
Farm Credit of Florida, ACA

THIRD QUARTER 2025

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2025 quarterly report of Farm Credit of Florida, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

/s/ John Gregory
Chief Executive Officer

/s/ Laura Craker
Chief Financial Officer

/s/ Wayne H. Simmons
Chairman of the Board

November 7, 2025

Report on Internal Control Over Financial Reporting

The Association’s principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association’s Consolidated Financial Statements. For purposes of this report, “internal control over financial reporting” is defined as a process designed by, or under the supervision of the Association’s principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel. This process provides reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association’s assets that could have a material effect on its Consolidated Financial Statements.

The Association’s management has completed an assessment of the effectiveness of internal control over financial reporting as of September 30, 2025. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the “COSO” criteria.

Based on the assessment performed, the Association’s management concluded that as of September 30, 2025, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association’s management determined that there were no material weaknesses in the internal control over financial reporting as of September 30, 2025.

/s/ John Gregory
Chief Executive Officer

/s/ Laura Craker
Chief Financial Officer

November 7, 2025

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

(dollars in thousands)

The following commentary reviews the financial condition and results of operations of Farm Credit of Florida, ACA (Association) for the period ended September 30, 2025, with comparisons to prior periods. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2024 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities in the northern and southern regions of Florida. The commodities include but are not limited to cattle, citrus, dairy, equine, field crops, nurseries, sugar, timber, tropical fruits, and vegetables with no significant single concentration. The largest commodity in the Association's loan portfolio is equine representing 18.6% of the portfolio. Repayment ability remains closely related to the commodities produced by our borrowers with some having supplemental nonfarm income. Farm size varies throughout the regions and many borrowers have diversified farming operations. This factor, along with numerous opportunities for non-farm income in the territory, reduces the level of repayment dependency on a single agricultural commodity.

The Association and its members were impacted by three separate hurricanes during 2024. Hurricane Debby made landfall near Steinhatchee as a Category 1 storm. Hurricane Helene struck near Perry with Category 4 intensity, and Hurricane Milton was a Category 3 storm that made its landfall near Sarasota. While a very small number of clients may have unresolved insurance claims, essentially all of the prospective adverse impacts are known to the Association at the present time. Loss reduction options are available for some of our customers to help to mitigate the impacts associated with these storm events. These include loan guarantees, crop insurance, and state and federal disaster relief. The Florida Department of Agriculture and Consumer Services offered a special disaster relief loan program with amounts up to \$500,000. This program offers a 0% interest rate and potentially allows for a portion of the indebtedness to be forgiven in the third year of a 10 year total term. Remaining impacts to our loan portfolio are not expected to be material, and the Association is well capitalized with adequate allowance for credit losses should any unforeseen condition arise.

United States agricultural products have been negatively affected by tariff negotiations. These impacts include reduced export demand, increased input costs, and loss of market share. According to the American Farm Bureau Federation, exports make up about 20% of America's farm income which are expected to be impacted by the proposed tariffs. Approximately half of the U.S. soybean crop is exported, with China being a historical major purchaser. If the timeframe to negotiate final trade agreements remains protracted, subsidies may be considered for certain U.S. grain producers. The Association has limited exposure to soybeans which represent less than 1% of the portfolio. Management will monitor for potential impacts to the overall portfolio from the proposed tariffs.

Inflation declined in the last half of 2023 as interest rates rose. The CPI increased moderately during 2024 with a December trailing 12 month change of 2.9%. The all items CPI inflation rate showed an increase in August, which is likely correlated to tariff implementation. For the 12 months ending August 2025, the index rose 2.9% compared to the 2.7% level for the 12 months ending in July. Additional observation will be necessary to determine if the recent CPI increases influenced by tariff impacts will prove to be one-time events. Over the last 12 months, the all items less food and energy index rose 3.1%, with the energy index increasing 0.2% and the food index increasing 3.2%. Consumer spending continues to be resilient overall, despite signs of stress like higher default rates on consumer debt and higher credit card balances. Consumer sentiment has recently shown negative trends resulting from generally higher prices, tariff uncertainties, and a weakening employment outlook. The Florida unemployment rate was 3.8% at the end of August 2025, comparing favorably to the national average of 4.3% which is above the level when Florida's economy entered the pandemic with an unemployment rate of 2.7%. Florida's unemployment rate has rebounded after exceeding 14% earlier in 2020. Most economic forecasts indicate a continued rise in both national and state unemployment rates until late 2026.

