# DEERE JOHN CAPITAL CORP

## FORM 10-K
(Annual Report)

Filed 12/12/24 for the Period Ending 10/27/24

| | |
|---|---|
| Address | P. O. BOX 5328 |
| | MADISON, WI, 53705-0328 |
| Telephone | (800) 438-7394 |
| CIK | 0000027673 |
| SIC Code | 6153 - Short-Term Business Credit Institutions |
| Industry | Corporate Financial Services |
| Sector | Financials |
| Fiscal Year | 10/27 |

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-K

**(Mark one)**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended October 27, 2024**
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the transition period from ____ to ____**

**Commission file number 1-6458**

# JOHN DEERE CAPITAL CORPORATION
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **36-2386361** |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

| | | |
|---|---|---|
| **P.O. Box 5328**<br>**Madison, Wisconsin** | **53705-0328** | **(800) 438-7394** |
| (Address of principal executive offices) | (Zip Code) | (Registrant's telephone number, including area code) |

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

| Title of each class | Trading symbol | Name of each exchange on which registered |
|---|---|---|
| 2.00% Senior Notes Due 2031 | JDCC 31 | New York Stock Exchange |

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☐ |
| | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

At December 12, 2024, 2,500 shares of common stock, without par value, of the registrant were outstanding, all of which were owned by John Deere Financial Services, Inc., a wholly-owned subsidiary of Deere & Company.

**The registrant meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Annual Report on Form 10-K with certain reduced disclosures as permitted by Instruction I(2).**

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# PART I

## ITEM 1. BUSINESS.

This Annual Report on Form 10-K contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Annual Report on Form 10-K are forward-looking statements. Forward-looking statements provide our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance, and business. You can identify forward-looking statements as they do not relate to historical or current facts and by words such as “believe,” “expect,” “estimate,” “anticipate,” “will,” “aim,” “should,” “plan,” “forecast,” “target,” “guide,” “project,” “intend,” “could,” and similar words or expressions.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, and other important information about forward-looking statements are disclosed under Item 1A, “Risk Factors,” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations–Forward-Looking Statements” in this Annual Report on Form 10-K.

As used herein, John Deere Capital Corporation (Capital Corporation) and its subsidiaries are collectively referred to as “we,” “us,” “our,” or “the Company,” unless designated or identified otherwise.

Presentation of Amounts

All amounts are presented in millions of dollars, unless otherwise specified.

The Company

Capital Corporation was incorporated under the laws of Delaware and commenced operations in 1958. All of our outstanding common stock is owned by John Deere Financial Services, Inc. (JDFS), a wholly-owned subsidiary of Deere & Company. See “Our Relationships with John Deere” for additional information regarding agreements between us and Deere & Company. We conduct business in Australia, New Zealand, the United States (U.S.), and in several countries in Africa, Asia, Europe, and Latin America, including Argentina, Chile, and Mexico.

We provide and administer financing for retail purchases of new equipment manufactured by Deere & Company’s production and precision agriculture operations, small agriculture and turf operations, and construction and forestry operations and used equipment taken in trade for this equipment. References to “agriculture and turf” include both production and precision agriculture and small agriculture and turf. Deere & Company and its wholly-owned subsidiaries are collectively called “John Deere.”

We offer the following financing solutions:

- *Retail notes* – we purchase retail installment sales and loan contracts from John Deere, which are generally acquired through independent John Deere retail dealers, and finance a limited amount of non-John Deere retail notes;
- *Revolving charge accounts* – we finance and service revolving charge accounts, in most cases acquired from and offered through merchants and dealers in the agriculture and turf and construction and forestry markets;
- *Wholesale receivables* – we provide wholesale financing to dealers of John Deere agriculture and turf equipment and construction and forestry equipment, primarily to finance inventories of equipment for those dealers; and
- *Financing and operating leases* – we lease John Deere equipment and a limited amount of non-John Deere equipment to retail customers.

Retail notes, revolving charge accounts, and financing leases are collectively called “Customer Receivables.” Customer Receivables and wholesale receivables are collectively called “Receivables.” Receivables and equipment on operating leases are collectively called “Receivables and Leases.” We secure our Receivables, other than certain revolving charge accounts, by retaining as collateral security in the goods associated with those Receivables or with the use of other collateral.

Available Information

Deere & Company’s internet address is https://www.deere.com. The information contained on John Deere’s website is not included in, nor incorporated by reference into, this Annual Report on Form 10-K.

Business of John Deere

John Deere’s operations are categorized into four business segments:

The *production and precision agriculture* segment defines, develops, and delivers global equipment and technology solutions for production-scale growers of crops like large grains (such as corn and soy), small grains (such as wheat, oats, and barley), cotton, and sugarcane. Equipment manufactured and distributed by the segment includes large and certain mid-size tractors, combines, cotton pickers, cotton strippers, sugarcane harvesters, and related harvesting front-end equipment. In addition, the segment includes tillage, seeding, and application equipment, including sprayers and nutrient management and soil preparation machinery.

The *small agriculture and turf* segment defines, develops, and delivers global equipment and technology solutions designed to unlock customer value and sustainability for dairy and livestock producers, high-value crop and small acreage crop producers, and turf and utility customers. Equipment manufactured and distributed by the segment includes certain mid-size, small and utility tractors, and related loaders and attachments; turf and utility equipment, including riding lawn equipment, commercial mowing equipment, golf course equipment, utility vehicles, implements for mowing, tilling, snow and debris handling, aerating, and other residential, commercial, golf, and sports turf care applications; and hay and forage equipment, including self-propelled forage harvesters and attachments, balers, and mowers.

The *construction and forestry* segment delivers a robust portfolio of construction, roadbuilding, and forestry products with precision technology solutions. The segment’s primary construction products include excavators, wheel loaders, motor graders, dozers, backhoes, articulated dump trucks, compact construction equipment including skid steers, compact excavators, and compact truck loaders, along with a variety of attachments. The segment’s primary roadbuilding products include milling machines, pavers, compactors, rollers, crushers, screens, and asphalt plants, and the primary forestry products include skidders, wheeled and tracked feller bunchers, forwarders, knuckleboom loaders, wheeled and tracked harvesters, swing machines, and precision forestry technology solutions.

The products and services produced by the segments above are marketed primarily through independent retail dealer networks and major retail outlets. For roadbuilding products in certain markets outside the U.S. and Canada, the products are sold through John Deere-owned sales and service subsidiaries.

The *financial services* segment includes our operations (described herein) and additional operations in the U.S., Canada, Brazil, China, India, and Thailand. The segment primarily finances sales and leases by John Deere dealers of new and used production and precision agriculture equipment, small agriculture and turf equipment, and construction and forestry equipment. In addition, the financial services segment provides wholesale financing to dealers of the foregoing equipment, finances retail revolving charge accounts, and, in certain jurisdictions, offers extended equipment warranties.

John Deere’s worldwide production and precision agriculture operations, small agriculture and turf operations, and construction and forestry operations are sometimes collectively referred to as the “equipment operations.” The financial services segment is sometimes referred to as the “financial services operations.” Receivables and Leases managed by us are evaluated by market (agriculture and turf or construction and forestry).

For fiscal 2024, worldwide net income attributable to Deere & Company was $7,100, or $25.62 per share, compared with $10,166, or $34.63 per share, in fiscal 2023.

Deere & Company’s consolidated net sales and revenues decreased 16 percent to $51,716 in 2024, compared with $61,251 in 2023. Net sales of the equipment operations decreased in fiscal 2024 to $44,759, compared with $55,565 last year, due to lower sales volumes.

The financial services operations reported net income of $696 for fiscal 2024 compared with $619 in fiscal 2023. Excluding the impact of a one-time correction of the accounting treatment for financing incentives offered to John Deere dealers in 2023, net income declined as a result of a higher provision for credit losses and less favorable financing spreads driven primarily by the receivable portfolio mix. These factors were partially offset by income earned on higher average portfolio balances.

Smart Industrial Operating Model and Leap Ambitions

John Deere's Smart Industrial Operating Model is based on the following three focus areas:

(a) Production systems: A strategic alignment of products and solutions around John Deere customers' operations. Production systems refer to the series of steps John Deere's customers take to execute different tasks, operations, and projects to grow an agricultural product or execute a project.
(b) Technology stack: Investments in technology, as well as research and development, that deliver intelligent solutions to John Deere customers through hardware and devices, embedded software, connectivity, data platforms, and applications. The technology stack leverages these core technologies, including digital capabilities, automation and machine learning, autonomy, and alternative power technologies.
(c) Lifecycle solutions: The integration of John Deere's aftermarket and support capabilities to more effectively manage customer equipment, service, and technology needs across the full lifetime of a John Deere product, and with a specific lifecycle solution focus on the ownership experience.

John Deere's Leap Ambitions are a framework designed to boost economic value and sustainability for its customers. The Leap Ambitions set goals to measure the results of John Deere's Smart Industrial Operating Model. The ambitions align across the production systems of John Deere customers, seeking to optimize their operations to deliver better outcomes with fewer resources. As an enabling business, we are fully integrated with John Deere's Smart Industrial Operating Model and are focused on providing financial solutions to help John Deere achieve its Leap Ambitions.

Our Relationships with John Deere

Our results of operations are affected by our relationships with John Deere, including, among other items, the terms on which we acquire Receivables and borrow funds from John Deere, the reimbursement for interest waiver and low-rate finance programs from John Deere, the compensation paid by John Deere in connection with our purchase of trade receivables from John Deere, the payment to John Deere for various expenses applicable to our operations, and payments made to or received from John Deere related to our international support agreement with John Deere. In addition, we have joint access with John Deere to certain lines of credit.

Our volume of Receivables and Leases is largely dependent upon the level of retail sales and leases of John Deere products. The level of John Deere retail sales and leases is responsive to a variety of economic, financial, geopolitical, climatic, legislative, and other factors that influence supply and demand for its products. The majority of our business is affected by changes in interest rates, demand for credit, and competition.

