

# **ALABAMA AG CREDIT, ACA**

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## **2025 Quarterly Report**



**For the Quarter Ended September 30, 2025**

## REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been 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/ Nicolas Hartley  
Nicolas Hartley, Chief Executive Officer  
*November 7, 2025*

/s/ Larry H. Gibson, Jr.  
Larry H. Gibson, Jr., Chairman, Board of Directors  
*November 7, 2025*

/s/ Heather Smith  
Heather Smith, Sr. VP/Chief Financial Officer  
*November 7, 2025*

/s/ Richard M. Stabler  
Richard M. Stabler, CPA, retired, Chairman, Audit Committee  
*November 7, 2025*

# ***Third Quarter 2025 Financial Report***

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**ALABAMA AG CREDIT, ACA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following commentary reviews the financial performance of the Alabama Ag 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. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

*Significant Events:*

In January 2025, the Farm Credit Bank of Texas' (the Bank) board approved a change to the Bank's capitalization policy. Through 2024, Associations and qualifying OFIs were required to maintain an investment in the Bank equal to 2.0 percent of their average borrowings from the Bank as determined on an annual basis. Beginning in 2025, this investment requirement increased to 2.5 percent of their average borrowings from the Bank and will be determined on a semi-annual basis. Based on the increase in average borrowings from the Bank, the policy change required an additional \$6.5 million investment by the Association that was contributed on March 1, 2025.

Additionally, in the third quarter, the Bank, to improve its capital position, announced that patronage paid on direct note balances would be lower than expected. The Association reduced the accrual for patronage income to match this projection.

*Loan Portfolio*

Total loans outstanding at September 30, 2025, including nonaccrual loans and sales contracts, were \$1,537,935,495 compared to \$1,393,862,228 at December 31, 2024, reflecting an increase of 10.3 percent. Nonaccrual loans as a percentage of total loans outstanding were 1.3 percent at September 30, 2025, compared to 0.3 percent at December 31, 2024.

The Association recorded \$1,062 in recoveries and \$1,787,738 in charge-offs for the three months ending September 30, 2025, and \$733 in recoveries and \$0 in charge-offs for the three months ending September 30, 2024. The Association recorded \$2,131 in recoveries and \$1,790,817 in charge-offs for the nine months ending September 30, 2025, and \$8,006 in recoveries and \$0 in charge-offs for the nine months ending September 30, 2024. The Association's allowance for loan losses was 0.8 percent and 0.7 percent of total loans outstanding as of September 30, 2025, and December 31, 2024, respectively.

*Risk Exposure*

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

|                                              | High-Risk Assets     |               |                     |               |
|----------------------------------------------|----------------------|---------------|---------------------|---------------|
|                                              | September 30, 2025   |               | December 31, 2024   |               |
|                                              | Amount               | %             | Amount              | %             |
| Nonaccrual                                   | \$ 19,779,611        | 93.7%         | \$ 4,837,342        | 99.6%         |
| 90 days past due and still accruing interest | 1,348,618            | 6.3%          | 21,250              | 0.4%          |
| <b>Total</b>                                 | <b>\$ 21,128,229</b> | <b>100.0%</b> | <b>\$ 4,858,592</b> | <b>100.0%</b> |

## Results of Operations

The Association had net income of \$1,828,739 and \$13,805,044 for the three and nine months ended September 30, 2025, as compared to net income of \$5,990,893 and \$15,333,027 for the same period in 2024, reflecting a decrease of 30.5 percent and 10.0 percent. Net interest income was \$9,947,337 and \$29,129,819 for the three and nine months ended September 30, 2025, compared to \$9,000,203 and \$27,197,675 for the same period in 2024.

|                              | Months Ended          |                      |                       |                      |
|------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                              | September 30,<br>2025 |                      | September 30,<br>2024 |                      |
|                              | Average<br>Balance    | Interest             | Average<br>Balance    | Interest             |
| Loans                        | \$ 1,469,880,657      | \$ 66,900,866        | \$ 1,346,110,054      | \$ 59,340,043        |
| Interest-bearing liabilities | 1,253,267,214         | 37,771,047           | 1,133,065,823         | 32,142,368           |
| Impact of capital            | <u>\$ 216,613,443</u> |                      | <u>\$ 213,044,231</u> |                      |
| Net interest income          |                       | <u>\$ 29,129,819</u> |                       | <u>\$ 27,197,675</u> |

  

|                                                               | 2025          | 2024          |
|---------------------------------------------------------------|---------------|---------------|
|                                                               | Average Yield | Average Yield |
| Yield on loans                                                | 6.1%          | 5.9%          |
| Cost of interest-bearing liabilities                          | 4.0%          | 3.8%          |
| Interest rate spread                                          | 2.1%          | 2.1%          |
| Net interest income as a percentage of average earning assets | 2.6%          | 2.7%          |

|                         | Months Ended                              |                     |                     |
|-------------------------|-------------------------------------------|---------------------|---------------------|
|                         | September 30, 2025 vs. September 30, 2024 |                     |                     |
|                         | Increase (decrease) due to                |                     |                     |
|                         | Volume                                    | Rate                | Total               |
| Interest income - loans | \$ 5,451,435                              | \$ 2,109,388        | \$ 7,560,823        |
| Interest expense        | 3,406,830                                 | 2,221,849           | 5,628,679           |
| Net interest income     | <u>\$ 2,044,605</u>                       | <u>\$ (112,461)</u> | <u>\$ 1,932,144</u> |

Interest income for the three and nine months ended September 30, 2025, increased by \$1,139,065 and \$7,560,823, or 16.9 percent and 12.7 percent, respectively, from the same periods of 2024, primarily due to increases in yields on earning assets and an increase in average loan volume. Interest expense for the three and nine months ended September 30, 2025, increased by \$793,514 and \$5,628,679, or 21.3 percent and 17.5 percent, from the same periods of 2024 due to an increase in interest rates and an increase in average debt volume. Average loan volume for the third quarter of 2025 was \$1,518,071,511, compared to \$1,344,234,466 in the third quarter of 2024. The average net interest rate spread on the loan portfolio for the third quarter of 2025 was 1.8 percent, compared to 2.1 percent in the third quarter of 2024.

Noninterest income for the three months ending September 30, 2025, decreased by \$731,725, or 59.4 percent while noninterest income for the nine months ended September 30, 2025 decreased by \$698,652, or 17.6 percent, over the same period of 2024. The decrease for the three-month period is due primarily to a reversal of accrued patronage income. The decrease in accrued patronage income is the result a reduction in the percentage of patronage projected by the Bank partially offset by an increased average direct loan volume due to growth of the Association in the first nine months of the year.

Noninterest expenses for the three months and nine months ended September 30, 2025, increased by \$342,433 and \$825,703, or 7.8 percent and 6.0 percent, respectively from the same period in 2024. The increase is primarily due to increased salaries and benefits, travel and other noninterest expense offset by a decrease in occupancy and equipment expense and public and member relations. Salaries increased with annual increases. The increase in travel is due to an increase in costs and number of events attended. The increase in other noninterest expense is due to paying FSA fees on behalf of borrowers as part of the new generation program. Occupancy and equipment decreased primarily due to computer and software licenses that were incurred in the previous year but not in the current year due to timing of payments. Public and member relations decreased primarily due to the timing of events compared to prior year.

