LOUISIANA LAND BANK, ACA

2025
Quarterly Report
Third Quarter

For the Quarter Ended
September 30, 2025

REPORT OF MANAGEMENT

The consolidated financial statements of Louisiana Land Bank, ACA (Association) are prepared by management, who is responsible for the statements' integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America appropriate in the circumstances. Other financial information included in the quarterly report is consistent with that in the consolidated financial statements and there are no significant changes in the Association's internal controls or in other factors that could significantly affect such controls during the year.

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/ F. Stephen Austin
F. Stephen Austin, Chief Executive Officer
November 7, 2025

/s/ Cullen M. Kovac
Cullen M. Kovac, Chairman, Board of Directors
November 7, 2025

/s/ Christopher E. Bentley
Christopher E. Bentley, Chief Financial Officer
November 7, 2025

Third Quarter 2025 Financial Report

Table of Contents

Management's Discussion and Analysis of Financial Conditions and Results of Operations ... 4

Consolidated Balance Sheets ... 8
Consolidated Statements of Comprehensive Income ... 9
Consolidated Statements of Changes in Members' Equity ... 10

Notes to the Consolidated Financial Statements ... 11

LOUISIANA LAND BANK, ACA
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following commentary reviews the financial performance of the Louisiana Land Bank, ACA, referred to as the Association, for the quarter ended September 30, 2025. These comments should be read in conjunction with the accompanying consolidated 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.

Board Governance Update

The Board has appointed Mr. John McLain to serve out the remainder of Mr. Bobby Hanks' Board term. Mr. McLain is a rice and crawfish farmer from Abbeville. Mr. Hanks resigned on April 2, 2025, and Mr. McLain was appointed on July 29, 2025. Mr. McLain will serve until the next election for that region served, which will be in 2027. For additional Board Governance updates, please refer to the Second Quarter Stockholder Report.

Significant Events

The Association's financial condition may be impacted by factors that affect the Farm Credit Bank of Texas (FCBT or the Bank). The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association.

After 38 years of service to FCBT, the Bank's CEO, Amie Pala, announced her retirement on September 15, 2025. FCBT's Board is actively seeking a replacement for Ms. Pala.

On September 22, 2025, District associations were provided with a status update by FCBT. As a result of that meeting, the Association reduced the 2025 direct note patronage accrual balance and will not accrue additional patronage income from FCBT until the actual results of FCBT's 2025 patronage payout to its associations are known for the remainder of the year. The Association, out of an abundance of caution, has reduced the direct note patronage accrual balance to the lowest guidance level provided by FCBT.

During the quarter, FCBT informed District associations that a further change to their operating philosophy will most likely take place in 2026 in the form of a "technology fee" charge. Management is evaluating the impact of this proposed fee and incorporating the expense into this year's strategic planning and next year's Business Plan. If the proposed technology fee is imposed, the Association's operating expenses will be negatively affected, and this fee may materially impact operating efficiency ratios and earnings metrics of the Association and all other District associations.

The Association is required to maintain an investment in FCBT 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 the 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 borrowing from the Bank, equalized semi-annually. The first semi-annual equalization, in March 2025, resulted in an increase investment in the Bank of $5,059,875. The next equalization will occur at year-end 2025.

The reader should refer to the Association's quarterly and annual reports back to the 2nd quarter of 2023 for a full recap of the impact that the Bank has on the Association.

In March 2025, the Association's Board paid a patronage of $10,885,218 to the eligible stockholders from 2024's earnings. The patronage was in the form of a qualified patronage distribution.

In March, the Farm Credit System Insurance Corporation (FCSIC) voted to return excess funds to Farm Credit System banks. The Association received its portion of the excess funds from FCBT. The amount received was $159,754.

On July 10th, the FCSIC Board of Directors voted to maintain the insurance premium assessment at the current rate of 10 basis points plus an additional 10 basis points for nonaccrual loan volume. FCSIC is the largest non-human capital operating expense this Association has. Increases in the premium assessment rate will negatively affect Association earnings and could materially impact future financial results.

In 2024, the Association launched a crop insurance operation to supplement the Association's loan business. The Association has recently begun collecting de minimis amounts of crop insurance revenue. This income is related to the sales and servicing of crop insurance. Management believes that the crop insurance premiums and revenue collected will increase over time. The 2025 level of revenue is immaterial to operations.

The Association has continued to provide its members with quality financial services. The Board and management remain committed to maintaining the financial integrity of the Association while offering competitive loan products that meet the financial needs of agricultural producers, agribusinesses and rural residents.

Loan Portfolio

Total loans outstanding at September 30, 2025, including nonaccrual loans and sales contracts, were $1,167,709,229 compared to $1,082,268,833 at December 31, 2024, reflecting an increase of 7.9 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.2 percent at September 30, 2025, compared to 0.3 percent at December 31, 2024.