The Federal Open Market Committee (FOMC) raised its target range for the fed funds rate by 525 bps in 2022 and 2023 including increasing the balance sheet run-off of Treasury securities and agency debt to combat inflation. However, recent indicators suggest that economic activity and job gains have slowed. The unemployment rate has moved up but remains relatively low. Inflation progress towards the FOMC's objective resulted in a 100 bps fed funds rate cut during the tail end of 2024. As rising unemployment and slow job creation came into focus, the FOMC implemented a 25 bps rate cut in September of this year, and most forecasts indicate at least one additional 25 bps fed funds rate cut by the end of 2025. In addition, the FOMC has curtailed the maximum monthly balance sheet run-off of Treasuries and agency debt. The FOMC seeks to achieve maximum employment and inflation at 2% over the longer run.

Most commodity groups within the portfolio have experienced generally favorable operating results over the last two production seasons; however, citrus producers remain impacted by citrus greening disease and the residual impact of the 2024 hurricanes. The various challenges from citrus greening disease have caused reduced production and declines in overall profitability for most producers. The final 2022/2023 USDA production report indicated a 62% decrease in production for the 2022/2023 orange crop, following a 22% decline the previous season. The 2023/2024 season report indicated a 14% rebound in Florida orange production, however, the August USDA report for the 2024/2025 season indicated a 32% decrease to 12.2 million boxes due to the ongoing production challenges combined with the effects of Hurricane Milton. UF's Institute of Food and Agricultural Sciences (IFAS) estimates that Hurricane Milton will result in citrus production losses ranging from \$23 million to \$55 million. Despite the stresses within the production environment, the Association's citrus portfolio has continued to perform satisfactorily with performance issues isolated to only a few stressed growers. The dairy industry has also remained under stress due to supply and demand dynamics, reduced government price supports as well as high feed and fuel costs. Most of the Association's dairy loans are to the fluid milk producers who had experienced depressed commodity prices for several years. The 2026 forecasted national average all milk price was recently adjusted downward to \$20.40 per cwt due to higher expected production from increased herd size and slightly improved milk per cow. The Association will continue to monitor the prospective impacts of input costs, trade negotiations, and Avian Influenza on the outlook for the industry.

The horticultural or nursery segment has remained satisfactory, although future sales and profits will likely be influenced by recent volatility in mortgage interest rates and consumer sentiment. Performance in this sector could soften further as big box home improvement retailers see sales declines and home construction and sales continue to slow. The forestry industry has also experienced challenges as packaging and housing, including renovation and repair markets, has slowed domestically and global trade remains a concern. New tariffs were recently implemented on Canadian lumber, and the impact on U.S. domestic prices will start to take shape in the coming months. The beef cattle industry has strengthened as smaller herd sizes and ongoing strong demand has led to strong prices while feed and transportation cost increases have moderated.

The total loan volume of the Association as of September 30, 2025, was \$1,691,918, an increase of \$83,958 or 5.22 percent as compared to \$1,607,960 at December 31, 2024. The increase in total loan volume during the period is primarily attributed to funding operating lines of credit and term loans.

The Association remains active in the buying and selling of loan participations within and outside of the System. This provides a means for the Association to spread credit concentration risk and realize non-patronage sourced interest and fee income, which may strengthen our capital position. As of September 30, 2025, participations purchased totaled \$524,540 and participations sold totaled \$136,848, resulting in \$387,692 net participations purchased.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Compared to year end 2024, decreases in OAEM and increases in substandard loans are from downgrades mostly in the dairy and nursery commodity groups. Acceptable and OAEM credit quality, as a percentage of the total loan portfolio, was 98.87 percent as of September 30, 2025, compared to 99.54 percent on December 31, 2024.

Nonaccrual loans decreased from \$3,376 at December 31, 2024, to \$2,368 at September 30, 2025. As a percent of total loans, nonaccrual loans were 0.14 percent and 0.21 percent at September 30, 2025 and December 31, 2024, respectively. The decrease in nonaccrual loans is attributed to liquidations in the dairy commodity group. Other property owned decreased \$232 or 23.60 percent to \$751 on September 30, 2025 from \$983 on December 31, 2024. Distributions of equity investments in two companies in the tree fruits and nuts commodity group were received during 2025.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACL). The ACL at September 30, 2025, was \$4,799 or 0.28 percent of total loans compared to \$4,430 or 0.28 percent of total loans at December 31, 2024, and is considered by management to be adequate to cover estimated current

and expected losses within the loan portfolio. See further detail on the Association's ACL within the Association's Annual Report and discussion of provision for credit loss within the *Results of Operations* below.