The Association's return on average assets for the nine months ended September 30, 2025, was 1.2 percent compared to 1.5 percent for the same period in 2024. The Association's return on average equity for the nine months ended September 30, 2025, was 7.5 percent, compared to 8.6 percent for the same period in 2024.

#### *Liquidity and Funding Sources*

The Association secures the majority of its lendable funds from the Farm Credit Bank of Texas (the Bank), which obtains its funds through the issuance of System-wide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

|                                  | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|----------------------------------|---------------------------|--------------------------|
| Note payable to the Bank         | \$ 1,319,693,173          | \$ 1,171,471,511         |
| Accrued interest on note payable | 4,520,866                 | 3,704,360                |
| Total                            | <u>\$ 1,324,214,039</u>   | <u>\$ 1,175,175,871</u>  |

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 \$1,319,693,173 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 4.1 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 and related accrued interest payable since December 31, 2024, is due to the Association's increase in loan volume. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were \$220,004,381 at September 30, 2025. The maximum amount the Association may borrow from the Bank as of September 30, 2025, was \$1,615,000,000 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 2.00 percent of its average borrowing from the Bank, which was equalized annually. Beginning in 2025, the investment requirement of the Association increased to 2.50 percent of the average borrowings from the Bank, annualized semi-annually. The first semi-annual equalization resulted in an increase investment in the Bank of \$6,472,480 and was recorded in the first quarter of 2025.

#### *Capital Resources*

The Association's capital position increased by \$13,906,351 at September 30, 2025, compared to December 31, 2024. The Association's debt as a percentage of members' equity was 5.3:1 as of September 30, 2025, compared to 4.9:1 as of December 31, 2024.

Farm Credit Administration regulations require the Association to maintain minimums for various regulatory capital ratios. New 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 new regulations also added tier 1 leverage and unallocated retained earnings and equivalents (UREE) ratios. The permanent capital ratio continues to remain in effect, with some modifications to align with the new regulations. As of September 30, 2025, the Association exceeded all regulatory capital requirements.

#### *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 Association more fully describe the Association's relationship with the Bank.

The annual and quarterly stockholder reports of the Bank are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9204. The annual and quarterly stockholder reports for the bank are also available on its website at [www.farmcreditbank.com](http://www.farmcreditbank.com).

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Alabama Ag Credit, ACA, 7480 Halcyon Pointe Drive, Ste 201, Montgomery, AL 36117 or calling (334)270-8687. The quarterly stockholder reports will be available on the Association's website at [www.AlabamaAgCredit.com](http://www.AlabamaAgCredit.com) approximately 40 days after quarter end. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing [info@AlabamaAgCredit.com](mailto:info@AlabamaAgCredit.com). The Association's annual stockholder report is available on its website 75 days after the fiscal year end. Copies of the Association's annual stockholder report can also be requested 90 days after the fiscal year end.

**Alabama Ag Credit, ACA**

**CONSOLIDATED BALANCE SHEETS**

|                                                                     | <b>September 30, 2025</b>      | <b>December 31, 2024</b>       |
|---------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                     | <b>(unaudited)</b>             |                                |
| <b><u>ASSETS</u></b>                                                |                                |                                |
| Cash                                                                | \$ 14,260                      | \$ 11,967                      |
| Loans                                                               | 1,537,935,495                  | 1,393,862,228                  |
| Less: allowance for credit losses on loans                          | <u>12,361,904</u>              | <u>10,100,143</u>              |
| Net loans                                                           | 1,525,573,591                  | 1,383,762,085                  |
| Accrued interest receivable                                         | 17,920,789                     | 13,467,459                     |
| Investment in and receivable from the Farm<br>Credit Bank of Texas: |                                |                                |
| Capital stock                                                       | 29,181,740                     | 22,709,260                     |
| Accrued Patronage Receivable                                        | 2,872,458                      | 4,412,424                      |
| Other                                                               | 909,011                        | 2,725,523                      |
| Premises and equipment, net                                         | 6,671,809                      | 6,611,319                      |
| Other assets                                                        | <u>1,406,386</u>               | <u>1,703,731</u>               |
| Total assets                                                        | <u><u>\$ 1,584,550,044</u></u> | <u><u>\$ 1,435,403,768</u></u> |
| <b><u>LIABILITIES</u></b>                                           |                                |                                |
| Note payable to the Farm Credit Bank of Texas                       | \$ 1,319,693,173               | \$ 1,171,471,511               |
| Accrued interest payable                                            | 4,520,866                      | 3,704,360                      |
| Drafts outstanding                                                  | 742,313                        | 514,463                        |
| Patronage distributions payable                                     | 22,648                         | 12,349,651                     |
| Other liabilities                                                   | <u>6,982,928</u>               | <u>8,682,018</u>               |
| Total liabilities                                                   | <u><u>1,331,961,928</u></u>    | <u><u>1,196,722,003</u></u>    |
| <b><u>MEMBERS' EQUITY</u></b>                                       |                                |                                |
| Capital stock and participation certificates                        | 4,715,535                      | 4,580,405                      |
| Unallocated retained earnings                                       | 247,426,762                    | 233,621,719                    |
| Accumulated other comprehensive income                              | <u>445,819</u>                 | <u>479,641</u>                 |
| Total members' equity                                               | <u>252,588,116</u>             | <u>238,681,765</u>             |
| Total liabilities and members' equity                               | <u><u>\$ 1,584,550,044</u></u> | <u><u>\$ 1,435,403,768</u></u> |