The Association recorded $400 in recoveries and $114,330 in charge-offs for the three months ended September 30, 2025, and no recoveries and no charge-offs for the same period in 2024. The Association recorded $31,436 in recoveries and $154,115 in charge-offs for the nine months ended September 30, 2025, and $22,292 in recoveries and $76,234 in charge-offs for the same period in 2024. The Association's allowance for credit losses on loans was 0.3 percent of total loans outstanding as of September 30, 2025, and December 31, 2024.

The Association's loan portfolio is well-supported by industry diversification and conservative advance rates. Additionally, a high percentage of the Association's borrowers primarily rely on non-farm sources of income to repay their loans.

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.

	September 30, 2025		December 31, 2024	
	Amount	**%**	Amount	%
Nonaccrual	**$ 1,972,476**	**94.3%**	$ 3,112,660	91.7%
90 days past due and still accruing interest	**40,000**	**1.9%**	68,828	2.0%
Other property owned, net	**79,008**	**3.8%**	214,158	6.3%
Total	**$ 2,091,484**	**100.0%**	$ 3,395,646	100.0%

Results of Operations

The Association had net income of $4,220,571 and $13,508,127 for the three and nine months ended September 30, 2025, as compared to net income of $4,528,314 and $13,957,227 for the same periods in 2024, reflecting a decrease of 6.8 and 3.2 percent. Net interest income was $7,890,950 and $23,578,282 for the three and nine months ended September 30, 2025, compared to $7,366,895 and $21,901,293 for the same periods in 2024.

Nine Months Ended:

	September 30, 2025		September 30, 2025	
	Average Balance	**Interest**	Average Balance	Interest
Loans	**$ 1,117,935,411**	**$ 50,321,132**	$ 1,024,452,851	$ 43,853,324
Interest-bearing liabilities	**939,632,445**	**26,742,850**	847,498,844	21,952,031
Impact of capital	**$ 178,302,966**		$ 176,954,007	
Net interest income		**$ 23,578,282**		$ 21,901,293

	2025 Average Yield	2024 Average Yield
Yield on loans	**6.02%**	5.72%
Cost of interest-bearing liabilities	**3.81%**	3.46%
Interest rate spread	**2.21%**	2.26%
Net interest income as a percentage of average earning assets	**2.82%**	2.86%

	Nine Months Ended: September 30, 2025 vs. September 30, 2024		
	Increase due to		
	Volume	Rate	Total
Interest income - loans	$ 3,998,016	$ 2,469,792	$ 6,467,808
Interest expense	2,384,248	2,406,571	4,790,819
Net interest income	$ 1,613,768	$ 63,221	$ 1,676,989

Interest income for the three and nine months ended September 30, 2025, increased by $2,389,208 and $6,467,808, or 15.8 percent and 14.7 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 $1,865,153 and $4,790,819, or 24.2 percent and 21.8 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 nine months ended September 30, 2025 was $1,117,935,411, compared to $1,024,452,851 for the same period in 2024. The average net interest rate spread on the loan portfolio for the nine months ended September 30, 2025 was 2.21 percent, compared to 2.26 percent for the same period in 2024.

Management believes that portfolio spread will likely decrease during the remainder of the year as market pressure on yield impacts the portfolio. Additionally, the change in FCBT's pricing methodology has negatively impacted spread. The results for the year to date spread slightly beat expectations due to unscheduled collection of non-accrual loan volume that took place during the year. This collection activity is a non-recurring event.

The Association's return on average assets for the nine months ended September 30, 2025, was 1.6 percent compared to 1.8 percent for the same period in 2024. The Association's return on average equity for the nine months ended September 30, 2025, was 8.7 percent, compared to 9.4 percent for the same period in 2024.

The Association's net income for the third quarter of 2025 decreased 6.8 percent compared to the same period in 2024. This decrease is largely attributable to the increase in interest expense and noninterest expense, and the Association has adjusted downward the accrual of the Direct Note Patronage from FCBT through the third quarter. Management will not accrual additional patronage until the actual results of the FCBT's 2025 patronage payout to its associations are known.

FCBT has taken measures that impact the Association's Consolidated Statements of Comprehensive Income. Significant changes to the legacy pricing model, the direct note patronage pay-outs, and the patronage paid on the Association's investment in FCBT have been made. Despite these changes, the Association's recurring net interest income and capital levels continue to be satisfactory.

The Association accrues for patronage payable to eligible stockholders in the current year. That balance is paid in the following year, usually late in the first quarter. The balance shifts from patronage payable to other liabilities in the current year.

