523
Balance at December 31, 2024	\$ 18	\$ 242	\$ 208	\$ -	\$ 11	\$ 20	\$ -	\$ -	\$ -	\$ 499
Provision for (reversal of) loan losses	(2)	73	(59)	-	8	3	1	-	-	24
Balance at September 30, 2025	\$ 16	\$ 315	\$ 149	\$ -	\$ 19	\$ 23	\$ 1	\$ -	\$ -	\$ 523
Balance at June 30, 2024	\$ 17	\$ 239	\$ 170	\$ -	\$ 13	\$ 7	\$ -	\$ -	\$ -	\$ 446
Provision for (reversal of) loan losses	2	12	16	-	1	-	-	-	-	31
Balance at September 30, 2024	\$ 19	\$ 251	\$ 186	\$ -	\$ 14	\$ 7	\$ -	\$ -	\$ -	\$ 477
Balance at December 31, 2023	\$ 25	\$ 167	\$ 201	\$ -	\$ 12	\$ 10	\$ -	\$ -	\$ -	\$ 415
Provision for (reversal of) loan losses	(6)	84	(15)	-	2	(3)	-	-	-	62
Balance at September 30, 2024	\$ 19	\$ 251	\$ 186	\$ -	\$ 14	\$ 7	\$ -	\$ -	\$ -	\$ 477

Discussion of Changes in Allowance for Credit Losses

The ACL increased by \$12,893 to \$55,536 at September 30, 2025, as compared to \$42,643 at December 31, 2024. This is largely due to a charge-off on one relationship and specific reserve on another. The association's specific reserves increased by \$7,541 to \$17,609 at September 30, 2025, as compared to \$10,068 at December 31, 2024.

The association's macroeconomic forecasts include a weighted average selection of a third-party vendor's economic scenarios over a reasonable and supportable forecast period of three years. The economic scenarios utilized in the September 30, 2025, estimate for the allowance for credit losses were based on the following: a baseline scenario, which represents a relatively stable economic environment; a downside scenario reflecting an economic recession during the forecast period; and an upside scenario that considers the potential for economic improvement relative to the baseline scenario. The economic forecasts incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

NOTE 3 —LEASES:

The association evaluates arrangements at inception to determine if it meets the criteria for a lease. Leases with an initial term of 12 months or less are not recorded on the balance sheet with lease expense recognized on a straight-line basis over the lease term. Operating leases with terms greater than 12 months are included in right of use asset-leases (ROU) and lease liabilities on the balance sheet.

ROU assets represent the association's right to use an underlying asset for the lease term and lease liabilities represent the association's obligation to make lease payments arising from the lease. Operating ROU assets and liabilities are recognized based on the present value of the lease payments over the lease term. As the rate implicit in the lease is generally not readily determinable for the association's operating leases, the discount rates used to determine the present value of the association's lease liability are based on the association's incremental borrowing rate at the lease commencement date and commensurate with the remaining lease term. The incremental borrowing rate for a lease is the association's cost of funds from the bank over a similar term at an amount equal to the lease payments in a similar economic environment. The association's lease terms may include options to extend or terminate the

lease when it is reasonably certain that the association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term and is included in “Occupancy and equipment” in the income statement.

The components of lease expense were as follows:

	Classification	For the Three Months Ended		For the Nine Months Ended	
		September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Operating lease expense	Operating	\$ 458	\$ 696	\$ 1,401	\$ 2,154
Short-term lease expense	Operating	72	65	279	230
Total lease expense		<u>\$ 530</u>	<u>\$ 761</u>	<u>\$ 1,680</u>	<u>\$ 2,384</u>

Other information related to leases was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 464	\$ 700	\$ 1,406	\$ 2,080
Right-of-use assets obtained in exchange for new lease obligations:				
Operating leases	127	(30)	817	999

Lease term and discount rate are as follows:

	September 30, 2025	December 31, 2024
Weighted average remaining lease term in years		
Operating leases	2.93	2.63
Weighted average discount rate		
Operating leases	4.3%	4.7%

Future minimum lease payments under non-cancellable leases as of September 30, 2025, were as follows:

	Operating Leases
2025 (excluding the nine months ended 9/30/2025)	\$ 463
2026	1,600
2027	1,121
2028	980
2029	680
Thereafter	561
Total lease payments	5,405
Less: interest	-
Total	<u>\$ 5,405</u>

NOTE 4 — MEMBERS EQUITY:

The association’s board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the association's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected patronage, equity retirements and other actions that may decrease the association’s permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an association’s customer base; and any other risk-oriented activities, such as funding and interest rate risk, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the association's goals and objectives with the board.

On January 19, 2021, the association issued \$200,000 in noncumulative perpetual preferred stock. The decision to issue preferred stock came in response to the high level of loan growth in 2020 and expected continued growth. The issuance carries an annual dividend rate of 5.00 percent paid quarterly. The issuance will be callable March 15, 2026, and quarterly thereafter. If not called, the dividend will reset for the next five years to 4.52 percent over the five-year treasury on the call date. The association has made dividend payments on March 15, June 15, and September 15, 2025, for a total amount of \$7,500.