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



**Alabama Ag Credit, ACA**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(unaudited)

|                                                                   | <b>Three Months Ended<br/>September 30,</b> |                            | <b>Nine Months Ended<br/>September 30,</b> |                             |
|-------------------------------------------------------------------|---------------------------------------------|----------------------------|--------------------------------------------|-----------------------------|
|                                                                   | <b>2025</b>                                 | <b>2024</b>                | <b>2025</b>                                | <b>2024</b>                 |
| <b><u>INTEREST INCOME</u></b>                                     |                                             |                            |                                            |                             |
| Loans                                                             | \$ 23,402,481                               | \$ 19,988,660              | \$ 66,900,866                              | \$ 59,340,043               |
| <b><u>INTEREST EXPENSE</u></b>                                    |                                             |                            |                                            |                             |
| Note payable to the Farm Credit Bank of Texas                     | <u>13,455,144</u>                           | <u>10,988,457</u>          | <u>37,771,047</u>                          | <u>32,142,368</u>           |
| Net interest income                                               | <u>9,947,337</u>                            | <u>9,000,203</u>           | <u>29,129,819</u>                          | <u>27,197,675</u>           |
| <b><u>PROVISION FOR LOAN LOSSES</u></b>                           | <u>3,897,931</u>                            | <u>(137,199)</u>           | <u>4,060,480</u>                           | <u>2,124,708</u>            |
| Net interest income after<br>provision for credit losses on loans | <u>6,049,406</u>                            | <u>9,137,402</u>           | <u>25,069,339</u>                          | <u>25,072,967</u>           |
| <b><u>NONINTEREST INCOME</u></b>                                  |                                             |                            |                                            |                             |
| Income from the Farm Credit Bank of Texas:                        |                                             |                            |                                            |                             |
| Patronage income                                                  | 144,862                                     | 995,217                    | 2,253,759                                  | 2,959,946                   |
| Loan fees                                                         | 189,156                                     | 119,935                    | 413,804                                    | 309,119                     |
| Gain on sale of premises and equipment, net                       | 34,570                                      | 3,121                      | 9,707                                      | 19,154                      |
| Other noninterest income                                          | <u>130,828</u>                              | <u>112,868</u>             | <u>584,268</u>                             | <u>671,971</u>              |
| Total noninterest income                                          | <u>499,416</u>                              | <u>1,231,141</u>           | <u>3,261,538</u>                           | <u>3,960,190</u>            |
| <b><u>NONINTEREST EXPENSES</u></b>                                |                                             |                            |                                            |                             |
| Salaries and employee benefits                                    | 3,033,472                                   | 2,781,454                  | 9,142,313                                  | 8,419,213                   |
| Directors' expense                                                | 76,553                                      | 95,867                     | 262,520                                    | 266,221                     |
| Purchased services                                                | 143,693                                     | 211,239                    | 439,105                                    | 474,700                     |
| Travel                                                            | 275,190                                     | 236,614                    | 728,644                                    | 629,986                     |
| Occupancy and equipment                                           | 315,468                                     | 235,160                    | 1,030,959                                  | 1,142,085                   |
| Communications                                                    | 63,221                                      | 66,385                     | 214,572                                    | 215,599                     |
| Advertising                                                       | 98,090                                      | 83,068                     | 296,114                                    | 281,848                     |
| Public and member relations                                       | 156,599                                     | 192,246                    | 421,443                                    | 486,945                     |
| Supervisory and exam expense                                      | 130,391                                     | 123,661                    | 348,600                                    | 360,876                     |
| Insurance fund premiums                                           | 308,330                                     | 263,306                    | 1,152,807                                  | 1,070,744                   |
| Other components of net periodic postretirement<br>benefit cost   | 23,072                                      | 8,697                      | 69,216                                     | 26,091                      |
| Other noninterest expense                                         | <u>96,004</u>                               | <u>79,953</u>              | <u>419,541</u>                             | <u>325,822</u>              |
| Total noninterest expenses                                        | <u>4,720,083</u>                            | <u>4,377,650</u>           | <u>14,525,834</u>                          | <u>13,700,130</u>           |
| <b>NET INCOME</b>                                                 | <b>1,828,739</b>                            | <b>5,990,893</b>           | <b>13,805,043</b>                          | <b>15,333,027</b>           |
| Other comprehensive income:                                       |                                             |                            |                                            |                             |
| Change in postretirement benefit plans                            | <u>(11,274)</u>                             | <u>(7,517)</u>             | <u>(33,822)</u>                            | <u>(22,550)</u>             |
| <b>COMPREHENSIVE INCOME</b>                                       | <u><u>\$ 1,817,465</u></u>                  | <u><u>\$ 5,983,376</u></u> | <u><u>\$ 13,771,221</u></u>                | <u><u>\$ 15,310,477</u></u> |

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

**Alabama Ag Credit, ACA**

**CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
(unaudited)

|                                                  | <b>Capital Stock/<br/>Participation<br/>Certificates</b> | <b>Unallocated<br/>Retained Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Income (Loss)</b> | <b>Total<br/>Members'<br/>Equity</b> |
|--------------------------------------------------|----------------------------------------------------------|------------------------------------------|------------------------------------------------------------------|--------------------------------------|
| Balance at December 31, 2023                     | \$ 4,467,215                                             | \$ 224,465,834                           | \$ 358,957                                                       | \$ 229,292,006                       |
| Net income                                       | -                                                        | 15,333,027                               | -                                                                | 15,333,027                           |
| Other comprehensive income                       | -                                                        | -                                        | (22,550)                                                         | (22,550)                             |
| Capital stock/participation certificates issued  | 459,170                                                  | -                                        | -                                                                | 459,170                              |
| Capital stock/participation certificates retired | (386,335)                                                | -                                        | -                                                                | (386,335)                            |
| Patronage refunds:                               |                                                          |                                          |                                                                  |                                      |
| Change in patronage declared and paid            | -                                                        | 2,222                                    | -                                                                | 2,222                                |
| Balance at September 30, 2024                    | <u>\$ 4,540,050</u>                                      | <u>\$ 239,801,083</u>                    | <u>\$ 336,407</u>                                                | <u>\$ 244,677,540</u>                |
| Balance at December 31, 2024                     | \$ 4,580,405                                             | \$ 233,621,719                           | \$ 479,641                                                       | \$ 238,681,765                       |
| Net income                                       | -                                                        | 13,805,043                               | -                                                                | 13,805,043                           |
| Other comprehensive income                       | -                                                        | -                                        | (33,822)                                                         | (33,822)                             |
| Capital stock/participation certificates issued  | 589,795                                                  | -                                        | -                                                                | 589,795                              |
| Capital stock/participation certificates retired | (454,665)                                                | -                                        | -                                                                | (454,665)                            |
| Patronage refunds:                               |                                                          |                                          |                                                                  |                                      |
| Change in patronage declared and paid            | -                                                        | -                                        | -                                                                | -                                    |
| <b>Balance at September 30, 2025</b>             | <u><b>\$ 4,715,535</b></u>                               | <u><b>\$ 247,426,762</b></u>             | <u><b>\$ 445,819</b></u>                                         | <u><b>\$ 252,588,116</b></u>         |

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

**ASSOCIATION NEW MODEL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Unaudited*

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:**

Alabama Ag Credit, ACA (Agricultural Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the counties of Autauga, Baldwin, Barbour, Bibb, Bullock, Butler, Chambers, Chilton, Choctaw, Clarke, Coffee, Conecuh, Coosa, Covington, Crenshaw, Dale, Dallas, Elmore, Escambia, Geneva, Greene, Hale, Henry, Houston, Lee, Lowndes, Macon, Marengo, Mobile, Monroe, Montgomery, Perry, Pickens, Pike, Russell, Sumter, Tallapoosa, Tuscaloosa, Washington, and Wilcox in the state of Alabama. The Association is a lending institution of the Farm Credit System (the System), which was established by Acts of Congress to meet the needs of American agriculture.

The accompanying unaudited financial statements have been prepared in accordance with U.S generally accepted accounting principles (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under GAAP and the rules of the Farm Credit Administration (FCA). This report 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.

**Recently Adopted or Issued 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 Institution 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 receivable 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 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 Institution's financial condition, results of operations or cash flows.

## NOTE 2 — LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS:

A summary of loans by type follows:

| Loan Type                        | September 30, 2025      | December 31, 2024       |
|----------------------------------|-------------------------|-------------------------|
|                                  | Amount                  | Amount                  |
| Production agriculture:          |                         |                         |
| Real estate mortgage             | \$ 1,076,459,449        | \$ 1,000,832,985        |
| Production and intermediate-term | 177,036,794             | 155,858,822             |
| Agribusiness:                    |                         |                         |
| Loans to cooperatives            | 9,143,435               | 8,902,927               |
| Processing and marketing         | 136,527,328             | 97,992,108              |
| Farm-related business            | 25,860,968              | 21,787,590              |
| Communication                    | 11,927,061              | 12,014,400              |
| Energy                           | 5,595,668               | 13,409,807              |
| Water and waste-water            | 17,223,044              | 13,359,815              |
| Rural residential real estate    | 67,636,557              | 61,269,467              |
| Agricultural export finance      | 10,525,191              | 8,434,307               |
| <b>Total</b>                     | <b>\$ 1,537,935,495</b> | <b>\$ 1,393,862,228</b> |

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations.