Insurance Fund Premiums have increased slightly in 2025, compared to the same period in 2024. The FCSIC Board approved a reduction in premium from 18 basis points to 10 basis points beginning in 2024. Historically, all insurance expense was consolidated for presentation. FCSIC premiums are now segregated from captive and operating insurance coverage.

Salary expense has increased compared to prior year due to accrual activity related to incentive compensation. Loan Officers in many branches are outpacing incentive related measures compared to prior year.

Premise and equipment increased due to the acquisition of real estate in Crowley, Louisiana. The Board and management plan to build a new office building in Crowley with construction starting in 2026. The variance in the "other" category on the Association's Consolidated Balance Sheets is due in part to treasury service balances that were pending at year end and a larger participation sold accrual at year end 2024.

The Association has continued to provide its members with quality financial services. The Board and management remain committed to maintaining the financial integrity of the Association while offering competitive loan products that meet the financial needs of agricultural producers, agribusinesses and rural residents.

Liquidity and Funding Sources

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

	September 30, 2025	December 31, 2024
Note payable to the Bank	$ 989,811,831	$ 902,906,866
Accrued interest on note payable	3,239,902	2,664,159
Total	$ 993,051,733	$ 905,571,025

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 $989,811,831 as of September 30, 2025, is recorded as a liability on the Association's Consolidated Balance Sheets. The note carried a weighted average interest rate of 3.97 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 accrual loan volume. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $177,344,719 at September 30, 2025. The maximum amount the Association may borrow from the Bank as of September 30, 2025, was $1,182,646,219 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, equalized semi-annually. The first semi-annual equalization resulted in an increase investment in the Bank of $5,059,875 and was recorded in the first quarter of 2025.

Capital Resources

The Association's capital position increased by $13,609,493 at September 30, 2025, compared to December 31, 2024. The Association's debt as a percentage of members' equity was 4.69:1 as of September 30, 2025, compared to 4.63:1 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 of Financial Conditions and Results of Operations and Notes to the Consolidated 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*.

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Louisiana Land Bank, ACA, 2413 Tower Drive, Monroe, LA, 71201 or calling 318-387-7535. The annual and quarterly stockholder reports for the Association are also available on its website at *www.louisianalandbank.com.* Copies of the Association's quarterly stockholder reports can also be requested by e-mailing *alyssa.allen@louisianalandbank.com.*

LOUISIANA LAND BANK, ACA

CONSOLIDATED BALANCE SHEETS

	September 30, 2025 (unaudited)	December 31, 2024
ASSETS		
Cash	**$ 59,489**	$ 35,518
Loans	**1,167,709,229**	1,082,268,833
Less: allowance for credit losses on loans	**3,412,490**	3,097,093
Net loans	**1,164,296,739**	1,079,171,740
Accrued interest receivable	**17,582,633**	13,619,327
Investment in and receivable from the Farm Credit Bank of Texas:		
Capital stock	**22,789,491**	17,729,616
Other	**2,908,790**	7,886,390
Other property owned, net	**79,008**	214,158
Premises and equipment, net	**5,424,018**	4,485,904
Other assets	**941,005**	868,888
Total assets	**$ 1,214,081,173**	$ 1,124,011,541
LIABILITIES		
Note payable to the Farm Credit Bank of Texas	**$ 989,811,831**	$ 902,906,866
Accrued interest payable	**3,239,902**	2,664,159
Drafts outstanding	**39,549**	206,244
Patronage distributions payable	**203**	10,967,044
Other liabilities	**7,636,782**	7,523,815
Total liabilities	**1,000,728,267**	924,268,128
MEMBERS' EQUITY		
Capital stock and participation certificates	**3,036,590**	3,009,800
Unallocated retained earnings	**210,599,992**	197,017,289
Accumulated other comprehensive loss	**(283,676)**	(283,676)
Total members' equity	**213,352,906**	199,743,413
Total liabilities and members' equity	**$ 1,214,081,173**	$ 1,124,011,541