We bear substantially all of the credit risk (net of recovery from withholdings from certain John Deere dealers and merchants) associated with our holding of Receivables and Leases. A small portion of the Receivables and Leases held (less than 5 percent) is guaranteed by certain subsidiaries of Deere & Company. We also perform substantially all servicing and collection functions. Servicing and collection functions for a small portion of the Receivables and Leases held (less than 5 percent) are provided by John Deere. John Deere is reimbursed for staff and other administrative services at estimated cost and for credit lines provided to us based on utilization of those lines.

The terms and the basis on which we acquire retail notes and certain wholesale receivables from John Deere are governed by agreements with John Deere, generally terminable by either John Deere or us on 30 days' notice. As provided in these agreements, we agree to the terms and conditions for purchasing the retail notes and wholesale receivables from John Deere. Under these agreements, John Deere is not obligated to sell notes to us, and we are obligated to purchase notes from John Deere only if the notes comply with the terms and conditions set by us.

The basis on which John Deere acquires retail notes from John Deere dealers is governed by agreements with those dealers, which may be terminated in accordance with their terms and applicable law. The dealers are not obligated to sell these notes to John Deere and John Deere is not obligated to accept these notes from the dealers. In practice, retail notes are acquired from dealers only if the terms of these notes and the creditworthiness of the customers are acceptable to us. We act on behalf of both ourselves and John Deere in determining the acceptability of the notes and in acquiring acceptable notes from dealers.

The basis on which we enter into leases with retail customers through John Deere dealers is governed by agreements between those dealers and us. Leases are accepted based on the terms and conditions of the agreements, the lessees' creditworthiness, the anticipated residual values of the equipment, and the intended use of the equipment.

Deere & Company has an agreement with us pursuant to which it has agreed to continue to own, directly or through one or more wholly-owned subsidiaries, at least 51 percent of the voting shares of capital stock of Capital Corporation and to maintain our consolidated tangible net worth at not less than $50.0. This agreement also obligates Deere & Company to make payments to us such that our consolidated ratio of earnings to fixed charges is not less than 1.05 to 1 for any four consecutive fiscal quarterly periods. Deere & Company's obligations to make payments to us under the agreement are independent of whether we are in default on our indebtedness, obligations, or other liabilities. Further, Deere & Company's obligations under the agreement are not measured by the amount of our indebtedness, obligations, or other liabilities. Deere & Company's obligations to make payments under this agreement are expressly stated not to be a guarantee of any specific indebtedness, obligation, or liability of ours and are enforceable only by or in the name of Capital Corporation. No payments were required under this agreement during the periods included in the consolidated financial statements. At October 27, 2024, Deere & Company indirectly owned 100 percent of the voting shares of Capital Corporation's capital stock and our consolidated tangible net worth was $6,226.2.

We also have an international support agreement with Deere & Company, pursuant to which we and Deere & Company have agreed to make periodic support payments to each other if and to the extent necessary to ensure our businesses in certain international markets, including Argentina, Chile, and Mexico, earn a specified target return on equity. Deere & Company's obligations to make payments under this agreement are expressly stated not to be a guarantee of any specific indebtedness, obligation, or liability of ours.

We purchase certain wholesale trade receivables from John Deere. These trade receivables arise from John Deere's sales of goods to independent dealers. Under the terms of the sales to dealers, interest is primarily charged to dealers on outstanding balances from the earlier of the date when goods are sold to retail customers by the dealer or the expiration of certain interest-free periods granted at the time of the sale to the dealer, until payment is received by us. Dealers cannot cancel purchases after John Deere recognizes a sale and are responsible for payment even if the equipment is not sold to retail customers. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. These periods range from one to twelve months for most equipment. Interest-free periods may not be extended. Interest charged may not be forgiven and the rates on past due interest exceed market rates. We receive compensation from John Deere at approximate market interest rates for these interest-free periods. We compute the compensation from John Deere for interest-free periods based on our estimated funding costs, administrative and operating expenses, credit losses, and required return on equity.

A portion of finance income earned by us arises from financing of retail sales of John Deere equipment on which finance charges are waived or reduced by John Deere for a period from the date of the retail sale to a specified subsequent date. We receive compensation from John Deere equal to competitive market interest rates for periods during which finance charges have been waived or reduced. We compute the compensation from John Deere for waived or reduced finance charges based on our estimated funding costs, administrative and operating expenses, credit losses, and required return on equity. The financing rate following the waiver or interest reduction period is not significantly different from the compensation rate from John Deere.

Description of Receivables and Leases

Receivables and Leases arise mainly from retail and wholesale sales and leases of John Deere products and used equipment accepted in trade for them, and from retail sales of equipment of unrelated manufacturers. Receivables and Leases also include revolving charge receivables. At October 27, 2024 and October 29, 2023, at least 90 percent of the Receivables and Leases administered by us were for financing that facilitated the purchase or lease of John Deere products.

John Deere Financial, f.s.b. (Thrift) is a wholly-owned subsidiary of Capital Corporation. It holds a federal thrift charter and is regulated by the Office of the Comptroller of the Currency (OCC). The U.S. Federal Reserve Board has oversight of us, as the owner of the Thrift. The Thrift is headquartered in Wisconsin and offers the following revolving charge products throughout the U.S.:

- John Deere Financial Multi-Use Account™ is used by farmers and ranchers to finance their purchases of production inputs from agribusiness merchants, including seed, fertilizer, and crop protection. It is also used by agriculture and turf customers to finance the purchase of parts and service from John Deere dealers.
- PowerPlan™ is used by construction and forestry customers to finance the purchase of equipment parts, equipment rentals, and service work performed at John Deere construction and forestry dealers.
- John Deere Financial Revolving Plan is used by retail customers of John Deere dealers to finance purchases of turf and utility equipment.

We provide wholesale financing to John Deere dealers, primarily to finance agriculture and turf and construction and forestry equipment inventories. A large portion of the wholesale financing is provided by us to dealers from whom we also purchase agriculture and turf and construction and forestry retail notes.

We generally require that theft and physical damage insurance be carried on all goods leased or securing retail notes and wholesale receivables. In certain markets, the customer may, at the customer's own expense, have us or the seller of the goods purchase this insurance or obtain it from other sources. Insurance is not required for goods purchased under revolving charge accounts.

Receivables and Leases are eligible for acceptance if they conform to prescribed finance and lease plan terms. In limited circumstances, Receivables and Leases may be accepted even though they do not conform in all respects to the established guidelines. We determine whether Receivables and Leases should be accepted and how they should be serviced. Acceptance of these Receivables and Leases is dependent on having one or more risk mitigation enhancements that may include larger down payments or advance lease payments, additional co-borrowers or guarantors, the pledge of additional collateral as security, the assignment of specific earnings to us, or the acceptance of accelerated payment schedules. Our officers are responsible for establishing policies and reviewing our performance in accepting and collecting Receivables and Leases. We perform substantially all of our own routine collections, settlements, and repossessions on Receivables and Leases.

John Deere retail notes and wholesale receivables are generally supported by perfected security interests in goods financed under laws such as the Uniform Commercial Code (UCC), certain federal statutes, and state motor vehicle laws in the U.S. and by security in goods or other security under applicable laws in other countries and jurisdictions. UCC financing statements are also prepared and filed on leases; however, these filings for operating leases are made for informational purposes only.

Finance Rates on Retail Notes

As of October 27, 2024 and October 29, 2023, over 95 percent of the retail notes held by us bore a fixed finance rate. A portion of the finance income earned by us arises from reimbursements from John Deere in connection with financing the retail sales of John Deere equipment on which finance charges are waived or reduced by John Deere for a period from the date of sale to a specified subsequent date. See Note 3 for additional information.

Average Original Term and Average Actual Life of Retail Notes and Leases

Due to prepayments (often from trade-ins and refinancing), the average actual life of retail notes and leases is considerably shorter than the average original term. The following table shows the average original term for retail notes and leases acquired during the year and the average actual life for retail notes and leases liquidated during the year (in months):

| | Average Original Term | | Average Actual Life | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Retail notes: | 57 | 57 | 34 | 34 |
| New equipment: | | | | |
| Agriculture and turf | 57 | 57 | 32 | 32 |
| Construction and forestry | 51 | 52 | 38 | 38 |
| Used equipment: | | | | |
| Agriculture and turf | 61 | 60 | 35 | 35 |
| Construction and forestry | 52 | 52 | 35 | 31 |
| Financing leases | 25 | 26 | 21 | 23 |
| Equipment on operating leases | 46 | 45 | 33 | 33 |

Maturities

The following table presents the contractual maturities of Receivables and Leases owned by us at October 27, 2024 and a summary of Receivables and Leases owned by us at October 29, 2023:

| | One year or less | One to five years | | Five to fifteen years | | Total | |
|---|---|---|---|---|---|---|---|
| | | Fixed rate | Variable rate | Fixed rate | Variable rate | 2024 | 2023 |
| Retail notes: | | | | | | | |
| Agriculture and turf | $ 8,971.4 | $ 18,295.7 | $ 194.6 | $ 651.5 | $ 4.0 | $ 28,117.2 | $ 26,708.3 |
| Construction and forestry | 2,277.0 | 3,526.4 | 3.7 | 13.5 | | 5,820.6 | 5,289.6 |
| Total retail notes | 11,248.4 | 21,822.1 | 198.3 | 665.0 | 4.0 | 33,937.8 | 31,997.9 |
| Revolving charge accounts | 4,408.6 | 95.5 | 34.7 | | | 4,538.8 | 4,594.4 |
| Wholesale receivables | 13,609.2 | 163.9 | 336.9 | 4.0 | .1 | 14,114.1 | 13,330.1 |
| Financing leases | 1,021.6 | 597.9 | | 17.4 | | 1,636.9 | 1,421.8 |
| Equipment on operating leases | 1,009.1 | 4,289.0 | | 129.6 | | 5,427.7 | 5,051.5 |
| Total Receivables and Leases | $ 31,296.9 | $ 26,968.4 | $ 569.9 | $ 816.0 | $ 4.1 | $ 59,655.3 | $ 56,395.7 |

Net Write-offs

Receivable balances are written off to the allowance for credit losses when, in the judgment of management, they are considered uncollectible. Write-offs generally occur when Customer Receivables are 120 days delinquent, and on a case-by-case basis when wholesale receivables are 60 days delinquent.