The following table presents information regarding the balances of participations purchased and sold at September 30, 2025:

|                                  | Other Farm Credit Institutions |                       |
|----------------------------------|--------------------------------|-----------------------|
|                                  | Participations Purchased       | Participations Sold   |
| Real estate mortgage             | \$ 23,757,271                  | \$ 77,368,463         |
| Production and intermediate-term | 38,945,139                     | 7,394,884             |
| Agribusiness                     | 131,220,365                    | 81,696,916            |
| Communication                    | 11,927,061                     | -                     |
| Energy                           | 17,223,044                     | -                     |
| Water and waste-water            | 5,595,668                      | -                     |
| Agricultural export finance      | 10,525,191                     | -                     |
| <b>Total</b>                     | <b>\$ 239,193,739</b>          | <b>\$ 166,460,263</b> |

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 the borrower's related loan balance. Unrestricted advance conditional payments are included in other liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. Balances of ACPs were \$11,351,969 and \$10,174,533 at September 30, 2025, and December 31, 2024, respectively.

### 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, institutions that make 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 next twelve months. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs. 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.

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 shows the amortized cost of loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of September 30, 2025 and December 31, 2024:

|                                  | <u>September 30, 2025</u> | <u>December 31, 2024</u> |
|----------------------------------|---------------------------|--------------------------|
| Real estate mortgage             |                           |                          |
| Acceptable                       | 97.3 %                    | 98.3 %                   |
| OAEM                             | 0.9                       | 1.0                      |
| Substandard/doubtful             | 1.8                       | 0.7                      |
|                                  | <u>100.0</u>              | <u>100.0</u>             |
| Production and intermediate-term |                           |                          |
| Acceptable                       | 93.7                      | 98.7                     |
| OAEM                             | 4.8                       | 1.2                      |
| Substandard/doubtful             | 1.5                       | 0.1                      |
|                                  | <u>100.0</u>              | <u>100.0</u>             |
| Agribusiness                     |                           |                          |
| Acceptable                       | 95.5                      | 92.1                     |
| OAEM                             | -                         | 6.4                      |
| Substandard/doubtful             | 4.5                       | 1.5                      |
|                                  | <u>100.0</u>              | <u>100.0</u>             |
| Energy and water/waste-water     |                           |                          |
| Acceptable                       | 100.0                     | 100.0                    |
| OAEM                             | -                         | -                        |
| Substandard/doubtful             | -                         | -                        |
|                                  | <u>100.0</u>              | <u>100.0</u>             |
| Communication                    |                           |                          |
| Acceptable                       | 100.0                     | 100.0                    |
| OAEM                             | -                         | -                        |
| Substandard/doubtful             | -                         | -                        |
|                                  | <u>100.0</u>              | <u>100.0</u>             |
| Rural residential real estate    |                           |                          |
| Acceptable                       | 99.9                      | 99.3                     |
| OAEM                             | 0.1                       | 0.3                      |
| Substandard/doubtful             | -                         | 0.4                      |
|                                  | <u>100.0</u>              | <u>100.0</u>             |
| Agricultural export finance      |                           |                          |
| Acceptable                       | 100.0                     | 100.0                    |
| OAEM                             | -                         | -                        |
| Substandard/doubtful             | -                         | -                        |
|                                  | <u>100.0</u>              | <u>100.0</u>             |
| Total loans                      |                           |                          |
| Acceptable                       | 96.9                      | 97.9                     |
| OAEM                             | 1.2                       | 1.1                      |
| Substandard/doubtful             | 1.9                       | 1.0                      |
|                                  | <u>100.0 %</u>            | <u>100.0 %</u>           |

Accrued interest receivable on loans of \$17,920,789 and \$13,467,459 at September 30, 2025 and December 31, 2024 has been excluded from the amortized cost of loans and reported separately in the Balance Sheet. The Association charged off accrued interest receivable against interest income of \$0 and \$3,079 during the three and nine months ended September 30, 2025, respectively. The Association did not charge off any accrued interest receivable during the three and nine months ended September 30, 2024.

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

|                                                                              | September 30, 2025   | December 31, 2024   |
|------------------------------------------------------------------------------|----------------------|---------------------|
| <b>Nonaccrual loans:</b>                                                     |                      |                     |
| Real estate mortgage                                                         | \$ 11,864,651        | \$ 2,966,082        |
| Production and intermediate-term                                             | 247,623              | -                   |
| Agribusiness                                                                 | 7,667,337            | 1,871,260           |
| Total nonaccrual loans                                                       | \$ 19,779,611        | \$ 4,837,342        |
| <b>Accruing loans 90 days or more past due:</b>                              |                      |                     |
| Real estate mortgage                                                         | \$ 1,348,618         | \$ -                |
| Production and intermediate-term                                             | -                    | 21,250              |
| Total accruing loans 90 days or more past due                                | \$ 1,348,618         | \$ 21,250           |
| Other property owned                                                         | -                    | -                   |
| <b>Total nonperforming assets</b>                                            | <b>\$ 21,128,229</b> | <b>\$ 4,858,592</b> |
| Nonaccrual loans as a percentage of total loans                              | 1.3%                 | 0.3%                |
| Nonperforming assets as a percentage of total loans and other property owned | 1.4%                 | 0.3%                |
| Nonperforming assets as a percentage of capital                              | 8.4%                 | 2.0%                |

The following tables provide 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:

|                                  | September 30, 2025            |                                  |               | Interest Income Recognized                    |                                              |
|----------------------------------|-------------------------------|----------------------------------|---------------|-----------------------------------------------|----------------------------------------------|
|                                  | Amortized Cost with Allowance | Amortized Cost without Allowance | Total         | For the Three Months Ended September 30, 2025 | For the Nine Months Ended September 30, 2025 |
| <b>Nonaccrual loans:</b>         |                               |                                  |               |                                               |                                              |
| Real estate mortgage             | \$ -                          | \$ 247,623                       | \$ 247,623    | \$ 164,618                                    | \$ 245,606                                   |
| Production and intermediate-term | -                             | 11,864,651                       | 11,864,651    | -                                             | -                                            |
| Agribusiness                     | 3,960,019                     | 3,707,318                        | 7,667,337     | -                                             | -                                            |
| Total nonaccrual loans           | \$ 3,960,019                  | \$ 15,819,592                    | \$ 19,779,611 | \$ 164,618                                    | \$ 245,606                                   |

|                          | December 31, 2024             |                                  |              | Interest Income Recognized                    |                                              |
|--------------------------|-------------------------------|----------------------------------|--------------|-----------------------------------------------|----------------------------------------------|
|                          | Amortized Cost with Allowance | Amortized Cost without Allowance | Total        | For the Three Months Ended September 30, 2024 | For the Nine Months Ended September 30, 2024 |
| <b>Nonaccrual loans:</b> |                               |                                  |              |                                               |                                              |
| Real estate mortgage     | \$ 474,447                    | \$ 2,491,635                     | \$ 2,966,082 | \$ 5,997                                      | \$ 230,122                                   |
| Agribusiness             | 1,871,260                     | -                                | 1,871,260    | -                                             | -                                            |
| Total nonaccrual loans   | \$ 2,345,707                  | \$ 2,491,635                     | \$ 4,837,342 | \$ -                                          | \$ -                                         |