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	**2025**	2024
INTEREST INCOME				
Loans	**$ 17,475,665**	$ 15,086,457	**$ 50,321,132**	$ 43,853,324
INTEREST EXPENSE				
Note payable to the Farm Credit Bank of Texas	**9,584,715**	7,719,562	**26,742,850**	21,952,031
Net interest income	**7,890,950**	7,366,895	**23,578,282**	21,901,293
PROVISION FOR CREDIT LOSSES ON LOANS	**130,204**	211,262	**428,570**	141,429
Net interest income after provision for credit losses on loans	**7,760,746**	7,155,633	**23,149,712**	21,759,864
NONINTEREST INCOME				
Income from the Farm Credit Bank of Texas:				
Patronage income	**607,757**	825,638	**2,587,877**	2,689,505
Loan fees	**40,312**	165,792	**199,319**	261,807
Financially related services income	**24,581**	674	**26,223**	1,411
Gain on sale of premises and equipment, net	**7,240**	32,159	**75,629**	158,877
Other noninterest income	**38,201**	34,350	**370,105**	464,259
Total noninterest income	**718,091**	1,058,613	**3,259,153**	3,575,859
NONINTEREST EXPENSES				
Salaries and employee benefits	**2,757,172**	2,580,185	**8,198,440**	7,335,754
Directors' expense	**77,277**	86,564	**270,871**	284,627
Purchased services	**78,926**	92,069	**310,446**	269,512
Travel	**213,558**	158,115	**492,797**	441,379
Occupancy and equipment	**217,272**	211,371	**628,756**	613,119
Communications	**46,184**	50,252	**176,591**	173,881
Advertising	**187,609**	190,938	**560,044**	481,442
Public and member relations	**110,554**	85,113	**400,207**	370,797
Supervisory and exam expense	**161,048**	166,853	**603,172**	593,577
Insurance fund premiums	**232,047**	197,980	**649,173**	585,537
Other components of net periodic postretirement benefit cost	**50,021**	40,132	**150,062**	120,392
Loss on other property owned, net	**700**	-	**4,526**	-
Other noninterest expense	**119,893**	(176,859)	**444,548**	100,752
Total noninterest expenses	**4,252,261**	3,682,713	**12,889,633**	11,370,769
Income before income taxes	**4,226,576**	4,531,533	**13,519,232**	13,964,954
Provision for income taxes	**6,005**	3,219	**11,105**	7,727
NET INCOME	**4,220,571**	4,528,314	**13,508,127**	13,957,227
Other comprehensive income:				
Change in postretirement benefit plans	**-**	(5,808)	**-**	(17,424)
COMPREHENSIVE INCOME	**$ 4,220,571**	$ 4,522,506	**$ 13,508,127**	$ 13,939,803

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
(unaudited)

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2023	$ 2,961,020	$ 188,972,343	$ 41,377	$ 191,974,740
Comprehensive income	-	13,957,227	(17,424)	13,939,803
Capital stock/participation certificates issued	231,075	-	-	231,075
Capital stock/participation certificates retired	(191,240)	-	-	(191,240)
Patronage dividends:				
Patronage declared and accrued	-	1,994	-	1,994
Balance at September 30, 2024	$ 3,000,855	$ 202,931,564	$ 23,953	$ 205,956,372
Balance at December 31, 2024	$ 3,009,800	$ 197,017,289	$ (283,676)	$ 199,743,413
Comprehensive income	-	13,508,127	-	13,508,127
Capital stock/participation certificates issued	292,850	-	-	292,850
Capital stock/participation certificates retired	(266,060)	-	-	(266,060)
Patronage dividends:				
Patronage declared and accrued	-	74,576	-	74,576
Balance at September 30, 2025	**$ 3,036,590**	**$ 210,599,992**	**$ (283,676)**	**$ 213,352,906**

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Louisiana Land Bank, 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 parishes of Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, Lafayette, Lafourche, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, and Winn in the state of Louisiana. 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 consolidated 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.

Certain amounts in the prior period's financial statements have been reclassified to the current period's financial statement presentation.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with GAAP, except for the inclusion of a statement of cash flows. GAAP requires a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these consolidated financial statements. These interim financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2024, as contained in the 2024 Annual Report to Stockholders. 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) 2025-07 Derivatives and Hedging and Revenue from Contracts with Customers. The amendment updates (1) the accounting rules for businesses by providing a scope exception for certain derivative contracts that are based on operations or activities specific to one of the parties, and it (2) clarifies that the revenue guidance in ASC 606 applies to share-based noncash consideration received from customers. The standard is effective for annual periods starting after December 15, 2026, with early adoption permitted. The Association does not participate in hedging or derivate activity as described in the ASU and will not be impacted by this amendment.

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

In July 2025, the FASB issued ASU 2025-05 – Financial Instruments - Credit Losses - Measurement of Credit Losses for Accounts Receivable and Contract Assets. This update provides (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The practical expedient would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The 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 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 Association's financial condition, results of operations or cash flows but will impact the income tax disclosures.