Total net (write-offs) recoveries, by product, were as follows:

| | 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| Net write-offs: | | | | | | |
| Retail notes and financing leases: | | | | | | |
| Agriculture and turf | $ (71.6) | (.25)% | $ (22.9) | (.09)% | $ (11.2) | (.04)% |
| Construction and forestry | (79.3) | (1.38) | (25.0) | (.47) | (15.1) | (.30) |
| Total retail notes and financing leases | (150.9) | (.45) | (47.9) | (.16) | (26.3) | (.10) |
| Revolving charge accounts | (64.4) | (1.65) | (22.6) | (.59) | 2.9 | .09 |
| Wholesale receivables | .2 | | .4 | .01 | (.2) | |
| Total net write-offs | $ (215.1) | (.40)% | $ (70.1) | (.15)% | $ (23.6) | (.06)% |

Net write-offs as a percent of portfolio increased in 2024 and 2023 from near record lows in 2022 due to a decline in market conditions.

Allowance for Credit Losses

The total allowance for credit losses, by product, at October 27, 2024 and October 29, 2023, and the portfolio, by product, as a percent of total portfolio are presented below:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Dollars | Percent | Dollars | Percent |
| Retail notes and financing leases: | | | | |
| Agriculture and turf | $ 134.3 | 55 % | $ 55.4 | 54 % |
| Construction and forestry | 58.1 | 11 | 59.5 | 11 |
| Total retail notes and financing leases | 192.4 | 66 | 114.9 | 65 |
| Revolving charge accounts | 7.6 | 8 | 20.4 | 9 |
| Wholesale receivables | 27.5 | 26 | 11.1 | 26 |
| Total | $ 227.5 | 100 % | $ 146.4 | 100 % |

Key credit quality metrics and related portfolio balances at October 27, 2024 and October 29, 2023 were as follows:

| | 2024 | 2023 |
|---|---|---|
| | Dollars | Dollars |
| Receivables 30 days or more past due | $ 607.4 | $ 514.1 |
| Non-performing Receivables | 533.6 | 383.1 |
| Allowance for credit losses | 227.5 | 146.4 |
| Total Receivables | 54,227.6 | 51,344.2 |

| | 2024 | 2023 |
|---|---|---|
| | Percent | Percent |
| Receivables 30 days or more past due to total Receivables | 1.12 % | 1.00 % |
| Non-performing Receivables to total Receivables | .98 | .75 |
| Allowance for credit losses to total Receivables | .42 | .29 |
| Allowance for credit losses to non-performing Receivables | 42.63 | 38.21 |

The credit quality metrics summarized above have declined in 2024 due to unfavorable market conditions, which led to an increase in past due and non-performing receivables, as well as a higher allowance for credit losses.

Competition

The businesses in which we are engaged are highly competitive. We primarily compete for customers with commercial banks and finance and leasing companies based upon our service, finance rates charged, and other finance terms. In addition, the competitive landscape is evolving as technology is unlocking new capabilities for traditional competitors and enabling new digital entrants that could be either technology partners or potential competitors. The proportion of John Deere equipment retail sales and leases financed by us is influenced by conditions prevailing in the agriculture and turf equipment and construction and forestry equipment markets, in the financial markets, and in business generally. We financed a significant portion of John Deere equipment retail sales and leases in many of the countries in which we operated during 2024 and 2023.

We emphasize convenient service to customers and endeavor to offer terms desired in our specialized markets, such as seasonal schedules of repayment and rentals. Our retail finance rates and lease rates are generally believed to be in the range offered by other sales finance and leasing companies, although not as low as those of some banks and other lenders and lessors.

Regulation

In several U.S. states, state law limits the maximum finance rate on receivables. The present state limitations have not significantly limited variable-rate finance charges or the fixed-rate finance charges established by us. However, if interest rate levels should increase significantly, maximum state rates could affect us by preventing the variable rates on outstanding variable-rate retail notes from increasing above the maximum state rate and by limiting the fixed rates on new notes. In some states, we may be able to qualify new retail notes for a higher maximum rate limit by using retail installment sales contracts (rather than loan contracts) or by using fixed-rate rather than variable-rate contracts.

In addition to rate regulations, various U.S. state and federal laws and regulations apply to some Receivables and Leases, principally retail notes for goods sold for personal, family, or household use and John Deere Financial Revolving Plan, John Deere Financial Multi-Use Account™, and PowerPlan™ products and receivables. To date, these laws and regulations have not had a significant adverse effect on us.

The Thrift holds a federal thrift charter and is subject to regulation and examination by the OCC. The U.S. Federal Reserve Board has oversight of us, as the owner of the Thrift.

Our financing offers outside the U.S. are affected by a variety of country specific laws, regulations, and customs, including those governing property rights and debtor obligations, and are subject to changes that may introduce greater risks to us.

In fiscal year 2024, compliance with the regulations applicable to us did not have a material effect on our capital expenditures, earnings, or competitive position. We do not expect to incur material capital expenditures related to compliance with regulations during fiscal year 2025. Additional information about the impact of government regulations on our business is included in Item 1A, “Risk Factors” under the heading “Compliance Risks.”

Human Capital

Our employees are guided by a simple principle: *We run so life can leap forward.* Employees are further guided by John Deere’s Code of Business Conduct (“Code”), which helps them to uphold and strengthen the standards of honor and integrity that have defined John Deere since its founding. And while our world and business may change, we continue to be guided by our core values—Integrity, Quality, Humanity, Commitment and Innovation. Humanity was added as our fifth core value in fiscal year 2024.

*Employees*

At October 27, 2024, we had 1,338 full-time and part-time employees. We also retain consultants, independent contractors, and temporary workers.

*Code of Business Conduct*

We are committed to conducting business in accordance with the highest ethical standards. We require all employees to complete training on our Code and also require that employees regularly certify compliance with the Code. The Code provides specific guidance to all our employees outlining how they can and must uphold and strengthen the integrity that has defined John Deere since its founding. In addition, we maintain a global compliance hotline to report concerns of potential violations of the Code, global policies, or the law.

*Workplace Practices and Policies*

We are an equal opportunity employer committed to providing a workplace free of harassment and discrimination. We believe that a diverse workforce that reflects the communities we serve is essential to our long-term success. For recruiting and development opportunities, we work with a variety of professional organizations to support a diverse pipeline of candidates representing the fields of accounting, agriculture, engineering, general business, science, and technology, and provide development opportunities for employees.

*Compensation & Benefits*

Our total rewards are intended to be competitive, meet the varied needs of our global workforce, and reinforce our values. We are committed to providing comprehensive and competitive pay and benefits to our employees. We continue to invest in employees through growth and development and well-being initiatives.

Our work environment is designed to promote innovation, well-being, and reward performance. Our total rewards for employees include a variety of components that aim to support our employees in building a strong financial future, including competitive market-based pay and comprehensive benefits. In addition to earning base pay, eligible employees are compensated for their contributions to our goals with both short-term cash incentives and long-term equity-based incentives.

Eligible full-time employees in the U.S. have access to medical, dental, and vision plans; savings and retirement plans; parental leave and paid time off; and mental health and wellness services. We also offer a variety of working arrangements to eligible employees, including flexible schedules, remote work, and job sharing to help employees manage home and work-life situations. Programs and benefits differ internationally for a variety of reasons, such as local legal requirements, market practices, and negotiations with works councils and other employee representative bodies.

*Training and Development*

Around the world, we offer internships, training, upskilling, apprenticeships, and leadership development at all stages of an employee's career. Training programs are tailored to different geographic regions and job functions and include topics such as relationships with customers and dealers, our culture and values, compliance with the Code, compliance with anti-bribery/corruption laws and policies, compliance with management of private data and cybersecurity, regulatory compliance, conflicts of interest, discrimination and workplace harassment policies, sexual harassment policies, and leadership development.

## ITEM 1A. RISK FACTORS.

The results of our operations are affected by our relationships with John Deere. See "Our Relationships with John Deere" for additional information regarding our relationships with John Deere.

The following risks are considered material to our business based upon current knowledge, information, and assumptions. This discussion of risk factors should be considered closely in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A), including the risks and uncertainties described in the Forward-Looking Statements, the Notes to Consolidated Financial Statements, and the risk factors of Deere & Company included in Exhibit 99 to this Annual Report on Form 10-K and incorporated herein by reference. These risk factors and other forward-looking statements relate to future events, expectations, trends, and operating periods. They involve certain factors that are subject to change and important risks and uncertainties that could cause actual results to differ materially. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. The risks described in this Annual Report on Form 10-K and the Forward-Looking Statements in this report are not the only risks we face.

**STRATEGY RISKS**

***Our profitability and the financial condition of our operations are dependent upon the operations of John Deere.***

Our volume of Receivables and Leases is largely dependent upon the level of retail sales and leases of John Deere products. The results of our operations are affected by our relationship with John Deere, including, among other items, the terms on which we acquire Receivables and borrow funds from John Deere, the reimbursement for interest waiver and low-rate finance programs from John Deere, the compensation paid by John Deere in connection with our purchase of trade receivables from John Deere, the payment to John Deere for various expenses applicable to our operations, and payments made to or received from John Deere related to our international support agreement with John Deere. In addition, we have joint access to certain lines of credit with John Deere.