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

|                                  | 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             | Recorded Investment >90 Days Past Due and Accruing |
|----------------------------------|----------------------|--------------------------|----------------------|--------------------------------------------|-------------------------|----------------------------------------------------|
| <b>September 30, 2025</b>        |                      |                          |                      |                                            |                         |                                                    |
| Real estate mortgage             | \$ 10,198,156        | \$ 1,513,246             | \$ 11,711,402        | \$ 1,064,748,047                           | \$ 1,076,459,449        | \$ 1,348,618                                       |
| Production and intermediate term | 3,007,219            | 132,862                  | 3,140,081            | 173,896,713                                | 177,036,794             | -                                                  |
| Loans to cooperatives            | -                    | -                        | -                    | 9,143,435                                  | 9,143,435               | -                                                  |
| Processing and marketing         | 7,667,337            | -                        | 7,667,337            | 128,859,991                                | 136,527,328             | -                                                  |
| Farm-related business            | -                    | -                        | -                    | 25,860,968                                 | 25,860,968              | -                                                  |
| Communication                    | -                    | -                        | -                    | 11,927,061                                 | 11,927,061              | -                                                  |
| Energy                           | -                    | -                        | -                    | 17,223,044                                 | 17,223,044              | -                                                  |
| Water and waste-water            | -                    | -                        | -                    | 5,595,668                                  | 5,595,668               | -                                                  |
| Rural residential real estate    | 226,483              | -                        | -                    | 67,410,074                                 | 67,636,557              | -                                                  |
| Agricultural export finance      | -                    | -                        | -                    | 10,525,191                                 | 10,525,191              | -                                                  |
| <b>Total</b>                     | <b>\$ 21,099,195</b> | <b>\$ 1,646,108</b>      | <b>\$ 22,518,820</b> | <b>\$ 1,515,190,192</b>                    | <b>\$ 1,537,935,495</b> | <b>\$ 1,348,618</b>                                |

| <b>December 31, 2024</b>         | <b>30-89<br/>Days<br/>Past Due</b> | <b>90 Days<br/>or More<br/>Past Due</b> | <b>Total<br/>Past<br/>Due</b> | <b>Not Past Due or<br/>Less Than 30<br/>Days Past Due</b> | <b>Total<br/>Loans</b>  | <b>Recorded Investment<br/>&gt;90 Days Past Due<br/>and Accruing</b> |
|----------------------------------|------------------------------------|-----------------------------------------|-------------------------------|-----------------------------------------------------------|-------------------------|----------------------------------------------------------------------|
| Real estate mortgage             | \$ 7,248,912                       | \$ 2,290,822                            | \$ 9,539,734                  | \$ 991,293,251                                            | \$ 1,000,832,985        | \$ -                                                                 |
| Production and intermediate term | 266,412                            | 21,250                                  | 287,662                       | 155,571,160                                               | 155,858,822             | 21,250                                                               |
| Loans to cooperatives            | -                                  | -                                       | -                             | 8,902,927                                                 | 8,902,927               | -                                                                    |
| Processing and marketing         | -                                  | -                                       | -                             | 97,992,108                                                | 97,992,108              | -                                                                    |
| Farm-related business            | 1,871,260                          | -                                       | 1,871,260                     | 19,916,330                                                | 21,787,590              | -                                                                    |
| Communication                    | -                                  | -                                       | -                             | 12,014,400                                                | 12,014,400              | -                                                                    |
| Energy                           | -                                  | -                                       | -                             | 13,409,807                                                | 13,409,807              | -                                                                    |
| Water and waste-water            | -                                  | -                                       | -                             | 13,359,815                                                | 13,359,815              | -                                                                    |
| Rural residential real estate    | 1,209,666                          | -                                       | 1,209,666                     | 60,059,801                                                | 61,269,467              | -                                                                    |
| Agricultural export finance      | -                                  | -                                       | -                             | 8,434,307                                                 | 8,434,307               | -                                                                    |
| <b>Total</b>                     | <b>\$ 10,596,250</b>               | <b>\$ 2,312,072</b>                     | <b>\$ 12,908,322</b>          | <b>\$ 1,380,953,906</b>                                   | <b>\$ 1,393,862,228</b> | <b>\$ 21,250</b>                                                     |

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**

For loan modifications granted to borrowers during the three months ended September 30, 2025, the following table shows the amortized cost basis of the outstanding balances reflected in our Balance Sheet as of September 30, 2025, disaggregated by loan type and type of modification granted.

|                                     | <b>For the Three Months Ended September 30, 2025<sup>(1)</sup></b> |                   |                                             |
|-------------------------------------|--------------------------------------------------------------------|-------------------|---------------------------------------------|
|                                     | <b>Term<br/>Extension</b>                                          | <b>Total</b>      | <b>Percentage of Total<br/>by Loan Type</b> |
| Real estate mortgage                | <b>\$ 109,804</b>                                                  | <b>\$ 109,804</b> | <b>100%</b>                                 |
| Production and<br>Intermediate-Term | <b>67,451</b>                                                      | <b>\$ 67,451</b>  | <b>100%</b>                                 |
| <b>Total</b>                        | <b>\$ 177,255</b>                                                  | <b>\$ 177,255</b> | <b>100%</b>                                 |

(1) Excludes loans that were modified during the period but were paid off, sold or charged-off prior to period end.

In the three months and nine months ended September 30, 2024, the Association did not have any loan modifications related to interest rate reduction, term extension, principal forgiveness, or payment deferral. Accordingly, there were no amounts for accrued interest receivable related to loan modifications for the three months and nine months ended September 30, 2024.

There was no accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of September 30, 2025 and 2024.



For loan modifications granted to borrowers during the nine months ended September 30, 2025, the following table shows the amortized cost basis of the outstanding balances reflected in our Balance Sheet as of September 30, 2025, disaggregated by loan type and type of modification granted.

| <b>For the Nine Months Ended September 30, 2025</b> |                           |                     |                                             |
|-----------------------------------------------------|---------------------------|---------------------|---------------------------------------------|
|                                                     | <b>Term<br/>Extension</b> | <b>Total</b>        | <b>Percentage of<br/>Total by Loan Type</b> |
| Real estate mortgage                                | <b>\$ 3,418,138</b>       | <b>\$ 3,418,138</b> | <b>100%</b>                                 |
| Production and Intermediate-Term                    | <b>2,327,619</b>          | <b>\$ 2,327,619</b> | <b>100%</b>                                 |
| Total                                               | <b>\$ 5,745,757</b>       | <b>\$ 5,745,757</b> | <b>100%</b>                                 |

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of September 30, 2025 and 2024 was \$645,901 and \$0, respectively.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended September 30, 2025 and 2024:

| <b>Financial Effect</b>                              |                       |
|------------------------------------------------------|-----------------------|
| <b>For the Three Months Ended September 30, 2025</b> |                       |
|                                                      | <b>Term Extension</b> |
| Real estate mortgage                                 | <b>120 days</b>       |
| Production and Intermediate-Term                     | <b>90 days</b>        |

In the three and nine months ended September 30, 2024, the Association did not have any loan modifications. Accordingly, there were no financial effects of loan modifications made to borrowers experiencing financial difficulty.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the nine months ended September 30, 2025 and 2024:

| <b>Financial Effect</b>                             |                       |
|-----------------------------------------------------|-----------------------|
| <b>For the Nine Months Ended September 30, 2025</b> |                       |
|                                                     | <b>Term Extension</b> |
| Real estate mortgage                                | <b>112 days</b>       |
| Production and Intermediate-Term                    | <b>97 days</b>        |

There were no loans to borrowers experiencing financial difficulties that defaulted during the three months ended September 30, 2025 and 2024, and received a modification in the twelve months before default.