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
Production agriculture:		
Real estate mortgage	**$ 964,427,539**	$ 907,797,000
Production and intermediate-term	**116,334,374**	82,447,188
Agribusiness:		
Processing and marketing	**54,181,413**	59,809,090
Farm-related business	**9,426,776**	12,063,464
Loans to cooperatives	**4,420,931**	561,173
Communication	**8,539,592**	8,541,804
Rural residential real estate	**5,920,146**	6,478,939
Energy	**2,639,806**	2,751,876
International	**1,818,652**	1,818,299
Total	**$ 1,167,709,229**	$ 1,082,268,833

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		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 46,865,942	$ 42,861,128	$ -	$ -	$ 46,865,942	$ 42,861,128
Agribusiness	13,079,429	163,121,321	-	-	13,079,429	163,121,321
Communication	8,539,592	-	-	-	8,539,592	-
Production and intermediate-term	5,721,842	5,000,000	-	-	5,721,842	5,000,000
Energy	2,639,806	-	-	-	2,639,806	-
International	1,818,652	-	-	-	1,818,652	-
Total	$ 78,665,263	$210,982,449	$ -	$ -	$ 78,665,263	$210,982,449

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 ACPs are included in other liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. There were no ACPs at September 30, 2025, and December 31, 2024.

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in the Association's 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, associations 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 percent of the original appraised value of the property taken as security or up to 97 percent 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 during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The Association reviews, at least on an annual basis or when a credit action is taken, the probability of default category.

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:

	September 30, 2025	December 31, 2024
Real estate mortgage		
Acceptable	**99.4** %	99.2 %
OAEM	**0.3**	0.4
Substandard/doubtful	**0.3**	0.4
	100.0	100.0
Production and intermediate-term		
Acceptable	**99.0**	100.0
OAEM	**0.3**	-
Substandard/doubtful	**0.7**	-
	100.0	100.0
Agribusiness		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Communication		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Rural residential real estate		
Acceptable	**98.6**	97.5
OAEM	**-**	1.1
Substandard/doubtful	**1.4**	1.4
	100.0	100.0
Energy		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
International		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Total loans		
Acceptable	**99.4**	99.4
OAEM	**0.3**	0.3
Substandard/doubtful	**0.3**	0.3
	100.0 %	100.0 %

Accrued interest receivable on loans of $38,813 and $2,602 at September 30, 2025, and December 31, 2024, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

The following 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
Nonaccrual loans:		
Real estate mortgage	**$ 1,171,892**	$ 3,102,225
Production and intermediate-term	**799,658**	9,397
Rural residential real estate	**926**	1,038
Total nonaccrual loans	**$ 1,972,476**	$ 3,112,660
Accruing loans 90 days or more past due:		
Production and intermediate-term	**$ 40,000**	$ -
Rural residential real estate	**-**	68,828
Total accruing loans 90 days or more past due	**$ 40,000**	$ 68,828
Other property owned	**$ 79,008**	$ 214,158
Total nonperforming assets	**$ 2,091,484**	$ 3,395,646
Nonaccrual loans as a percentage of total loans	**0.17%**	0.29%
Nonperforming assets as a percentage of total loans and other property owned	**0.18%**	0.31%
Nonperforming assets as a percentage of capital	**0.98%**	1.70%

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for credit losses, as well as interest income recognized on nonaccrual loans 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**
Nonaccrual loans:					
Real estate mortgage	**$ 177,189**	**$ 994,703**	**$ 1,171,892**	**$ 49,463**	**$ 625,666**
Production and intermediate-term	**-**	**799,658**	**799,658**	**-**	**-**
Rural residential real estate	**-**	**926**	**926**	**-**	**-**
Total nonaccrual loans	**$ 177,189**	**$ 1,795,287**	**$ 1,972,476**	**$ 49,463**	**$ 625,666**

	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
Nonaccrual loans:					
Real estate mortgage	$ 513,796	$ 2,588,429	$ 3,102,225	$ 70,258	$ 347,982
Production and intermediate-term	-	9,397	9,397	-	-
Rural residential real estate	-	1,038	1,038	-	-
Total nonaccrual loans	$ 513,796	$ 2,598,864	$ 3,112,660	$ 70,258	$ 347,982

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

September 30, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days Past Due and Accruing
Real estate mortgage	**$ 9,274,830**	**$ 345,572**	**$ 9,620,402**	**$ 954,807,137**	**$ 964,427,539**	**$ -**
Production and intermediate-term	**44,441**	**698,291**	**742,732**	**115,591,642**	**116,334,374**	**40,000**
Processing and marketing	**-**	**-**	**-**	**54,181,413**	**54,181,413**	**-**
Farm-related business	**-**	**-**	**-**	**9,426,776**	**9,426,776**	**-**
Loans to cooperatives	**-**	**-**	**-**	**4,420,931**	**4,420,931**	**-**
Communication	**-**	**-**	**-**	**8,539,592**	**8,539,592**	**-**
Rural residential real estate	**33,740**	**-**	**33,740**	**5,886,406**	**5,920,146**	**-**
Energy	**-**	**-**	**-**	**2,639,806**	**2,639,806**	**-**
International	**-**	**-**	**-**	**1,818,652**	**1,818,652**	**-**
Total	**$ 9,353,011**	**$ 1,043,863**	**$ 10,396,874**	**$ 1,157,312,355**	**$ 1,167,709,229**	**$ 40,000**