If there were significant changes in the production or sales of John Deere products; the quality or resale value of John Deere equipment; John Deere's liquidity, capital position, debt ratings, and access to capital markets; the reputation of John Deere; or high inflation, high interest rates, supply chain constraints, or other factors impacting John Deere or its products, such changes could significantly affect our profitability, financial condition, and access to capital markets. In addition, if there were reductions to sales incentive programs offered by John Deere to retail customers, in which we receive reimbursement for interest waiver and low-rate finance programs, these changes could decrease our market share of John Deere financed equipment, volumes, and profitability.

***John Deere relies on a network of independent dealers to manage the distribution of its products and services. If dealers are unsuccessful with their sales and business operations, it could have an adverse effect on overall John Deere sales and revenue.***

John Deere relies on the capability of its dealers to develop and implement effective sales plans to create demand among purchasers for the equipment and related products and services that dealers purchase from John Deere. If John Deere's dealers are unsuccessful in these endeavors, John Deere will be unable to grow its sales and revenue, which would have an adverse effect on John Deere's and our financial condition.

John Deere's dealers carry inventories of finished products as part of their operations and adjust those inventories based on future needs and market conditions, including the level of used equipment inventory. If the inventory levels of John Deere dealers are higher than they desire, they may postpone equipment purchases, which could cause John Deere's sales to be lower and negatively impact John Deere's and our results. Similarly, John Deere's results could be negatively impacted through the loss of time-sensitive sales if John Deere dealers do not maintain inventory levels sufficient to meet customer demand.

In addition, the dealer channel's ability to support and service precision technology solutions and emerging power solutions may affect customers' acceptance and adoption rates of these products. The unavailability of specialized technicians to service John Deere's equipment may result in overburdening dealers' servicing capacity.

Dealers may exit or John Deere may seek to terminate relationships with certain dealers if they are unable to meet customer needs. The unplanned loss of any John Deere dealers could lead to inadequate market coverage, negative customer impressions of John Deere, and may adversely impact John Deere's and our ability to collect receivables that are associated with that dealer. Dealers could also have trouble funding their day-to-day cash flow needs and paying their obligations due to adverse business conditions resulting from negative economic effects or other factors.

***John Deere may not realize the anticipated benefits of its Smart Industrial Operating Model and Leap Ambitions.***

John Deere's failure to realize the anticipated benefits of its Smart Industrial Operating Model and related business strategies in production systems, precision technologies, and aftermarket support, as well as failure to have selected a business strategy that aligns with its customer needs and market trends, could have an adverse effect on John Deere's and our operational and financial results based on our dependence on John Deere operations. Several factors could impact John Deere's ability to successfully execute its Smart Industrial Operating Model, including, among other things:

- Failure to accurately assess market opportunities and the technology required to address such opportunities;
- Failure to develop and introduce new technologies or lack of adoption of such technologies by John Deere's customers;
- Failure to holistically provide lifecycle solutions; and
- The adoption of new regulations or policies supporting and/or subsidizing outputs that are inconsistent with John Deere's strategy, such as policies that have the effect of encouraging or supporting the use of conventional sources of energy.

In addition, if John Deere is unable to optimize its capital allocation in connection with the Smart Industrial Operating Model, including capital allocation for the development and delivery of financial solutions we provide, we and John Deere may not be able to realize the full benefits of the Smart Industrial Operating Model, which could have an adverse effect on John Deere's and our financial condition and results of operations.

Similarly, John Deere may not realize the anticipated benefits of its Leap Ambitions and related goals in the expected timelines, or at all. As part of the Leap Ambitions, John Deere adopted various goals it expects to achieve by 2026 or 2030, but these goals and their timelines might be modified or updated. John Deere may modify or not be able to achieve these goals for a variety of reasons, some of which may be beyond its control. Examples include:

- John Deere's estimates and assumptions related to efficiency of its products and the adoption of precision technology may not be accurate;
- Certain materials, such as quality battery cells, may become unavailable or too costly;
- John Deere's customers may not embrace the value proposition of the Solutions as a Service license model; and
- The infrastructure required to achieve John Deere's goals, such as sufficient charging stations or fuel availability, may become too costly or may not be developed on the expected timelines.

***John Deere's and our reputation and brand could be damaged by negative publicity.***

John Deere's brand has worldwide recognition and contributes to the success of both our and John Deere's businesses. John Deere's reputation is critical to growing our customer base. John Deere's brand depends on the ability to maintain a positive customer perception of the business. Negative claims or publicity involving John Deere, its products or services, its culture and values, its stance on environmental, social, and governance topics, customer data, or any of its key employees or suppliers, damage John Deere's reputation and brand image, regardless of whether such claims are accurate. Furthermore, customers and other stakeholders have evolving, varied and often times conflicting expectations regarding John Deere's culture, values, and business, which makes it difficult to achieve a uniform positive perception amongst all stakeholders.

Additionally, negative or inaccurate postings, articles, or comments on social media, the internet or the press about John Deere or us has generated negative publicity that could damage the reputation of John Deere, us, or the John Deere brand. For example, in fiscal year 2024, John Deere experienced negative social media campaigns related to its approach to diversity and inclusion, its customers' right to maintain and safely repair their equipment, including with respect to its Memorandum of Understanding with the American Farm Bureau Federation, reductions in workforce, and production relocation. Further, adverse publicity about regulatory or legal action against John Deere or us, or legal proceedings initiated by John Deere or us, also damage John Deere's and our reputation and brand image, undermining customer confidence, and reducing long-term demand for John Deere equipment, even if the regulatory or legal action is unfounded or not material to John Deere's or our operations. If the reputation, culture, or image of John Deere's brands are damaged, or John Deere or we receive negative publicity, then our revenue, financial condition, and results of operations could be materially and adversely affected.

**OPERATIONAL RISKS**

***John Deere's and our financial results largely depend upon the agricultural market business cycle, as well as general economic conditions and outlook. Negative conditions in the agricultural industry and general economy cause weakened demand for John Deere's equipment and services, limit access to funding, and result in higher funding costs for us and John Deere.***

John Deere's and our success largely depends on the vitality of the agricultural industry. Historically, the agricultural industry has been cyclical and subject to a variety of economic and other factors. Sales of agricultural equipment, in turn, are also cyclical and generally reflect the economic health of the agricultural industry. The economic health of the agricultural industry is affected by numerous factors, including farm income, farmland values, debt levels and financing costs, all of which are influenced by the levels of commodity and protein prices, world grain stocks, acreage available and planted, crop yields, agricultural product demand, soil conditions, farm input costs, government policies, and government subsidies. Downturns in the agricultural industry due to these and other factors, which could vary by market, have resulted in decreases in demand for agricultural equipment, adversely affecting John Deere's and our performance.

The demand for John Deere's and our products and services depends on the fundamentals in the markets in which we operate and can be significantly reduced in an economic environment characterized by high unemployment, high interest rates, cautious consumer spending, inflation, lower corporate earnings, and lower business investment. In fiscal year 2024, unfavorable market conditions resulted in lower sales volumes and higher sales discounts for John Deere, and higher receivable write offs and a higher provision for credit losses for John Deere and us. We and John Deere expect certain of these conditions to persist in fiscal year 2025. Changes in interest rates and the agricultural market business cycle are driven by factors outside of John Deere's and our control, and as a result neither we nor John Deere can reasonably foresee when these conditions will fully subside.

Sustained general negative economic conditions and outlook also affect housing starts, energy prices and demand, and other construction, which dampens demand for certain construction equipment. John Deere's turf operations and its construction and forestry segments are dependent on construction activity and have also been affected by recent adverse economic conditions. Decreases in construction activity and housing starts have had a material adverse effect on John Deere's and our financial results.

Uncertain or negative outlook with respect to pervasive U.S. fiscal issues as well as general economic conditions and outlook, such as market volatility or interest rate changes, have caused and could continue to cause significant changes in market liquidity conditions. Such changes could impact access to funding and associated funding costs, which could reduce our earnings and cash flows.

***We may be unable to manage increasing political, economic, and social uncertainty in certain regions of the world, which could significantly change the dynamics of John Deere's and our competition, customer base, and product offerings globally.***

John Deere's efforts to grow its business depends in part upon access to and developing market share and profitability in additional geographic markets, including, but not limited to, Argentina, Brazil, China, Commonwealth of Independent States, India, and South Africa. There are various risks associated with John Deere's and our global footprint, including, but not limited to, the following:

- In some cases, these countries have greater political and economic volatility, greater vulnerability to infrastructure and labor disruptions, and differing customer product preferences and requirements than John Deere's other markets.
- Having business operations in various regions and countries exposes us and John Deere to multiple and potentially conflicting business practices, and legal and regulatory requirements that are subject to change. These practices and legal requirements are often complex and difficult to navigate, including those related to tariffs and trade regulations, investments, property ownership rights, taxation, repatriation of earnings, and advanced technologies.
- Expanding business operations globally also increases exposure to currency fluctuations, which can materially affect our financial results.

- While John Deere's brands are widely recognized in its traditional markets, they are less known in some emerging markets, which could impede John Deere's efforts to successfully compete in these markets.
- Changing U.S. export controls and sanctions on various foreign countries and on various parties could affect John Deere's ability to provide aftermarket warranty support for its equipment, sell products, and could otherwise impact John Deere's and our reputation and business, including our ability to collect receivables.
- Market uncertainty and volatility in various geographies have been magnified as a result of potential shifts in U.S. and foreign trade, economic, and other policies following the 2024 U.S. presidential and congressional elections.
- Geopolitical tensions, including the Russia/Ukraine war and the conflict in the Middle East, have also exacerbated market volatility and affected agricultural global production and demand levels.