The following tables 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:

| <b>Modified Loans that Subsequently Defaulted During the Nine Months Ended September 30, 2025</b> |                       |                  |
|---------------------------------------------------------------------------------------------------|-----------------------|------------------|
|                                                                                                   | <b>Term Extension</b> |                  |
| Real estate mortgage                                                                              | \$                    | 1,397,231        |
| Production and intermediate-term                                                                  |                       | 590,909          |
| <b>Total</b>                                                                                      | <b>\$</b>             | <b>1,988,140</b> |

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

| <b>Payment Status of Loans Modified in the Past 12 Months</b> |                     |                            |                                 |  |
|---------------------------------------------------------------|---------------------|----------------------------|---------------------------------|--|
|                                                               | <b>Current</b>      | <b>30-89 Days Past Due</b> | <b>90 Days or More Past Due</b> |  |
| Real estate mortgage                                          | \$ -                | \$ 1,397,231               | \$ 110,887                      |  |
| Production and intermediate-term                              | 2,509,008           | -                          | -                               |  |
| <b>Total</b>                                                  | <b>\$ 2,509,008</b> | <b>\$ 1,397,231</b>        | <b>\$ 110,887</b>               |  |

There were no additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the nine months ended September 30, 2025 and during the year ended December 31, 2024.

#### **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% 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 for the three and nine months ended September 30, 2025 are as follows:

|                                                             | Real Estate<br>Mortgage | Production<br>and<br>Intermediate-<br>Term | Agri-business | Communi-<br>cations | Energy and<br>Water/Waste<br>Disposal | Rural<br>Residential<br>Real Estate | Inter-<br>national | Total         |
|-------------------------------------------------------------|-------------------------|--------------------------------------------|---------------|---------------------|---------------------------------------|-------------------------------------|--------------------|---------------|
| <b>Allowance for credit losses on loans:</b>                |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at June 30, 2025                                    | \$ 6,955,606            | \$ 781,217                                 | \$ 2,191,517  | \$ 25,407           | \$ 24,434                             | \$ 273,849                          | \$ 3,449           | \$ 10,255,479 |
| Charge-offs                                                 | -                       | -                                          | -             | -                   | -                                     | -                                   | -                  | -             |
| Recoveries                                                  | 2,131                   | -                                          | -             | -                   | -                                     | -                                   | -                  | 2,131         |
| Provision for credit losses (credit loss reversal)          | (1,478,154)             | 27,748                                     | 3,548,558     | 759                 | (717)                                 | 4,492                               | 1,608              | 2,104,294     |
| Balance at September 30, 2025                               | \$ 5,479,583            | \$ 808,965                                 | \$ 5,740,075  | \$ 26,166           | \$ 23,717                             | \$ 278,341                          | \$ 5,057           | \$ 12,361,904 |
| <b>Allowance for credit losses on unfunded commitments:</b> |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at June 30, 2025                                    | \$ 18,213               | \$ 29,874                                  | \$ 24,476     | \$ 1,775            | \$ 4,739                              | \$ 2,310                            | \$ 1,470           | \$ 82,857     |
| Provision for unfunded commitments                          | (6,162)                 | 5,788                                      | 7,591         | (6)                 | (1,069)                               | (378)                               | (934)              | 4,830         |
| Balance at September 30, 2025                               | \$ 12,051               | \$ 35,662                                  | \$ 32,067     | \$ 1,769            | \$ 3,670                              | \$ 1,932                            | \$ 536             | \$ 87,687     |

|                                                             | Real Estate<br>Mortgage | Production<br>and<br>Intermediate-<br>Term | Agri-business | Communi-<br>cations | Energy and<br>Water/Waste<br>Disposal | Rural<br>Residential<br>Real Estate | Inter-<br>national | Total         |
|-------------------------------------------------------------|-------------------------|--------------------------------------------|---------------|---------------------|---------------------------------------|-------------------------------------|--------------------|---------------|
| <b>Allowance for credit losses on loans:</b>                |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at December 31, 2024                                | \$ 6,414,160            | \$ 1,237,901                               | \$ 2,111,125  | \$ 26,305           | \$ 26,057                             | \$ 280,503                          | \$ 4,092           | \$ 10,100,143 |
| Charge-offs                                                 | (3,078)                 | -                                          | (1,787,740)   | -                   | -                                     | -                                   | -                  | (1,790,818)   |
| Recoveries                                                  | 2,131                   | -                                          | -             | -                   | -                                     | -                                   | -                  | 2,131         |
| Provision for credit losses/(credit loss reversal)          | (933,630)               | (428,936)                                  | 5,416,690     | (139)               | (2,340)                               | (2,162)                             | 965                | 4,050,448     |
| Balance at September 30, 2025                               | \$ 5,479,583            | \$ 808,965                                 | \$ 5,740,075  | \$ 26,166           | \$ 23,717                             | \$ 278,341                          | \$ 5,057           | \$ 12,361,904 |
| <b>Allowance for credit losses on unfunded commitments:</b> |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at December 31, 2024                                | \$ 10,833               | \$ 33,281                                  | \$ 19,123     | \$ 1,835            | \$ 9,210                              | \$ 1,100                            | \$ 2,271           | \$ 77,653     |
| Provision for unfunded commitments                          | 1,218                   | 2,381                                      | 12,944        | (66)                | (5,540)                               | 832                                 | (1,735)            | 10,034        |
| Balance at September 30, 2025                               | \$ 12,051               | \$ 35,662                                  | \$ 32,067     | \$ 1,769            | \$ 3,670                              | \$ 1,932                            | \$ 536             | \$ 87,687     |