December 31, 2024	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
Real estate mortgage	$ 1,928,855	$ 479,728	$ 2,408,583	$ 905,388,417	$ 907,797,000	$ -
Production and intermediate-term	735,464	9,397	744,861	81,702,327	82,447,188	-
Processing and marketing	-	-	-	59,809,090	59,809,090	-
Farm-related business	-	-	-	12,063,464	12,063,464	-
Loans to cooperatives	-	-	-	561,173	561,173	-
Communication	-	-	-	8,541,804	8,541,804	-
Rural residential real estate	-	68,828	68,828	6,410,111	6,478,939	68,828
Energy	-	-	-	2,751,876	2,751,876	-
International	-	-	-	1,818,299	1,818,299	-
Total	$ 2,664,319	$ 557,953	$ 3,222,272	$ 1,079,046,561	$ 1,082,268,833	$ 68,828

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

Upon adoption of the CECL accounting guidance, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty. As of September 30, 2025, the Association had no modified loans with borrowers experiencing financial difficulties.

Allowance for Credit Losses

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15 percent of the Association's lending and leasing limit base but the Association's Board has 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 Mortgage	Production and Intermediate-Term	Agribusiness	Communication	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at June 30, 2025	**$ 2,925,028**	**$ 251,390**	**$ 164,127**	**$ 26,598**	**$ 19,287**	**$ 4,407**	**$ 1,896**	**$ 3,392,733**
Charge-offs	**(7,609)**	**(106,721)**	**-**	**-**	**-**	**-**	**-**	**(114,330)**
Recoveries	**400**	**-**	**-**	**-**	**-**	**-**	**-**	**400**
Provision for credit losses (credit loss reversal)	**98,671**	**51,176**	**(13,433)**	**(1,450)**	**(743)**	**(535)**	**1**	**133,687**
Balance at September 30, 2025	**$ 3,016,490**	**$ 195,845**	**$ 150,694**	**$ 25,148**	**$ 18,544**	**$ 3,872**	**$ 1,897**	**$ 3,412,490**
Allowance for credit losses on unfunded commitments:								
Balance at June 30, 2025	**$ 1,473**	**$ 11,783**	**$ 11,584**	**$ 657**	**$ -**	**$ -**	**$ 232**	**$ 25,729**
Provision for credit losses on unfunded commitments (credit loss reversal)	**(85)**	**(1,772)**	**(1,610)**	**(13)**	**-**	**-**	**(3)**	**(3,483)**
Balance at September 30, 2025	**$ 1,388**	**$ 10,011**	**$ 9,974**	**$ 644**	**$ -**	**$ -**	**$ 229**	**$ 22,246**
Total allowance for credit losses	**$ 3,017,878**	**$ 205,856**	**$ 160,668**	**$ 25,792**	**$ 18,544**	**$ 3,872**	**$ 2,126**	**$ 3,434,736**

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communication	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at December 31, 2024	**$ 2,827,087**	**$ 19,137**	**$ 198,032**	**$ 26,246**	**$ 19,460**	**$ 5,099**	**$ 2,032**	**$ 3,097,093**
Charge-offs	**(36,275)**	**(115,557)**	**-**	**-**	**(2,283)**	**-**	**-**	**(154,115)**
Recoveries	**29,153**	**-**	**-**	**-**	**2,283**	**-**	**-**	**31,436**
Provision for credit losses (credit loss reversal)	**196,525**	**292,265**	**(47,338)**	**(1,098)**	**(916)**	**(1,227)**	**(135)**	**438,076**
Balance at September 30, 2025	**$ 3,016,490**	**$ 195,845**	**$ 150,694**	**$ 25,148**	**$ 18,544**	**$ 3,872**	**$ 1,897**	**$ 3,412,490**
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2024	**$ 3,066**	**$ 7,664**	**$ 20,129**	**$ 640**	**$ -**	**$ -**	**$ 253**	**$ 31,752**
Provision for credit losses on unfunded commitments (credit loss reversal)	**(1,678)**	**2,347**	**(10,155)**	**4**	**-**	**-**	**(24)**	**(9,506)**
Balance at September 30, 2025	**$ 1,388**	**$ 10,011**	**$ 9,974**	**$ 644**	**$ -**	**$ -**	**$ 229**	**$ 22,246**
Total allowance for credit losses	**$ 3,017,878**	**$ 205,856**	**$ 160,668**	**$ 25,792**	**$ 18,544**	**$ 3,872**	**$ 2,126**	**$ 3,434,736**