RESULTS OF OPERATIONS

For the three months ended September 30, 2025

Net income for the three months ended September 30, 2025, was \$8,244, an increase of \$1,017 as compared to net income of \$7,227 for the same period ended in 2024. The increase is primarily attributed to a decrease in provision for credit losses expense and an increase in net interest income.

For the three months ended September 30, 2025, net interest income was \$12,967, an increase of \$572, and the net interest margin was 3.11%, a decrease of 12 basis points as compared to the same period ended in 2024. The increase in net interest income was primarily the result of loan volume growth over the past 12 months.

The reversal of allowance for credit losses for the three months ended September 30, 2025, was \$773, a decrease in expense of \$835 from the provision for credit losses of \$62 for the same period ended during the prior year. The provision expense reversal in 2025 is attributed to lower reserves required from improvement in macroeconomic forecasts of future conditions. The provision expense in 2024 is attributed to reserves required on loan volume growth during the period.

Noninterest income decreased \$226 to \$3,957 during the three months ended September 30, 2025 compared to the same period ended during the prior year primarily due to a decrease in patronage refunds from other Farm Credit institutions offset by an increase in fees for financially related services.

For the three months ended September 30, 2025, noninterest expense increased \$164 to \$9,453 compared to the same period ended in 2024 primarily due to an increase in other operating expenses resulting from higher employee travel to attend in person staff meetings and industry conferences.

For the nine months ended September 30, 2025

Net income for the nine months ended September 30, 2025, was \$21,865, a decrease of \$7,426 as compared to net income of \$29,291 for the same period ended in 2024. The decrease is primarily attributed to an increase in provision for credit losses expense and a decline in noninterest income.

For the nine months ended September 30, 2025, net interest income was \$38,867, an increase of \$536, and the net interest margin was 3.19%, a decrease of 13 basis points as compared to the same period ended in 2024. The increase in net interest income was primarily the result of higher net interest income on loan volume growth over the past 12 months offset by lower interest recoveries on nonaccrual loan liquidations.

The provision for credit losses for the nine months ended September 30, 2025, was \$546, an increase in expense of \$4,718 from the reversal of credit losses of \$4,172 for the same period ended during the prior year. The provision expense in 2025 is attributed to higher reserves required from deterioration in macroeconomic forecasts of future conditions and loan volume growth. The reversal in 2024 is attributed to lower reserves required as a result of adoption of updated historical loss rate assumptions.

Noninterest income decreased \$1,730 to \$11,804 during the first nine months of 2025 compared with the first nine months of 2024 primarily due to a decrease in patronage refunds from other Farm Credit institutions and a decline in Insurance Funds refunds.

In March 2025 and April 2024, the Association recorded \$243 and \$422, respectively of insurance premium refunds from the Farm Credit System Insurance Corporation (FCSIC), which insures the System's debt obligations. These payments are nonrecurring and resulted from the assets of the Farm Credit Insurance Fund exceeding the secure base amount as defined by the Farm Credit Act.

For the nine months ended September 30, 2025, noninterest expense increased \$1,514 to \$28,260 compared to the same period ended in 2024 primarily due to an increase in purchased services resulting from an increase in the Bank's cost of services provided to the Association.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at September 30, 2025, was \$1,327,905 as compared to \$1,246,458 at December 31, 2024.

CAPITAL RESOURCES

Total members' equity at September 30, 2025, was \$390,619, an increase of \$21,908 from a total of \$368,711 at December 31, 2024. The increase is primarily attributed to net income during the period. Total capital stock and participation certificates were \$2,843 on September 30, 2025, compared to \$2,804 on December 31, 2024. The increase is attributed to capital stock purchased by new members.

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

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	9/30/25	12/31/24	9/30/24
Permanent Capital Ratio	7.00%	19.05%	19.62%	19.85%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	19.00%	19.57%	19.80%
Tier 1 Capital Ratio	8.50%	19.00%	19.57%	19.80%
Total Regulatory Capital Ratio	10.50%	19.36%	19.87%	20.10%
Tier 1 Leverage Ratio**	5.00%	21.35%	21.98%	22.43%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	17.81%	18.28%	18.60%

*Include full capital conservation buffers.