***We could suffer operational and financial harm if our use of models and data fail to properly anticipate and manage risk.***

We use models to forecast losses, project revenue and expenses, assess and control our operations and financial condition, perform automated credit decisioning, assist in capital planning, and forecast and assess capital and liquidity requirements for credit, market, operational and strategic risks. However, models are subject to inherent limitations from simplifying assumptions, uncertainty regarding economic and financial outcomes, and emerging risks. Our models may not be sufficiently predictive of future results due to limited historical patterns, unanticipated market movements, customer behavior, and liquidity, which could limit their effectiveness and require timely recalibration. In addition, our models may be adversely impacted by human error and may not be effective if we fail to properly oversee and review them at regular intervals and detect their flaws during our review and monitoring processes. We use models and other data-based policies, programs, and processes to identify potential fraud risk from the deliberate misrepresentation or concealment of information material to a transaction. Regardless of the steps we take to help confirm effective controls, monitor and test, implement new technology, and implement new processes, we could suffer operational and financial harm if our models and data fail to properly anticipate and help us manage risks.

***Our results could be adversely affected by a decrease in the value of used equipment or higher than estimated returns of equipment on operating lease***.

We sell repossessed equipment and equipment returned to us at the end-of-lease terms, primarily through the John Deere dealer network. We estimate the end-of-lease term residual value at the inception of the operating leases based on a number of factors, including lease term, expected hours of usage, historical wholesale sale prices, return experience, intended equipment use, market dynamics and trends, and third-party residual guarantees. Used equipment values may decrease as a result of any one or a combination of factors including market conditions, supply of and demand for used equipment, and technological advancements in new equipment. Depressed prices for used equipment may result in, or increase, a loss upon our disposition of off-lease or repossessed equipment, and in the case of repossessed equipment, we may be unable to collect the resulting deficiency. In addition, lower residual value estimates could result in increasing operating lease depreciation, impairment losses, and losses on the sale of matured operating lease inventory, which would decrease our earnings.

***Because we are a financing company, negative economic conditions in the financial industry could materially impact our operations and financial results.***

Negative economic conditions have an adverse effect on the financial industry in which we operate. We provide financing for a significant portion of John Deere's sales in many of the countries in which we operate. We are vulnerable to customers and others defaulting on contractual obligations and have experienced, and may continue to experience, write-offs and credit losses that, in some cases, exceed our expectations and adversely affect our financial condition and results of operations as a result of elevated delinquencies. Our inability to access funds at cost-effective rates to support our financing activities could have a material adverse effect on our business. Our liquidity and ongoing profitability depend largely on timely access to capital to meet future cash flow requirements and to fund operations and costs associated with engaging in diversified funding activities.

***Changes in interest rate or market liquidity conditions, as well as changes in government banking, monetary, and fiscal policies, could adversely affect our financials and our earnings and/or cash flows.***

While central banks began cutting their policy interest rates in the latter part of fiscal year 2024, interest rates remain above recent norms. High interest rates can have a dampening effect on overall economic activity and/or the financial condition of our customers, either or both of which can negatively affect customer demand for John Deere equipment and customers' ability to repay their obligations to us. While we strive to match the interest rate characteristics of our financial assets and liabilities, changing interest rates have had an adverse effect on our financing spreads—the difference between the yield we earn on our assets and the interest rates we pay for funding—which has affected our earnings.

In addition, actions by credit rating agencies, such as downgrades or negative changes to ratings outlooks, can affect the availability and cost of funding for us and can increase our cost of capital and hurt our competitive position.

Moreover, policies of the U.S. and other governments regarding banking, monetary, and fiscal policies intended to promote or maintain liquidity, stabilize financial markets, and/or address local deficit or structural economic issues have a material impact on our customers and markets.

Our operations and results could also be affected by financial regulatory reform that could, among other things, have an adverse effect on us and our customers by limiting their ability to enter hedging transactions or to finance purchases of John Deere products. Government policies on spending can also affect John Deere, especially the construction and forestry segment, due to the impact of government spending on infrastructure development. John Deere and our operations, including those outside of the U.S., may also be affected by non-U.S. regulatory reforms being implemented to further regulate non-U.S. financial institutions and markets.

***Changes in the availability and price of certain raw materials, components, and whole goods have resulted and could result in disruptions to the supply chain causing production disruptions, increased costs, and lower profits on sales of John Deere products. As our volume of Receivables and Leases is largely dependent upon the level of retail sales and leases of John Deere products, supply chain disruptions and impacts of price increases could negatively impact our future volumes.***

John Deere requires access to various raw materials, components, and whole goods at competitive prices to manufacture and distribute its products.

John Deere has experienced changes in the availability and prices of raw materials, components, whole goods, and freight over the past several years, especially in fiscal years 2021 and 2022. Global logistics network challenges resulted in delays, shortages of key manufacturing components, increased order backlogs, increased transportation costs, and production inefficiencies from a higher number of partially completed machines in inventory, which increased John Deere's overall production and overhead costs. Increases in such costs have had an adverse effect on John Deere's business operations. While John Deere has seen stabilization in the supply chain and inflation, John Deere anticipates potential fluctuations due to continued geopolitical and economic uncertainty, and regulatory and policy instability, including import tariffs and trade agreements. The latter have the potential to significantly increase production and logistics costs and have a material negative effect on the profitability of John Deere's business, particularly if John Deere is unable to recover the increased costs due to market considerations or other factors.

John Deere relies on its suppliers to acquire the raw materials, components, and whole goods required to manufacture its products. Significant disruptions to the supply chain resulting from shortages of raw materials, components, and whole goods have and could continue to adversely affect John Deere's ability to meet commitments to its customers. Work interruption or union strikes by employees of suppliers could also contribute to disruptions within John Deere's supply chain. In addition, certain materials and components used in John Deere products are acquired from a single supplier or are proprietary in nature and cannot be alternatively sourced expeditiously. Furthermore, if John Deere's customers are unwilling to accept price increases for its products, or if John Deere is unable to offset the increases in costs, raw material costs or shortages could have a material adverse effect on John Deere's operational or financial results, which could negatively impact us.

***Unfavorable weather conditions or natural catastrophes that reduce agricultural production and demand for agriculture and turf equipment could directly and indirectly affect John Deere's and our business.***

The purchasing decisions of John Deere's customers, particularly the purchasers of agriculture and turf equipment, can be significantly affected by poor or unusual weather conditions. Such conditions include:

- Insufficient levels of rain, which prevent farmers from planting new crops and may cause growing crops to die or result in lower yields;
- Excessive rain or flooding can prevent planting from occurring at optimal times and may cause crop loss through increased disease or mold growth;
- Temperatures outside normal ranges, which can cause crop failure or decreased yields and may also affect disease incidence;
- Natural disasters such as regional floods, hurricanes or other storms, droughts, diseases, wildfires, and pests, either as a physical effect of climate change or otherwise, which have had, and could in the future have, significant negative effects on agricultural and livestock production;
- Adverse weather conditions in a particular geographic region, particularly during the important spring selling season; and
- Drought conditions can adversely affect sales of certain mowing equipment and can similarly cause lower sales volume.

Each of these conditions could negatively affect demand for agricultural and turf equipment and the financial condition and credit risk of our customers and John Deere's dealers.

***Unexpected events have increased and may in the future increase our cost of doing business or disrupt our operations.***

The occurrence of one or more unexpected events, including war, acts of terrorism, epidemics and pandemics (such as the COVID-19 pandemic), civil unrest, fires, tornadoes, tsunamis, hurricanes, earthquakes, floods, and other forms of severe weather in the U.S. or in other countries in which we operate, or in which John Deere suppliers are located, have adversely affected and could in the future adversely affect our operations and financial performance. Such events have caused and could cause complete or partial closure of one or more of John Deere's manufacturing facilities or distribution centers, temporary or long-term disruption in the supply of component products from some local and international suppliers, and disruption and delay in the transport of John Deere products to dealers, end-users, and distribution centers. Existing insurance coverage may not provide protection from all the costs that may arise from such events.

The potential physical impacts of climate change on John Deere's facilities, suppliers, and customers, and therefore on John Deere's operations, are highly uncertain and will be particular to the circumstances developing in various geographic regions. These potential physical effects may adversely affect the demand for John Deere's products and the financial performance of John Deere's and our operations.

***Changes in tax rates, tax legislation, or exposure to additional tax liabilities could have a negative effect on us and John Deere.***

We and John Deere are subject to income taxes in the U.S. and numerous foreign jurisdictions. John Deere's and our domestic and international tax liabilities are dependent upon the location of earnings among these different jurisdictions. Tax rates in various jurisdictions may be subject to significant change. John Deere's and our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretations. If John Deere's and our effective tax rates were to increase, or if the ultimate determination of taxes owed is for an amount more than amounts previously accrued, John Deere's and our operating results, cash flows, and financial condition could be adversely affected.

***Our consolidated financial results are reported in U.S. dollars while certain assets and other reported items are denominated in foreign currencies, creating currency exchange and translation risk*.**

We are a global company with transactions denominated in a variety of currencies. We are subject to currency exchange risk to the extent that costs are denominated in currencies other than those in which we earn revenues. Additionally, the reporting currency for our consolidated financial statements is the U.S. dollar. Certain of our assets, liabilities, expenses, and revenues are denominated in other countries' currencies, which are then translated into U.S. dollars at the applicable exchange rates and reported in our consolidated financial statements. Therefore, fluctuations in foreign exchange rates affect the value of those items as reflected in our consolidated financial statements, even if their value remains unchanged in the original currencies. While the use of currency hedging instruments may provide us with some protection from adverse fluctuations in currency exchange rates, by utilizing these instruments, we potentially forego any benefits that may result from favorable fluctuations in such rates.