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 Mortgage	Production and Intermediate-Term	Agribusiness	Communication	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at June 30, 2024	$ 2,786,199	$ 4,736	$ 155,331	$ 20,000	$ 21,514	$ 44,889	$ 2,187	$ 3,034,856
Charge-offs	-	(282,929)	-	-	-	-	-	(282,929)
Recoveries	-	-	-	-	-	-	-	-
Provision for credit losses (credit loss reversal)	(149,658)	365,939	(12,208)	6,151	(1,372)	1,195	(97)	209,950
Balance at September 30, 2024	$ 2,636,541	$ 87,746	$ 143,123	$ 26,151	$ 20,142	$ 46,084	$ 2,090	$ 2,961,877
Allowance for credit losses on unfunded commitments:								
Balance at June 30, 2024	$ 709	$ 9,451	$ 21,112	$ 704	$ -	$ -	$ 277	$ 32,253
Provision for credit losses on unfunded commitments (credit loss reversal)	459	(1,834)	2,686	15	-	-	(14)	1,312
Balance at September 30, 2024	$ 1,168	$ 7,617	$ 23,798	$ 719	$ -	$ -	$ 263	$ 33,565
Total allowance for credit losses	$ 2,637,709	$ 95,363	$ 166,921	$ 26,870	$ 20,142	$ 46,084	$ 2,353	$ 2,995,442

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communication	Rural Residential Real Estate	Energy	International	Total
Allowance for credit losses on loans:								
Balance at December 31, 2023	$ 2,708,531	$ 245,976	$ 157,646	$ 60,951	$ 24,664	$ 48,841	$ 2,255	$ 3,248,864
Charge-offs	-	(447,424)	-	-	-	-	-	(447,424)
Recoveries	22,292	-	-	-	-	-	-	22,292
Provision for credit losses (credit loss reversal)	(94,282)	289,194	(14,523)	(34,800)	(4,522)	(2,757)	(165)	138,145
Balance at September 30, 2024	$ 2,636,541	$ 87,746	$ 143,123	$ 26,151	$ 20,142	$ 46,084	$ 2,090	$ 2,961,877
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2023	$ 904	$ 5,822	$ 22,252	$ 1,009	$ -	$ -	$ 294	$ 30,281
Provision for credit losses on unfunded commitments (credit loss reversal)	264	1,795	1,546	(290)	-	-	(31)	3,284
Balance at September 30, 2024	$ 1,168	$ 7,617	$ 23,798	$ 719	$ -	$ -	$ 263	$ 33,565
Total allowance for credit losses	$ 2,637,709	$ 95,363	$ 166,921	$ 26,870	$ 20,142	$ 46,084	$ 2,353	$ 2,995,442

Discussion of Changes in Allowance for Credit Losses

The ACL increased $305,891 to $3,434,736 at September 30, 2025, as compared to $3,128,845 at December 31, 2024. The increase in allowance was driven by standard review of adverse assets and the need for an allowance for expected credit losses on asset-specific loans, as well as fluctuations in loan portfolio risk ratings. Additionally, the Association utilizes certain input factors as model input. The input factors include a baseline economic scenario, an upside economic scenario, and a downside economic scenario.

The economic scenarios utilized in the September 30, 2025, estimate for the allowance for credit losses were based on the following scenarios: a baseline scenario which represents a relatively stable economic environment; a downside scenario reflecting an economic recession; and an upside scenario that considers the potential for economic improvement relative to the baseline.

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 credit 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.

	September 30, 2025	December 31, 2024
Capital stock and participation certificates	**$ 3,036,590**	$ 3,009,800
Accumulated other comprehensive loss	**(283,676)**	(283,676)
Unallocated retained earnings	**210,599,992**	197,017,289
Total Capital	**$ 213,352,906**	$ 199,743,413

Regulatory Capitalization Requirements

Risk-adjusted:	**Regulatory Minimums with Buffer**	**As of September 30, 2025**
Common equity tier 1 ratio	**7.00%**	**15.70%**
Tier 1 capital ratio	**8.50%**	**15.70%**
Total capital ratio	**10.50%**	**15.98%**
Permanent capital ratio	**7.00%**	**15.74%**
Non-risk-adjusted:		
Tier 1 leverage ratio	**5.00%**	**15.95%**
UREE leverage ratio	**1.50%**	**15.69%**