A summary of changes in the allowance for credit losses by portfolio segment for the three and nine months ended September 30, 2024 are as follows:

|                                                             | Real Estate<br>Mortgage | Production<br>and<br>Intermediate-<br>Term | Agri-business | Communi-<br>cations | Energy and<br>Water/Waste<br>Disposal | Rural<br>Residential<br>Real Estate | Inter-<br>national | Total         |
|-------------------------------------------------------------|-------------------------|--------------------------------------------|---------------|---------------------|---------------------------------------|-------------------------------------|--------------------|---------------|
| <b>Allowance for credit losses on loans:</b>                |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at June 30, 2024                                    | \$ 7,191,524            | \$ 255,038                                 | \$ 3,311,505  | \$ 4,373            | \$ 20,307                             | \$ 284,325                          | \$ 4,455           | \$ 11,071,527 |
| Recoveries                                                  | 733                     | -                                          | -             | -                   | -                                     | -                                   | -                  | 733           |
| Provision for loan losses (credit loss reversal)            | (180,629)               | 20,911                                     | (6,176)       | 21,833              | 5,364                                 | (11,306)                            | (204)              | (150,207)     |
| Balance at September 30, 2024                               | \$ 7,011,628            | \$ 275,949                                 | \$ 3,305,329  | \$ 26,206           | \$ 25,671                             | \$ 273,019                          | \$ 4,251           | \$ 10,922,053 |
| <b>Allowance for credit losses on unfunded commitments:</b> |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at June 30, 2024                                    | \$ 2,639                | \$ 29,735                                  | \$ 18,209     | \$ -                | \$ 11,373                             | \$ 478                              | \$ 2,874           | \$ 65,308     |
| Provision for unfunded commitments                          | 2,419                   | 6,457                                      | 3,178         | 1,879               | (1,145)                               | 427                                 | (207)              | 13,008        |
| Balance at September 30, 2024                               | \$ 5,058                | \$ 36,192                                  | \$ 21,387     | \$ 1,879            | \$ 10,228                             | \$ 905                              | \$ 2,667           | \$ 78,316     |

|                                                             | Real Estate<br>Mortgage | Production<br>and<br>Intermediate-<br>Term | Agri-business | Communi-<br>cations | Energy and<br>Water/Waste<br>Disposal | Rural<br>Residential<br>Real Estate | Inter-<br>national | Total         |
|-------------------------------------------------------------|-------------------------|--------------------------------------------|---------------|---------------------|---------------------------------------|-------------------------------------|--------------------|---------------|
| <b>Allowance for credit losses on loans:</b>                |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at December 31, 2023                                | \$ 8,125,651            | \$ 218,033                                 | \$ 176,781    | \$ 4,764            | \$ 17,694                             | \$ 248,319                          | \$ 5,321           | \$ 8,796,563  |
| Recoveries                                                  | 26,192                  | -                                          | -             | -                   | -                                     | -                                   | -                  | 26,192        |
| Provision for loan losses (credit loss reversal)            | (1,140,215)             | 57,916                                     | 3,128,548     | 21,442              | 7,977                                 | 24,700                              | (1,070)            | 2,099,298     |
| Balance at September 30, 2024                               | \$ 7,011,628            | \$ 275,949                                 | \$ 3,305,329  | \$ 26,206           | \$ 25,671                             | \$ 273,019                          | \$ 4,251           | \$ 10,922,053 |
| <b>Allowance for credit losses on unfunded commitments:</b> |                         |                                            |               |                     |                                       |                                     |                    |               |
| Balance at December 31, 2023                                | \$ 5,911                | \$ 27,869                                  | \$ 13,750     | \$ -                | \$ 1,021                              | \$ 886                              | \$ 3,467           | \$ 52,904     |
| Provision for unfunded commitments                          | (853)                   | 8,323                                      | 7,637         | 1,879               | 9,207                                 | 19                                  | (800)              | 25,412        |
| Balance at September 30, 2024                               | \$ 5,058                | \$ 36,192                                  | \$ 21,387     | \$ 1,879            | \$ 10,228                             | \$ 905                              | \$ 2,667           | \$ 78,316     |

## Discussion of Changes in Allowance for Credit Losses

The ACL increased \$2,261,761 to \$12,361,904 at September 30, 2025, as compared to \$10,100,143 at December 31, 2024. This is largely due to the downgrade of a large credit to non-accrual status.

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 two 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 forecast incorporates macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

### NOTE 3 — CAPITAL:

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 dividends, 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, potential obligations under joint and several liability, 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.

### Regulatory Capitalization Requirements

| <b>Risk-adjusted:</b>      | <b>Regulatory<br/>Minimums with Buffer</b> | <b>As of<br/>September 30, 2025</b> |
|----------------------------|--------------------------------------------|-------------------------------------|
| Common equity tier 1 ratio | 7.0%                                       | 14.0%                               |
| Tier 1 capital ratio       | 8.5%                                       | 14.0%                               |
| Total capital ratio        | 10.5%                                      | 14.6%                               |
| Permanent capital ratio    | 7.0%                                       | 14.0%                               |
| <b>Non-risk-adjusted:</b>  |                                            |                                     |
| Tier 1 leverage ratio      | 5.0%                                       | 14.4%                               |
| UREE leverage ratio        | 1.5%                                       | 14.1%                               |

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

|                                                                                        | <b>Common<br/>equity<br/>tier 1 ratio</b> | <b>Tier 1<br/>capital ratio</b> | <b>Total capital<br/>ratio</b> | <b>Permanent<br/>capital ratio</b> |
|----------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------|--------------------------------|------------------------------------|
| <b>Numerator:</b>                                                                      |                                           |                                 |                                |                                    |
| Unallocated retained earnings                                                          | \$ 245,995,344                            | \$ 245,995,344                  | \$ 245,995,344                 | \$ 245,995,344                     |
| Common Cooperative Equities:                                                           |                                           |                                 |                                |                                    |
| Statutory minimum purchased borrower stock                                             | 4,685,323                                 | 4,685,323                       | 4,685,323                      | 4,685,323                          |
| Allowance for loan losses and reserve for credit losses subject to certain limitations |                                           |                                 | 9,616,878                      |                                    |
| <b>Regulatory Adjustments and Deductions:</b>                                          |                                           |                                 |                                |                                    |
| Amount of allocated investments in other System institutions                           | (30,090,751)                              | (30,090,751)                    | (30,090,751)                   | (30,090,751)                       |
|                                                                                        | <u>\$ 220,589,916</u>                     | <u>\$ 220,589,916</u>           | <u>\$ 230,206,794</u>          | <u>\$ 220,589,916</u>              |
| <b>Denominator:</b>                                                                    |                                           |                                 |                                |                                    |
| Risk-adjusted assets excluding allowance                                               | \$ 1,610,441,908                          | \$ 1,610,441,908                | \$ 1,610,441,908               | \$ 1,610,441,908                   |
| <b>Regulatory Adjustments and Deductions:</b>                                          |                                           |                                 |                                |                                    |
| Regulatory deductions included in total capital                                        | (30,090,751)                              | (30,090,751)                    | (30,090,751)                   | (30,090,751)                       |
| Allowance for loan losses                                                              |                                           |                                 |                                | (9,533,967)                        |
|                                                                                        | <u>\$ 1,580,351,157</u>                   | <u>\$ 1,580,351,157</u>         | <u>\$ 1,580,351,157</u>        | <u>\$ 1,570,817,190</u>            |

|                                                              | Tier 1<br>leverage ratio | UREE<br>leverage ratio  |
|--------------------------------------------------------------|--------------------------|-------------------------|
| Numerator:                                                   |                          |                         |
| Unallocated retained earnings                                | \$ 245,995,344           | \$ 245,995,344          |
| Common Cooperative Equities:                                 |                          |                         |
| Statutory minimum purchased borrower stock                   | 4,685,323                | -                       |
| Regulatory Adjustments and Deductions:                       |                          |                         |
| Amount of allocated investments in other System institutions | (30,090,751)             | (30,090,751)            |
|                                                              | <u>\$ 220,589,916</u>    | <u>\$ 215,904,593</u>   |
| Denominator:                                                 |                          |                         |
| Total Assets                                                 | \$ 1,565,980,173         | \$ 1,565,980,173        |
| Regulatory Adjustments and Deductions:                       |                          |                         |
| Regulatory deductions included in tier 1 capital             | (32,581,263)             | (32,581,263)            |
|                                                              | <u>\$ 1,533,398,910</u>  | <u>\$ 1,533,398,910</u> |