**The Tier 1 Leverage Ratio must include a minimum of 1.50% of URE and URE equivalents.

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

REGULATORY MATTERS

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

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

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

Note: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P. O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's annual and quarterly reports are also available upon request, free of charge, by calling (561)-965-9001, or writing Laura Craker, CFO, Farm Credit of Florida, ACA, P. O. Box 213069, West Palm Beach, FL 33421, or accessing the website, www.farmcreditfl.com. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Farm Credit of Florida, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	September 30, 2025 <i>(unaudited)</i>	December 31, 2024 <i>(audited)</i>
Assets		
Cash	\$ 17	\$ 16
Investments in debt securities:		
Held to maturity	1,553	1,612
Loans	1,691,918	1,607,960
Allowance for credit losses on loans	(4,799)	(4,430)
Net loans	1,687,119	1,603,530
Accrued interest receivable	10,201	9,843
Equity investments in other Farm Credit institutions	30,019	25,865
Premises and equipment, net	9,785	8,040
Other property owned	751	983
Accounts receivable	6,917	11,791
Other assets	2,063	2,089
Total assets	\$ 1,748,425	\$ 1,663,769
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 1,327,905	\$ 1,246,458
Accrued interest payable	4,981	4,568
Patronage refunds payable	333	20,255
Accounts payable	5,841	4,695
Advanced conditional payments	10,189	9,918
Other liabilities	8,557	9,164
Total liabilities	1,357,806	1,295,058
Commitments and contingencies (Note 6)		
Members' Equity		
Protected borrower stock	445	445
Capital stock and participation certificates	2,398	2,359
Additional paid-in-capital	7,873	7,873
Retained earnings		
Allocated	153,232	153,271
Unallocated	226,787	204,884
Accumulated other comprehensive income (loss)	(116)	(121)
Total members' equity	390,619	368,711
Total liabilities and members' equity	\$ 1,748,425	\$ 1,663,769

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

Farm Credit of Florida, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest Income				
Loans	\$ 27,980	\$ 26,020	\$ 81,549	\$ 78,644
Investments	23	28	74	81
Total interest income	28,003	26,048	81,623	78,725
Interest Expense	15,036	13,653	42,756	40,394
Net interest income	12,967	12,395	38,867	38,331
Provision for (reversal of) allowance for credit losses	(773)	62	546	(4,172)
Net interest income after provision for (reversal of) allowance for credit losses	13,740	12,333	38,321	42,503
Noninterest Income				
Loan fees	235	261	658	666
Fees for financially related services	1,360	1,029	3,919	3,429
Patronage refunds from other Farm Credit institutions	2,257	2,708	6,751	8,406
Gains (losses) on sales of rural home loans, net	4	81	60	180
Gains (losses) on sales of premises and equipment, net	1	1	—	173
Gains (losses) on other transactions	72	65	89	152
Insurance Fund refunds	—	—	243	422
Other noninterest income	28	38	84	106
Total noninterest income	3,957	4,183	11,804	13,534
Noninterest Expense				
Salaries and employee benefits	5,615	5,518	17,077	16,977
Occupancy and equipment	369	333	1,082	1,038
Insurance Fund premiums	320	292	940	890
Purchased services	1,827	2,016	5,592	4,603
Data processing	40	84	131	206
Other operating expenses	1,273	1,046	3,309	3,028
(Gains) losses on other property owned, net	9	—	129	4
Total noninterest expense	9,453	9,289	28,260	26,746
Net income	\$ 8,244	\$ 7,227	\$ 21,865	\$ 29,291
Employee benefit plans adjustments	2	2	5	6
Comprehensive income	\$ 8,246	\$ 7,229	\$ 21,870	\$ 29,297

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

Farm Credit of Florida, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

<i>(dollars in thousands)</i>	Protected Borrower Stock	Capital Stock and Participation Certificates	Additional Paid-in-Capital	Retained Earnings		Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
				Allocated	Unallocated		
Balance at December 31, 2023	\$ 445	\$ 2,399	\$ 7,873	\$ 147,634	\$ 193,037	\$ (144)	\$ 351,244
Comprehensive income					29,291	6	29,297
Capital stock/participation certificates issued/(retired), net		(49)					(49)
Patronage distribution adjustment				649	(651)		(2)
Balance at September 30, 2024	\$ 445	\$ 2,350	\$ 7,873	\$ 148,283	\$ 221,677	\$ (138)	\$ 380,490
Balance at December 31, 2024	\$ 445	\$ 2,359	\$ 7,873	\$ 153,271	\$ 204,884	\$ (121)	\$ 368,711
Comprehensive income					21,865	5	21,870
Capital stock/participation certificates issued/(retired), net		39					39
Patronage distribution adjustment				(39)	38		(1)
Balance at September 30, 2025	\$ 445	\$ 2,398	\$ 7,873	\$ 153,232	\$ 226,787	\$ (116)	\$ 390,619