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

	Common equity tier 1 ratio	**Tier 1 capital ratio**	**Total capital ratio**	**Permanent capital ratio**
Numerator:				
Unallocated retained earnings	**$ 207,272,143**	**$ 207,272,143**	**$ 207,272,143**	**$ 207,272,143**
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	**3,028,562**	**3,028,562**	**3,028,562**	**3,028,562**
Allowance for credit losses and reserve for credit losses subject to certain limitations	**-**	**-**	**3,379,104**	**-**
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	**(22,789,491)**	**(22,789,491)**	**(22,789,491)**	**(22,789,491)**
	$ 187,511,214	**$ 187,511,214**	**$ 190,890,318**	**$ 187,511,214**
Denominator:				
Risk-adjusted assets excluding allowance	**$ 1,217,327,020**	**$ 1,217,327,020**	**$ 1,217,327,020**	**$ 1,217,327,020**
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	**(22,789,491)**	**(22,789,491)**	**(22,789,491)**	**(22,789,491)**
Allowance for credit losses	**-**	**-**	**-**	**(3,353,414)**
	$ 1,194,537,529	**$ 1,194,537,529**	**$ 1,194,537,529**	**$ 1,191,184,115**

		Tier 1 leverage ratio		UREE leverage ratio
Numerator:				
Unallocated retained earnings	$	207,272,143	$	207,272,143
Common Cooperative Equities:				
Statutory minimum purchased borrower stock		3,028,562		-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions		(22,789,491)		(22,789,491)
	$	187,511,214	$	184,482,652
Denominator:				
Total Assets	$	1,200,019,110	$	1,200,019,110
Regulatory Adjustments and Deductions:				
Regulatory deductions included in tier 1 capital		(24,363,271)		(24,363,271)
	$	1,175,655,839	$	1,175,655,839

The Association's accumulated other comprehensive (loss) income 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 (loss) income for the nine months ended September 30:

		2025		2024
Accumulated other comprehensive (loss) income at January 1	**$**	**(283,676)**	$	41,377
Other comprehensive loss, net of tax		**-**		(17,424)
Net current period other comprehensive loss		**-**		(17,424)
Accumulated other comprehensive (loss) income at September 30	**$**	**(283,676)**	$	23,953

NOTE 4 — INCOME TAXES:

Louisiana Land Bank, 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. Louisiana Land Bank, ACA operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, Louisiana Land Bank, 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 are retained by the Association and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized.

NOTE 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, "Fair Value Measurements," 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:

September 30, 2025	**Fair Value Measurement Using**			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
Assets:				
Assets held in non-qualified benefits trusts	**$ 55,727**	**$ -**	**$ -**	**$ 55,727**

December 31, 2024	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in non-qualified benefits trusts	$ 35,981	$ -	$ -	$ 35,981

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

September 30, 2025	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$ 145,170**	**$ 145,170**
Other property owned	**-**	**-**	**87,786**	**87,786**
Total assets	**$ -**	**$ -**	**$ 232,956**	**$ 232,956**

December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ 435,748	$ 435,748
Other property owned	-	-	237,954	237,954
Total assets	$ -	$ -	$ 673,702	$ 673,702

For the three and nine months ended September 30, 2025, and the year ended December 31, 2024, the Association did not have any nonfinancial liabilities that were assessed at fair value on a recurring or non-recurring basis.

Uncertainty of Fair Value Measurements

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the significant unobservable inputs used in the fair value measurement of the mortgage-backed securities are prepayment rates, probability of default and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would have resulted in a significantly lower (higher) fair value measurement.

Generally, a change in the assumption used for the probability of default would have been accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Quoted market prices are generally not available for the instruments presented below. Accordingly, fair values are based on internal models that consider judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates involve uncertainties and matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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 2, "Summary of Significant Accounting Policies," 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.

Loans

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

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

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

NOTE 6 — EMPLOYEE BENEFIT PLANS:

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:

	Pension Benefits	
Three months ended September 30:	**2025**	2024
Service cost	**$ 8,175**	$ 8,644
Interest cost	**50,021**	45,939
Amortization of prior service credits	**-**	(5,808)
Net periodic benefit cost	**$ 58,196**	$ 48,775

	Pension Benefits	
Nine months ended September 30:	**2025**	2024
Service cost	**$ 24,525**	$ 25,934
Interest cost	**150,062**	137,817
Amortization of prior service credits	**-**	(17,424)
Net periodic benefit cost	**$ 174,587**	$ 146,327

The Association's liability for the unfunded accumulated obligation for these benefits at September 30, 2025, was $3,886,437 and is included in "Other liabilities" on the Consolidated Balance Sheets.

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 Consolidated Statements of Comprehensive Income.

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 Association previously disclosed in its financial statements for the year ended December 31, 2024, that it expected to contribute $139,254 to the District's defined benefit pension plan in 2025. As of September 30, 2025, $104,441 of contributions have been made. The Association presently anticipates contributing an additional $34,813 to fund the defined benefit pension plan in 2025.

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. In addition, the Association makes commitments and extends letters of credit in the normal course of business. At this time there are $65,291,646 in commitments and $742,785 in letters of credit outstanding.

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.