A breakdown of the total capital as of September 30, 2025 and December 31, 2024 is as follows:

|                                              | September 30, 2025    | December 31, 2024     |
|----------------------------------------------|-----------------------|-----------------------|
| Capital stock and participation certificates | \$ 4,715,535          | \$ 4,580,405          |
| Accumulated other comprehensive loss         | 445,819               | 479,641               |
| Retained earnings <sup>1</sup>               | 247,426,762           | 233,621,719           |
| <b>Total Capital</b>                         | <u>\$ 252,588,116</u> | <u>\$ 238,681,765</u> |

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

|                                                                                     | 2025                    | 2024                    |
|-------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Accumulated other comprehensive income (loss) at January 1                          | \$479,641               | \$358,957               |
| Amortization of actuarial (gain) loss included<br>in salaries and employee benefits | (33,822)                | (22,550)                |
| <b>Accumulated other comprehensive income (loss) at September 30</b>                | <u><b>\$445,819</b></u> | <u><b>\$336,407</b></u> |

#### NOTE 4 — INCOME TAXES:

Alabama Ag Credit, ACA, 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. Alabama Ag Credit, ACA, operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, Alabama Ag Credit, ACA, 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 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 5 — 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 13 in the 2024 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

| <u>September 30, 2025</u>                    | <u>Fair Value Measurement Using</u> |                |                | <u>Total Fair Value</u> |
|----------------------------------------------|-------------------------------------|----------------|----------------|-------------------------|
|                                              | <u>Level 1</u>                      | <u>Level 2</u> | <u>Level 3</u> |                         |
| Assets:                                      |                                     |                |                |                         |
| Assets held in non-qualified benefits trusts | \$ 299,259                          | -              | -              | \$ 299,259              |
| <br>                                         |                                     |                |                |                         |
| <u>December 31, 2024</u>                     | <u>Fair Value Measurement Using</u> |                |                | <u>Total Fair Value</u> |
|                                              | <u>Level 1</u>                      | <u>Level 2</u> | <u>Level 3</u> |                         |
| Assets:                                      |                                     |                |                |                         |
| Assets held in non-qualified benefits trusts | \$ 261,836                          | -              | -              | \$ 261,836              |

Assets and liabilities measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

| <u>September 30, 2025</u> | <u>Fair Value Measurement Using</u> |                |                | <u>Total Fair Value</u> |
|---------------------------|-------------------------------------|----------------|----------------|-------------------------|
|                           | <u>Level 1</u>                      | <u>Level 2</u> | <u>Level 3</u> |                         |
| Assets:                   |                                     |                |                |                         |
| Loans*                    | \$ -                                | \$ -           | \$2,409,253    | \$2,409,253             |
| <br>                      |                                     |                |                |                         |
| <u>December 31, 2024</u>  | <u>Fair Value Measurement Using</u> |                |                | <u>Total Fair Value</u> |
|                           | <u>Level 1</u>                      | <u>Level 2</u> | <u>Level 3</u> |                         |
| Assets:                   |                                     |                |                |                         |
| Loans*                    | \$ -                                | \$ -           | \$ 365,071     | \$ 365,071              |

\* 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.

#### **Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements**

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 Associations utilize 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 13 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 represent a brief summary of the valuation techniques used for the Association's assets and liabilities. For a more complete description, see the 2024 Annual Report to Stockholders.

##### *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.

##### *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.

#### NOTE 6 — EMPLOYEE BENEFIT PLANS:

**Employee Retirement Plans:** As discussed in Note 2 and Note 11 to the 2024 Annual Report to Stockholders, employees of the Association participate in either the Texas Farm Credit District's (District) defined benefit pension plan (DB Plan) or the District's defined contribution plan (DC Plan).

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. The annual contribution is paid in January of each year and amortized into expense on a monthly basis; unamortized contributions are included in "Other Assets" in the consolidated balance sheet. The following table represents DB contributions made, amounts amortized into expense, and the remaining unamortized contributions amounts as of September 30:

|                                  | 2025             | 2024             |
|----------------------------------|------------------|------------------|
| DB Contribution                  | \$ 232,478       | \$ 217,392       |
| YTD Amortization                 | 174,358          | 163,044          |
| <b>Unamortized Contributions</b> | <b>\$ 58,120</b> | <b>\$ 54,348</b> |

Association contributions to the DC Plan are expensed as incurred. For the three months ended September 30, 2025 and 2024, the Association recognized pension costs for the DC Plan of \$100,727 and \$95,452, respectively. For the nine months ended September 30, 2025 and 2024, the Association recognized pension costs for the DC Plan of \$402,953 and \$358,492, respectively.

Employees are also eligible to participate in the Farm Credit Benefits Alliance 401(k) Plan. Contributions to the 401(k) plan are expensed as incurred. The Association's contributions to the 401(k) plan were \$67,995 and \$255,243 for the three and nine months ended September 30, 2025, respectively, compared to \$63,396 and \$231,889 for the same periods in 2024.

**Other Postretirement Benefits:** In addition to pension benefits, the Association provides certain health care benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multi-employer, and consequently, the liability for these benefits is included in the consolidated balance sheet.

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

|                                               | Other Benefits   |                  |
|-----------------------------------------------|------------------|------------------|
| Three months ended September 30:              | 2025             | 2024             |
| Service cost                                  | \$ 4,053         | \$ 8,702         |
| Interest cost                                 | 34,348           | 36,096           |
| Amortization of prior service (credits) costs | (1,062)          | (5,056)          |
| Amortization of net actuarial (gain) loss     | (10,214)         | (2,461)          |
| <b>Net periodic benefit cost</b>              | <b>\$ 27,125</b> | <b>\$ 37,281</b> |

|                                               | Other Benefits   |                   |
|-----------------------------------------------|------------------|-------------------|
| Nine months ended September 30:               | 2025             | 2024              |
| Service cost                                  | \$ 12,160        | \$ 26,107         |
| Interest cost                                 | 103,043          | 108,288           |
| Amortization of prior service (credits) costs | (3,185)          | (15,167)          |
| Amortization of net actuarial (gain) loss     | (30,641)         | (7,382)           |
| <b>Net periodic benefit cost</b>              | <b>\$ 81,377</b> | <b>\$ 111,846</b> |

The Association's liability for the unfunded accumulated obligation for these benefits at September 30, 2025, was \$2,654,951 and is included in other liabilities on the Balance Sheet.

The components of net periodic benefit cost other than the service cost component are included in the line item "other components of net periodic postretirement benefit cost" in the income statement.

**NOTE 7 — 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 8 — SUBSEQUENT EVENTS:**

The Association has evaluated subsequent events through November 7, 2025, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of November 7, 2025.