***John Deere may be affected by changing worldwide demand for food and different forms of renewable energy, which could impact the price of farm commodities and consequently the demand for John Deere equipment. This could result in higher research and development costs related to changing machine fuel requirements.***

Changing worldwide demand for farm outputs to meet the world's growing food and renewable energy demands, driven in part by government policies, including those related to climate change, and a growing world population, are likely to result in fluctuating agricultural commodity prices, which directly affect sales of agricultural equipment. Lower agricultural commodity prices directly affect farm incomes, which negatively affect sales of agricultural equipment and result in higher credit losses. While higher commodity prices benefit John Deere's crop-producing agricultural equipment customers, they could result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchased by these customers. In addition, changing energy demands may cause farmers to change the types or quantities of the crops they raise, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating fuel utilization, including biofuel, affect commodity demand and commodity prices, demand for John Deere's diesel-fueled equipment, and result in higher research and development costs for John Deere related to equipment fuel standards. These changes could have a negative effect on our results.

**TALENT RISKS**

***Our ability to attract, develop, engage, and retain qualified employees could affect our ability to execute our strategy.***

Our continued success depends, in part, on our ability to identify and attract qualified candidates with the requisite education, background, and experience, as well as our ability to develop, engage, and retain qualified employees. Failure to attract, develop, engage, and retain qualified employees, whether as a result of an insufficient number of qualified applicants, difficulty in recruiting new employees, or inadequate resources to train, integrate, and retain qualified employees, could impair our ability to execute our business strategy and could adversely affect our business, results of operations, and financial condition.

In addition, our culture and our values have been important contributors to our success to date and promote a sense of pride and fulfillment in our employees. Failure to preserve our culture or focus on our values could negatively affect our ability to retain and recruit talent.

While we strive to reduce the impact of the departure of employees, our operations or ability to execute our business strategy may be affected by the loss of employees, such as in connection with the reduction in workforce we conducted in fiscal year 2024. This reduction may adversely affect us as a result of decreased employee morale, the loss of institutional knowledge held by departing employees, the allocation of resources to reorganize and reassign job roles and responsibilities, and the increased risk of litigation from former employees. In addition, we may not realize the expected cost savings from the reduction in workforce. We may also conduct other workforce reductions in the future, if deemed appropriate for our business.

**DIGITAL RISKS**

***Security breaches and other disruptions to our information technology infrastructure could interfere with our operations and could compromise our information as well as information of our employees, customers, and/or John Deere dealers, exposing us to liability that could cause our business and reputation to suffer***.

In the ordinary course of business, we rely upon information technology networks and systems, some of which are managed by third parties, to process, transmit, and store electronic information and to manage or support a variety of business processes and activities, including credit application and collection of payments from John Deere dealers and our customers. We use information technology systems to record, process, and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal, and tax requirements.

Additionally, we collect and store confidential data, including intellectual property, proprietary business information, and the proprietary business information of our customers and John Deere dealers, as well as personal data of our customers and employees in data centers which are often owned by third parties, and maintained on their information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information, are critical to our business operations and strategy.

Despite security measures, including exercises, tests, incident simulations, and system assessments designed to discover and address potential vulnerabilities, our information technology networks and infrastructure have been, and may be, vulnerable to intrusion, damage, disruptions, or shutdowns due to attacks by cyber criminals, employees', suppliers', or dealers' errors or malfeasance, supply chain compromise, disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, ransomware or other malware, telecommunication or utility failures, terrorist acts, natural disasters, or other events. Although we have not suffered any significant cyber incidents that resulted in a material business impact, we have from time to time been, and expect to continue to be, the target of malicious cyber threat actors. The occurrence of any significant event could compromise our networks, and the information stored there could be accessed, obtained, publicly disclosed, lost, altered, misused, or stolen. Any such access, acquisition, disclosure, alteration, misuse or other loss of information could result in legal claims or proceedings, government investigations, liability or regulatory penalties, disruption or shut down of our operations, disruption or shut down of dealers' and customers' operations, and damage to our reputation, which could adversely affect our business, results of operations, and financial condition. In addition, unrelated third-party breach events could create a threat for our customers if their personal information has been compromised or if their John Deere log-in credentials are the same as or similar to the credentials that have been compromised on other internet sites. This threat could include the risk of unauthorized account access, data loss and fraud. In addition, we continue to incur increased costs with respect to preventing, detecting, investigating, mitigating, remediating, and recovering from cybersecurity risks, as well as any related attempted fraud. Furthermore, as security threats continue to evolve and increase in frequency and sophistication, we may need to invest additional resources to enhance information security.

***Technical or regulatory limitations may impact John Deere's and our ability to effectively implement automation, autonomy, and artificial intelligence solutions.***

We and John Deere utilize automation and machine learning in some of our products, including consumer-facing features, and leverage generative artificial intelligence in our business processes. While we believe the use of these emerging technologies can present significant benefits, it also creates risks and challenges as the use of artificial intelligence is a novel business model without an established track record. Data sourcing, technology, integration and process issues, programmed bias in decision-making algorithms, concerns over intellectual property, security concerns, and the protection of privacy could impair the adoption and acceptance of autonomous machine solutions. Furthermore, any confidential information that we input into a third-party generative artificial intelligence platform could be leaked or disclosed to others, including sensitive information that is used to train the third parties' model. Additionally, if the data used to train the solution or the content, analyses, or recommendations that the machine learning and intelligence applications assist in producing is deemed to be inaccurate, incomplete, biased or questionable, our brand and reputation may be harmed and we may be subject to legal liability claims. The development of our own artificial intelligence applications may require additional investment in the development of proprietary systems, models, or datasets, which are often complex, may be costly and could impact the results of our operations. Developing, testing, and deploying these technologies may also increase the cost profile of our products due to the level of investment needed to enable such initiatives**.**

***Disruption of John Deere's or our technology systems or unexpected network interruption could disrupt our business.***

We and John Deere are increasingly dependent on technology systems to operate on a day-to-day basis. The failure of our technology systems to operate properly or effectively, problems with transitioning to upgraded or replacement systems, or difficulty in integrating new systems, could adversely affect our business. These disruptions could result in delays, which could reduce demand for John Deere products and negatively impact our business operations. In addition, if changes in technology cause our information systems to become obsolete, or if our information systems are inadequate to handle our growth and new technologies, we could lose customers. Any significant disruption in our technology systems could harm our reputation and credibility and could have a material adverse effect on our business, financial condition, and results of operations.

***Our operations are affected by risks associated with our use of vendors and other third-party service providers.***

We rely on vendor and third-party service providers for a variety of products and services to run our core credit operations, such as customer invoicing, collections, and software solutions. This reliance exposes us to risks of those third parties failing to perform financially or contractually to our expectations. These risks could include material adverse impacts on our business, such as disruption or interruption of business activities, cyber-attacks and information security breaches, poor performance of services affecting our customer relationships, and possibilities that we could be responsible to our customers for legal and regulatory violations committed by those third parties while conducting services on our behalf. While we have implemented ongoing monitoring to address this risk, there can be no assurance that our vendor and third-party relationships will not have a material adverse impact on our business.

**COMPLIANCE RISKS**

***Our global operations are subject to complex and changing laws and regulations, the violation of which could expose us to potential liabilities, increased costs, and other adverse effects.***

We are subject to numerous international, federal, state, and local laws and regulations, many of which are complex, frequently changing, and subject to varying interpretations. These laws and regulations cover a variety of subjects, including advertising, anti–money laundering, antitrust, consumer finance, environmental, climate-related, health and safety, foreign exchange controls and cash repatriation restrictions, foreign ownership and investment, human rights, labor and employment, cybersecurity, data privacy, encryption, and telecommunications. Changes to existing laws and regulations, or changes to how they are interpreted, or the implementation of new, more stringent laws or regulations, could adversely affect our business by increasing compliance costs, limiting our ability to offer a product or service, requiring changes to our business practices, or otherwise making our products and services less attractive to customers. Failure to comply with these laws and regulations could result in fines and penalties.

In addition, we must comply with the U.S. Foreign Corrupt Practices Act and all applicable foreign anti-bribery and anti-corruption laws. These laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage, regardless of whether those practices are culturally expected in a particular jurisdiction. Although we have a compliance program in place designed to reduce the likelihood of potential violations of these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate such laws and regulations or our policies and procedures. Violations of these laws and regulations could result in criminal or civil sanctions and may have a material adverse effect on our reputation, business, results of operations, and financial condition.

***John Deere may face risks associated with international, national, and regional trade laws, regulations, and policies and government farm programs and policies which could significantly impair John Deere's profitability and growth prospects. As our volume of Receivables and Leases is largely dependent upon the level of retail sales and leases of John Deere products, these regulatory drivers could also negatively impact our profitability and growth prospects.***

International, national, and regional laws, regulations, and policies directly or indirectly related to or restricting the import and export of John Deere's products, services, and technology, or those of its customers, or for the benefit of favored industries or sectors, could harm John Deere's global business. John Deere is subject to various regulatory risks including, but not limited to, the following:

- Restricted access to global markets could impair John Deere's ability to export goods and services from its various manufacturing locations around the world and could limit the ability to access raw materials and high-quality parts and components at competitive prices on a timely basis.
- Trade restrictions, negotiation of new trade agreements, non-tariff trade barriers, local content requirements, and imposition of new or retaliatory tariffs against certain countries or covering certain products, including developments in U.S.-China trade relations, have limited, and could continue to limit, John Deere's ability to capitalize on current and future growth opportunities in international markets. These trade restrictions, and changes in, or uncertainty surrounding global trade policies, may affect John Deere's competitive position.
- Trade restrictions could impede those in developing countries from achieving a higher standard of living, which could negatively impact John Deere's future growth opportunities arising from increasing global demand for food, fuel, and infrastructure.
- Policies impacting exchange rates and commodity prices, or those limiting the export or import of commodities could have a material adverse effect on the international flow of agricultural and other commodities that may result in a corresponding negative effect on the demand for agricultural and forestry equipment in many areas of the world. John Deere's agricultural equipment sales could be harmed by such policies because farm income influences sales of agricultural equipment around the world.
- Changes in government farm programs and policies can influence demand for agricultural equipment as well as create unequal competition for multinational companies relative to domestic companies.