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

Farm Credit of Florida, ACA

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)

(unaudited)

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

Organization

The accompanying financial statements include the accounts of Farm Credit of Florida, ACA and its Production Credit Association (PCA) and Federal Land Credit Association (FLCA) subsidiaries (collectively, the Association). Descriptions of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2024, are contained in the 2024 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

Certain amounts in the prior period's consolidated financial statements have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The results of any interim period are not necessarily indicative of those to be expected for a full year.

Significant Accounting Policies

The Association's accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period, and the related disclosures. Although these estimates contemplate current conditions and expectations of change in the future, it is reasonably possible that actual conditions may be different than anticipated, which could materially affect results of operations and financial condition.

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*) and financial instruments (Note 5, *Fair Value Measurement*). Actual results could differ from those estimates.

For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

Recently Issued or Adopted Accounting Pronouncements

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

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

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	September 30, 2025	December 31, 2024
Real estate mortgage	\$ 962,134	\$ 875,948
Production and intermediate-term	265,902	261,688
Agribusiness:		
Loans to cooperatives	35,103	33,171
Processing and marketing	191,962	191,830
Farm-related business	41,030	43,584
Rural infrastructure:		
Communication	80,264	82,457
Power and water/waste disposal	68,067	75,279
Rural residential real estate	22,037	20,733
Other:		
International	21,526	19,065
Other (including Mission Related)	3,893	4,205
Total loans	\$ 1,691,918	\$ 1,607,960

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

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

	September 30, 2025	December 31, 2024
Real estate mortgage:		
Acceptable	97.40%	98.06%
OAEM	2.15	1.31
Substandard/doubtful/loss	0.45	0.63
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	91.06%	92.83%
OAEM	8.73	6.58
Substandard/doubtful/loss	0.21	0.59
	100.00%	100.00%
Agribusiness:		
Acceptable	94.03%	94.38%
OAEM	0.68	5.55
Substandard/doubtful/loss	5.29	0.07
	100.00%	100.00%
Rural infrastructure:		
Acceptable	96.85%	96.18%
OAEM	3.15	3.82
Substandard/doubtful/loss	—	—
	100.00%	100.00%
Rural residential real estate:		
Acceptable	99.42%	99.45%
OAEM	0.22	0.16
Substandard/doubtful/loss	0.36	0.39
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	—	—
Substandard/doubtful/loss	—	—
	100.00%	100.00%
Total loans:		
Acceptable	95.89%	96.45%
OAEM	2.98	3.09
Substandard/doubtful/loss	1.13	0.46
	100.00%	100.00%

Accrued interest receivable on loans of \$10,167 and \$9,829 at September 30, 2025 and December 31, 2024, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

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

	September 30, 2025					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	\$ 677	\$ 1,850	\$ 2,527	\$ 959,607	\$ 962,134	\$ —
Production and intermediate-term	2,229	312	2,541	263,361	265,902	—
Agribusiness	—	—	—	268,095	268,095	—
Rural infrastructure	—	—	—	148,331	148,331	—
Rural residential real estate	48	80	128	21,909	22,037	—
Other	—	—	—	25,419	25,419	—
Total	\$ 2,954	\$ 2,242	\$ 5,196	\$ 1,686,722	\$ 1,691,918	\$ —

	December 31, 2024					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real estate mortgage	\$ 1,172	\$ 758	\$ 1,930	\$ 874,018	\$ 875,948	\$ —
Production and intermediate-term	334	978	1,312	260,376	261,688	—
Agribusiness	—	—	—	268,585	268,585	—
Rural infrastructure	—	—	—	157,736	157,736	—
Rural residential real estate	—	80	80	20,653	20,733	—
Other	—	—	—	23,270	23,270	—
Total	\$ 1,506	\$ 1,816	\$ 3,322	\$ 1,604,638	\$ 1,607,960	\$ —

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

	September 30, 2025		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans:			
Real estate mortgage	\$ —	\$ 1,972	\$ 1,972
Production and intermediate-term	309	7	316
Rural residential real estate	—	80	80
Total	\$ 309	\$ 2,059	\$ 2,368

	December 31, 2024		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Nonaccrual loans:			
Real estate mortgage	\$ —	\$ 1,908	\$ 1,908
Production and intermediate-term	512	677	1,189
Agribusiness	—	199	199
Rural residential real estate	—	80	80
Total	\$ 512	\$ 2,864	\$ 3,376

The Association recognized \$45 and \$46 of interest income on nonaccrual loans during the three months ended September 30, 2025 and September 30, 2024, respectively. The Association recognized \$157 and \$374 of interest income on nonaccrual loans during the nine months ended September 30, 2025 and September 30, 2024, respectively.