Regulatory Capital Ratios

	Regulatory Minimums with Buffer	As of September 30, 2025	As of December 31, 2024
Risk-adjusted:			
Common equity tier 1 ratio	7.0%	10.2%	10.9%
Tier 1 capital ratio	8.5%	11.6%	12.4%
Total capital ratio	10.5%	11.9%	12.6%
Permanent capital ratio	7.0%	11.6%	12.4%
Non-risk-adjusted:			
Tier 1 leverage ratio	5.0%	12.6%	13.3%
UREE leverage ratio	1.5%	3.7%	4.6%

The details for the amounts used in the calculation of the regulatory capital ratios as of September 30, 2025:

90 Day Average Balances (dollars in thousands)	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	\$ 811,422	\$ 811,422	\$ 811,422	\$ 811,422
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	28,408	28,408	28,408	28,408
Allocated equities held ≥ 7 years	958,618	958,618	958,618	958,618
Nonqualified allocated equities not subject to retirement	-	-	-	-
Non-cumulative perpetual preferred stock	-	200,000	200,000	200,000
Allowance for loan losses and reserve for credit losses subject to certain limitations	-	-	50,419	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(295,989)	(295,989)	(295,989)	(295,989)
Other regulatory required deductions	(10,686)	(10,686)	(10,686)	(10,686)
	<u>\$ 1,491,773</u>	<u>\$ 1,691,773</u>	<u>\$ 1,742,192</u>	<u>\$ 1,691,773</u>
Denominator:				
Risk-adjusted assets excluding allowance	\$ 14,948,723	\$ 14,948,723	\$ 14,948,723	\$ 14,948,723
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(306,675)	(306,675)	(306,675)	(306,675)
Allowance for loan losses	-	-	-	(49,925)
	<u>\$ 14,642,048</u>	<u>\$ 14,642,048</u>	<u>\$ 14,642,048</u>	<u>\$ 14,592,123</u>

Non-risk-adjusted Capital Ratios

90 Day Average Balances

(dollars in thousands)

Numerator:

	Tier 1	UREE
	leverage ratio	leverage ratio
Unallocated retained earnings	\$ 811,422	\$ 811,422
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	28,408	-
Allocated equities held ≥ 7 years	958,618	-
Non-cumulative perpetual preferred stock	200,000	-

Regulatory Adjustments and Deductions:

Amount of allocated investments in other System institutions	(295,989)	(295,989)
Other regulatory required deductions	(10,686)	(10,686)
	<u>\$ 1,691,773</u>	<u>\$ 504,747</u>

Denominator:

Total Assets	\$ 13,792,856	\$ 13,792,856
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Regulatory Adjustments and Deductions:

Regulatory deductions included in tier 1 capital	(328,072)	(328,072)
	<u>\$ 13,464,784</u>	<u>\$ 13,464,784</u>

The association's accumulated other comprehensive income (loss) relates entirely to its nonpension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Salaries and employee benefits" in the Consolidated Statement of Comprehensive Income. The following table summarizes the changes in accumulated other comprehensive income (loss) for the nine months ended September 30:

	2025	2024
Accumulated other comprehensive income at January 1	\$ 1,189	\$ 2,851
Amortization of prior service (credit) included		
in salaries and employee benefits	-	(103)
Amortization of actuarial (gain) included		
in salaries and employee benefits	-	(63)
Other comprehensive (loss), net of tax	-	(166)
Accumulated other comprehensive income at September 30	<u>\$ 1,189</u>	<u>\$ 2,685</u>

NOTE 5 — INCOME TAXES:

The association conducts its business activities through two wholly-owned subsidiaries. Long-term mortgage lending activities are conducted through a wholly-owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are conducted through a wholly-owned PCA subsidiary. The PCA subsidiary and the ACA holding company are subject to income tax. The association operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the association can exclude from taxable income amounts distributed as qualified patronage dividends in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage dividends. Deferred taxes are recorded at the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the association and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized.

NOTE 6 — FAIR VALUE MEASUREMENTS:

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 14 to the 2024 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a recurring basis, which are measured at fair value at the end of each reporting period on the association's consolidated balance sheet, are summarized below. The association did not have any liabilities measured at fair value on a recurring basis.

<u>September 30, 2025</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in nonqualified benefit trusts	\$ 9,891	\$ -	\$ -	\$ 9,891
Total assets	\$ 9,891	\$ -	\$ -	\$ 9,891

<u>December 31, 2024</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in nonqualified benefit trusts	\$ 9,790	\$ -	\$ -	\$ 9,790
Total assets	\$ 9,790	\$ -	\$ -	\$ 9,790

Assets and liabilities measured at fair value on a nonrecurring basis, which are fair value measurements that are triggered by particular circumstances such as impaired assets, for each of the fair value hierarchy levels are summarized below. The association did not have any liabilities measured at fair value on a nonrecurring basis.