***Governmental actions designed to address climate change based on the emergence of new technologies and business models in connection with the transition to a lower-carbon economy could adversely affect John Deere and its customers.***

There is global scientific consensus that greenhouse gas (GHG) emissions continue to alter the composition of Earth's atmosphere in ways that are affecting and are expected to continue to affect the global climate. These considerations have led to new international, national, regional, and local legislative and regulatory responses. Various stakeholders, including legislators and regulators, shareholders, and non-governmental organizations, as well as companies in many business sectors, including us and John Deere, are continuing to look for ways to reduce GHG emissions. The regulation of GHG emissions from certain stationary or mobile sources or the imposition of carbon pricing mechanisms could result in additional costs to us and John Deere in the form of taxes or emission allowances, required facilities improvements, research and development investments, and increased energy costs. These results would increase John Deere's and our operating costs through higher utility, transportation, and materials cost and could prevent John Deere from selling products into certain markets. Increased input costs, such as fuel and fertilizer, and compliance-related costs could also affect customer operations, including their ability to repay their loans to us, as well as demand for John Deere equipment.

Regulators in Europe and the U.S. have also focused efforts on increasing disclosures by companies related to climate change and mitigation efforts. These disclosure rules increase compliance burdens and associated regulatory costs. Further, we are subject to additional international and national regulations relating to climate and environmental risk, which are continually evolving and could affect the financing operations and climate-risk processes developed by us.

***Legal proceedings and disputes could harm our business, financial condition, reputation, and brand.***

We are subject to a variety of legal proceedings and legal compliance risks around the world. We face risks of exposure to various types of claims, lawsuits, and government inquiries or investigations, the most prevalent of which relate to retail credit matters. The uncertainty associated with substantial unresolved claims and lawsuits may harm our business, financial condition, reputation, and brand. The defense of lawsuits and government inquiries or investigations has resulted and may result in the expenditures of significant financial resources and the diversion of management's time and attention away from business operations. Such legal proceedings may also affect our assessment and estimates of loss contingencies recorded as a reserve and require us to make payments exceeding our reserves.

## ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

## ITEM 1C. CYBERSECURITY.

Cybersecurity is an integral part of our overall risk management efforts and is integrated with John Deere's overall risk management framework. We take a comprehensive approach by incorporating industry best practices to guide and evaluate our cybersecurity strategy and posture, involving key stakeholders in oversight and decision making, and assessing the program regularly within a dynamically changing environment. We leverage a multifaceted approach to cybersecurity including measures designed to prevent, detect, and respond to cyberthreats while monitoring and adapting to the evolving threat and technology landscapes.

### Governance

At the management level, we and John Deere jointly maintain a dedicated global team of cybersecurity professionals (Cybersecurity Team) led and managed by John Deere's Chief Information Security Officer (CISO). The Cybersecurity Team is responsible for overseeing John Deere's and our cybersecurity program, including the assessment and management of risks. The Cybersecurity Team has members with experience in governance, risk management and compliance, threat monitoring, threat emulation, penetration testing, and cyber incident management. John Deere's CISO holds a degree in Management Information Systems and has been with John Deere for over ten years. He has over two decades of extensive experience in information technology and cybersecurity and reports directly to John Deere's Chief Information Officer.

In addition, a cross-functional team of senior executives from across the John Deere enterprise known as the Digital Risk Governance Council (DRGC) provides oversight at the management level of our and John Deere's structures for managing digital risk, including the Cybersecurity Team. The Audit Review Committee (ARC) of the Deere & Company Board of Directors (Board) shares oversight responsibilities of our cybersecurity program, including oversight of related risks, with the full Board. Information on trends, strategic initiatives, and metrics is presented quarterly to the ARC by the CISO and/or members of the Cybersecurity Team. The ARC also receives periodic updates and information from subject matter experts in areas such as risk management, identity and access management, product security, and information technology.

### Risk Management and Strategy

Our and John Deere's cybersecurity program is designed to identify, protect, detect, respond to, and recover from cybersecurity threats and incidents with the goal of protecting the confidentiality, integrity, and availability of our critical systems and information. We use a risk-based, multi-layered information security strategy to assess, identify, and manage risks from cybersecurity threats. The Cybersecurity Team meets frequently to monitor, assess, and address cybersecurity threats and incidents. We and John Deere also work with third parties to assess the maturity of our cybersecurity program, leveraging the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF).

We also utilize third-party service providers as a normal part of our business operations. We have established processes to support us in identifying and managing cybersecurity risks associated with the use of third parties, which include the completion of due diligence before engaging with a third-party, controls for response to mitigate any significant risks, and assessments and reviews throughout the relationship. Monitoring such risks and threats is integrated into our overall risk management program.

Also, as part of the program, we periodically conduct cybersecurity awareness training including phishing simulations as well as e-learning for employees. We maintain cybersecurity policies, standards, and procedures, which include a cyber incident response plan. These policies and procedures are regularly evaluated and refined with strategies and protocols designed to adapt to changing regulations and emerging security risks. Regular exercises, tests, incident simulations, and system assessments are conducted to discover and address potential vulnerabilities and improve decision-making, prioritization, monitoring, and overall response effectiveness. As part of our incident response plan, the Cybersecurity Team uses an established protocol to assess the severity of cybersecurity incidents. In addition, a cross-functional Cybersecurity Incident Response Team is responsible for cybersecurity incident oversight and response, as needed, depending on incident severity. Our cyber incident response plan also includes an escalation process to relevant senior management and/or members of the Board if a cybersecurity incident meets specific rating criteria to prompt response to attempt to minimize potential disruptions and protect the integrity of our operations.

Based on the information available as of the date of this Annual Report on Form 10-K, cybersecurity risks, including as a result of any previous cybersecurity incident, have not materially affected, and are not reasonably likely to materially affect, our business strategy, results of operations, or financial condition. However, we have seen an increase in cyberattack volume, frequency, and sophistication in the digital environment.

## ITEM 2. PROPERTIES.

We own office buildings in Johnston, Iowa; and lease office space in Middleton, Wisconsin; Rosario, Argentina; Brisbane, Australia; Gloucester, England; Langar, England; Ormes, France; Walldorf, Germany; Milan, Italy; Luxembourg City, Luxembourg; Monterrey, Mexico; Poznan, Poland; and Parla, Spain. We believe our properties are adequate and suitable for our business as presently conducted and are adequately maintained.

## ITEM 3. LEGAL PROCEEDINGS.

We are subject to various unresolved legal actions, the most prevalent of which relate to retail credit matters. Currently we believe the reasonably possible range of losses for these unresolved legal actions would not have a material effect on our consolidated financial statements; however, the outcome of any unresolved legal action cannot be predicted with certainty.

## ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

(a) All of Capital Corporation’s common stock is owned by JDFS, a wholly-owned subsidiary of Deere & Company. Accordingly, shares of Capital Corporation’s common stock are not listed on any national securities exchange, there is no established public trading market, and there is no intention to create a public market or list the common stock on any securities exchange.

In 2024 and 2023, Capital Corporation declared and paid cash dividends of $215.0 and $165.0, respectively, to JDFS. In turn, JDFS declared and paid comparable dividends to Deere & Company.

In 2023, Deere & Company increased its capital investment in JDFS by $810.0. JDFS, in turn, increased its capital investment in Capital Corporation by the same amount. There were no significant capital investments during 2024.

(b) Not applicable.

(c) Not applicable.

### ITEM 6. [RESERVED]

### ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The MD&A is intended to promote understanding of our financial condition and results of operations. The MD&A is provided as a supplement to, and should be read in conjunction with, the consolidated financial statements and the accompanying Notes to Consolidated Financial Statements. For comparison of 2023 to 2022 results, refer to the “Management’s Discussion and Analysis” section of our 2023 Form 10-K.

Results of Operations

All amounts are presented in millions of dollars unless otherwise specified.

Overview

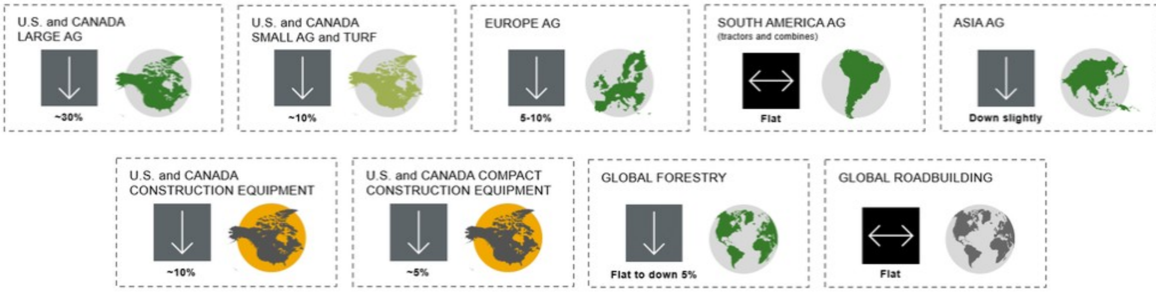
Organization

We provide financial solutions that enable John Deere customers and dealers to advance their lives and livelihoods. Through our offering of retail notes, leases, and revolving charge accounts, customers are able to finance new and used John Deere equipment, as well as parts, services, and other input costs needed to run their operations. We also provide wholesale financing to John Deere dealers.

Trends and Economic Conditions

Our volume of Receivables and Leases is largely dependent upon the level of retail sales and leases of John Deere products. The level of John Deere retail sales and leases is responsive to a variety of economic, financial, climatic, legislative, and other factors that influence supply and demand for its products.