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

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

	Three Months Ended September 30,	
	2025	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 5,383	\$ 4,326
Charge-offs	(11)	—
Recoveries	6	9
Provision for credit losses on loans	(579)	107
Balance at end of period	\$ 4,799	\$ 4,442
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 1,313	\$ 971
Provision for unfunded commitments	(194)	(45)
Balance at end of period	\$ 1,119	\$ 926
Total allowance for credit losses	\$ 5,918	\$ 5,368

	Nine Months Ended September 30,	
	2025	2024
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 4,430	\$ 9,366
Charge-offs	(36)	(787)
Recoveries	38	64
Provision for credit losses on loans	367	(4,201)
Balance at end of period	\$ 4,799	\$ 4,442
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 940	\$ 897
Provision for unfunded commitments	179	29
Balance at end of period	\$ 1,119	\$ 926
Total allowance for credit losses	\$ 5,918	\$ 5,368

Based on the Association's historical default and loss severity experience, updated loss rate assumptions over the remaining lives of the loans in the portfolio were adopted during the second quarter of 2024 which reduced the amount of required Allowance for Credit Losses.

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

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

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

Note 3 — Investments

Investments in Debt Securities

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

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

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

	September 30, 2025	December 31, 2024
	Amortized Cost	
RABs	\$ 1,378	\$ 1,374
ABSs	175	238
Total	\$ 1,553	\$ 1,612

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

	Amortized Cost
In one year or less	\$ —
After one year through five years	29
After five years through ten years	146
After ten years	1,378
Total	\$ 1,553

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

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

Equity Investments in Other Farm Credit System Institutions

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

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 4.20% of the issued stock and allocated retained earnings of the Bank as of September 30, 2025 net of any reciprocal investment. As of that date, the Bank's assets totaled \$49.2 billion and shareholders' equity totaled \$2.2 billion. The Bank's earnings were \$203 million for the first nine months of 2025. In addition, the Association held investments of \$1,431 related to other Farm Credit institutions.

Note 4 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

	Changes in Accumulated Other Comprehensive Income by Component (a)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Employee Benefit Plans:				
Balance at beginning of period	\$ (118)	\$ (140)	\$ (121)	\$ (144)
Other comprehensive income before reclassifications	—	—	—	—
Amounts reclassified from AOCI	2	2	5	6
Net current period other comprehensive income	2	2	5	6
Balance at end of period	\$ (116)	\$ (138)	\$ (116)	\$ (138)

	Reclassifications Out of Accumulated Other Comprehensive Income (b)				
	Three Months Ended September 30,		Nine Months Ended September 30,		Income Statement Line Item
	2025	2024	2025	2024	
Defined Benefit Pension Plans:					
Periodic pension costs	\$ (2)	\$ (2)	\$ (5)	\$ (6)	Salaries and employee benefits
Net amounts reclassified	\$ (2)	\$ (2)	\$ (5)	\$ (6)	

(a) Amounts in parentheses indicate debits to AOCI.

(b) Amounts in parentheses indicate debits to profit/loss.

Note 5 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders for additional information.

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

September 30, 2025						
	Fair Value Measurement Using			Total Fair Value		
	Level 1	Level 2	Level 3			
Recurring assets						
Assets held in trust funds	\$ 1,586	\$ —	\$ —	\$		\$ 1,586
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ —	\$		\$ —
Other property owned	\$ —	\$ —	\$ 751	\$		\$ 751

December 31, 2024						
	Fair Value Measurement Using			Total Fair Value		
	Level 1	Level 2	Level 3			
Recurring assets						
Assets held in trust funds	\$ 1,691	\$ —	\$ —	\$		\$ 1,691
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ 138	\$		\$ 138
Other property owned	\$ —	\$ —	\$ 983	\$		\$ 983

Valuation Techniques

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

Assets held in trust funds

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

Nonaccrual loans

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

Other property owned

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

Note 6 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association. Because it is remote that the Association will incur a loss or the loss is not estimable, no liability has been recorded for claims that may be pending.

Note 7 — Subsequent Events

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