<u>September 30, 2025</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	\$ -	\$ -	\$ 11,386	\$ 11,386
Other property owned	-	-	1,460	1,460

<u>December 31, 2024</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	\$ -	\$ -	\$ 27,303	\$ 27,303
Other property owned	-	-	966	966

*Loans represents the fair value of certain loans that were evaluated for impairment under the authoritative guidance “Accounting by Creditors for Impairment of a Loan.” The fair value was based upon the underlying collateral since these were collateral-dependent loans for which real estate is the collateral. With regard to nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs, as each collateral property is unique. The association utilizes appraisals to value these loans and other property owned and take into account unobservable inputs, such as income and expense, comparable sales, replacement cost and comparability adjustments.

Valuation Techniques

As more fully discussed in Note 14 to the 2024 Annual Report to Stockholders, authoritative guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represents a brief summary of the valuation techniques used for the association’s assets and liabilities. For a more complete description, see Notes to the 2024 Annual Report to Stockholders.

Investments

Includes mortgage-backed securities issued by the Federal Agricultural Mortgage Corporation (Farmer Mac). Fair values are estimated using discounted cash flows considering market interest rates, estimated prepayment rates, probabilities of default and loss severities. Inputs depend significantly on management judgements and experience with the securities. These fair value measurements are classified as level 3 investments.

Assets Held in Nonqualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Standby Letters of Credit

The fair value of letters of credit approximate the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

Loans Evaluated for Impairment

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

Other Property Owned

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

Cash

For cash, the carrying amount is a reasonable estimate of fair value.

Loans

Fair value is estimated by discounting the expected future cash flows using the associations' current interest rates at which similar loans would be made to borrowers with similar credit risk. The discount rates are based on the associations' current loan origination rates as well as management's estimates of credit risk. Management has no basis to determine whether the fair values presented would be indicative of the value negotiated in an actual sale and could be less.

For purposes of estimating fair value of accruing loans, the loan portfolio is segregated into pools of loans with homogeneous characteristics. Expected future cash flows, primarily based on contractual terms, and interest rates reflecting appropriate credit risk are separately determined for each individual pool.

The fair value of loans in nonaccrual status that are current as to principal and interest is estimated as described above, with appropriately higher interest rates which reflect the uncertainty of continued cash flows. For collateral-dependent impaired loans, it is assumed that collection will result only from the disposition of the underlying collateral.

Commitments to Extend Credit

The fair value of commitments is estimated using the fees currently charged for similar agreements, taking into account the remaining terms of the agreements and the creditworthiness of the counterparties. For fixed-rate loan commitments, estimated fair value also considers the difference between current levels of interest rates and the committed rates.

NOTE 7 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs of nonpension other postretirement employee benefits for the nine and three months ended September 30:

	For the three months ended		For the nine months ended	
	Other Benefits		Other Benefits	
	September 30,		September 30,	
	2025	2024	2025	2024
Service Cost	\$ 56	\$ 60	\$ 169	\$ 181
Interest Cost	313	295	940	885
Expected return on plan assets	-	-	-	-
Amortization of prior service (credits)	-	(34)	-	(103)
Amortization of net actuarial (gain)	-	(21)	-	(63)
Net periodic benefit cost	<u>\$ 369</u>	<u>\$ 300</u>	<u>\$ 1,109</u>	<u>\$ 900</u>

The association's liability for the unfunded accumulated obligation for these benefits at September 30, 2025, was \$24,344 and is included in "Unfunded post-retirement medical obligations" in the balance sheet.

The structure of the district's defined benefit pension plan is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (bank and associations). The association recognizes its amortized annual contributions to the plan as an expense.

NOTE 8 — COMMITMENTS AND CONTINGENT LIABILITIES:

The association is involved in various legal proceedings in the normal course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the association.

NOTE 9 — SEGMENT REPORTING:

The association's operations fall under one reportable segment. As per regulation and as discussed in Note 1, "Organization and Significant Account Policies," our business activities are primarily focused on providing financial services and credit to borrowers in the farming, ranching, agribusiness and rural community sectors. The association provides funding either by directly financing the eligible borrowers or indirectly financing through the purchase of participation loans in collaboration with other Farm Credit entities and other financial institutions. For the nine months ended September 30, 2025, and 2024, there were no relationships with revenues in excess of 10 percent of the association's total revenues. Total revenues are comprised of interest income and noninterest income.

The accounting policies for this segment are the same as those discussed in Note 2 of the 2024 Annual Report to Stockholders, "Summary of Significant Accounting Policies." The association's chief operating decision maker (CODM) is its chief executive officer, who uses net income as presented on the Statements of Comprehensive Income, as the reportable measure of segment profit or loss, to monitor actual versus plan results and benchmarking the association's performance with peers. The benchmarking analysis, along with the monitoring of actual versus plan results, are used in assessing performance of the association and in establishing recommendations on management's compensation. The measure of segment assets is reported on the Consolidated Balance Sheet as total assets. There is no separate segment financial information as the association only has one segment.

NOTE 10 — SUBSEQUENT EVENTS:

The association has evaluated subsequent events through November 6, 2025, which is the date the financial statements were issued and there are no other significant events requiring disclosure as of this date.