*Industry Sales Outlook for Fiscal Year 2025*




*John Deere Trends*

Customers seek to improve profitability, productivity, and sustainability through integrating technology into their operations. Deeper integration of technology into equipment is a persistent market trend. The technologies that are the focus of John Deere's operating model are incorporated into products within each of John Deere's operating segments. John Deere expects this trend to persist for the foreseeable future. John Deere's Smart Industrial Operating Model and Leap Ambitions are intended to capitalize on this market trend.

*Agriculture and Turf Outlook for 2025*

- John Deere’s agriculture and turf equipment sales are projected to decline in 2025 due to contraction of agriculture markets globally.
- Demand in the U.S. and Canada is expected to further moderate amidst weak farm fundamentals, high interest rates, elevated used inventory levels, and short-term farmer liquidity concerns heading into the 2025 growing season.
- John Deere expects small agricultural equipment sales to be down from 2024 levels in the U.S. and Canada. The dairy and livestock segment is anticipated to have another year of strong profitability as elevated livestock and hay prices are further enhanced by low input feed costs. This is projected to be more than offset by restrained demand in the turf and compact utility tractor markets as single family home sales and home improvement spending remain stagnant amid high interest rates.
- In Europe, the industry is forecasted to be down as farm fundamentals in the region continue to deteriorate, but at a moderated pace relative to 2024. Adverse factors include depressed yields from unfavorable weather, reduced regional commodity prices due to a mixture of excess grain inflows from Ukraine and global pricing pressures, persistently elevated input costs, and unfavorable agriculture legislation. These issues coupled with high interest rates and elevated industry inventory levels are expected to keep industry equipment demand at low levels throughout 2025.
- Argentina industry sales are forecasted to improve as the currency stabilizes amid agricultural industry recovery.

*Construction and Forestry Outlook for 2025*

- John Deere’s construction equipment sales are projected to decline in 2025 as healthy end markets are offset by continued uncertainty in equipment purchases, while roadbuilding equipment sales are anticipated to be generally flat.
- Construction equipment industry sales are forecasted to be down in the U.S. and Canada from 2024 levels. The decline is due to projected modest growth in single family housing starts and U.S. government infrastructure spending, which is expected to be more than offset by further slowdowns in multi-family housing developments, non-residential buildings, and reduced spending in oil and gas. Historically low levels of earthmoving rental purchases and rising used inventories are expected to further pressure equipment sales as market uncertainty persists.
- Global forestry markets are expected to be flat to down as challenged global markets stabilize at low demand levels.
- Global roadbuilding markets are forecasted to be generally flat, as a modest recovery in Europe is expected to compensate for a slight slowdown in other geographies.

*Company Trends*

Our net income for fiscal year 2025 is expected to be higher than fiscal year 2024 primarily due to a lower provision for credit losses, partially offset by less favorable financing spreads.

*Interest Rates.* While interest rates in the U.S. began to decrease in the fourth quarter of 2024, they remained elevated. Most of our receivables and leases with retail customers are fixed rate, while our wholesale receivables generally are variable rate. Our Receivable and Lease portfolio is financed with fixed and variable rate borrowings. We manage our exposure to interest rate fluctuations by matching the interest rate characteristics of our portfolio with our funding sources. We also enter into interest rate swap agreements to match our interest rate exposure.

Rising interest rates have historically impacted our borrowing costs sooner than the benefit is realized from our Receivable and Lease portfolio. As a result, we continued to experience financing spread compression in 2024, but at a moderating pace relative to spread compression experienced in 2023.

*Agricultural Market Business Cycle*. The agricultural market is affected by various factors including commodity prices, acreage planted, crop yields, and government policies. These factors affect farmers' income and may result in varying demand for John Deere's equipment and higher credit losses. In 2024, we experienced unfavorable market conditions which resulted in higher receivable write-offs and an increase in expected credit losses.

Changes in interest rates and the agricultural market business cycle are driven by factors outside of our control, and as a result we cannot reasonably foresee when these conditions will fully subside.

*Other Items of Concern and Uncertainties*

Other items that could impact our results are:

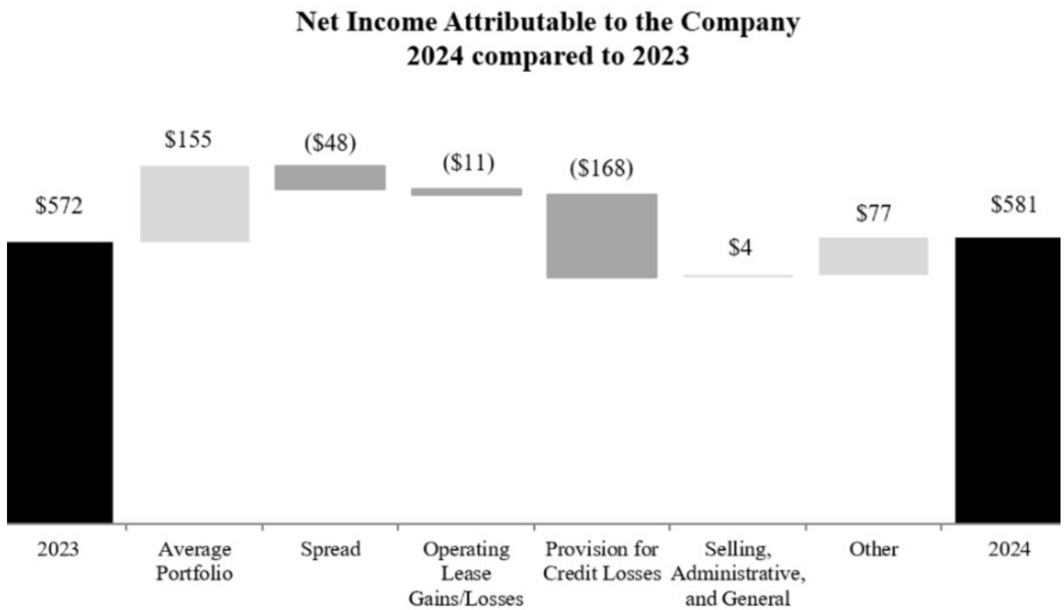
- global and regional political conditions, including the ongoing war between Russia and Ukraine and the conflict in the Middle East,
- shifts in energy, economic, tax, and trade policies following the 2024 U.S. presidential and congressional elections,
- new or retaliatory tariffs,
- capital market disruptions,
- foreign currency and capital control policies,
- regulations and legislation regarding right to repair or right to modify,
- weather conditions,
- marketplace adoption and monetization of technologies we have invested in,
- John Deere's and our ability to strengthen our digital capabilities, automation, autonomy, and alternative power technologies,
- workforce reductions' impact on employee retention, morale, and institutional knowledge,
- changes in demand and pricing for new and used equipment,
- delays or disruptions in John Deere's supply chain,
- significant fluctuations in foreign currency exchange rates,
- volatility in the prices of many commodities, and
- slower economic growth.

2024 Compared with 2023

The total revenues and net income attributable to the Company were as follows:

| | 2024 | 2023 | % Change |
|---|---|---|---|
| Total revenues | $ 4,940.2 | $ 3,975.5 | 24 % |
| Net income attributable to the Company | 581.4 | 572.3 | 2 |

Total revenues increased in 2024 primarily due to a 15 percent increase in average Receivable portfolio balances and higher average financing rates on Receivables of 7.0 percent in 2024 compared to 6.3 percent in 2023. Net income in 2024 was higher than 2023 due to income earned on higher average portfolio balances and lower dealer financing incentives, partially offset by a higher provision for credit losses and less favorable financing spreads driven primarily by portfolio mix. 2024 results also benefited from higher recoveries on freestanding credit enhancements.




*Revenues*

Finance income, lease revenues, and other income earned by us were as follows:

| | 2024 | 2023 | % Change |
|---|---|---|---|
| Finance income earned from: | | | |
| Retail notes | $ 1,906.9 | $ 1,494.7 | 28 % |
| Revolving charge accounts | 500.3 | 417.4 | 20 |
| Wholesale receivables | 1,202.5 | 889.8 | 35 |
| Lease revenues | 1,096.6 | 997.3 | 10 |
| Other income | 233.9 | 176.3 | 33 |

Higher average portfolio balances and higher average finance rates drove increased revenues across all products during 2024.

Other income increased in 2024 primarily due to higher credit enhancement recoveries and higher interest earned on our cash and cash equivalents and intercompany receivables from John Deere, partially offset by lower gains on operating lease dispositions.

Revenues earned from John Deere totaled $1,119.6 in 2024, compared with $1,027.9 in 2023. The increase was primarily the result of higher subsidies earned from John Deere on retail notes and revolving charge accounts, driven by an elevated interest rate environment and higher average portfolio balances. Higher interest received from John Deere on intercompany receivables also contributed to the increase.

*Expenses*

Expenses incurred by us were as follows:

| | 2024 | 2023 | % Change |
|---|---|---|---|
| Interest expense | $ 2,489.3 | $ 1,671.5 | 49 % |
| Depreciation of equipment on operating leases | 683.8 | 659.7 | 4 |
| Administrative and operating expenses | 521.7 | 569.4 | (8) |
| Fees and interest paid to John Deere | 217.1 | 252.6 | (14) |
| Provision for credit losses | 300.9 | 88.5 | 240 |
| Provision for income taxes | 150.8 | 165.9 | (9) |

The increase in interest expense in 2024 was primarily due to higher average borrowings to fund a larger portfolio and higher average borrowing rates.

Administrative and operating expenses decreased during 2024 due to lower dealer financing incentive program costs and lower foreign exchange losses.

Fees and interest paid to John Deere decreased in 2024 primarily due to lower interest on intercompany borrowings from John Deere, driven by lower average borrowings.

The provision for credit losses increased in 2024 compared to 2023 due to higher net write-offs on retail notes and revolving charge accounts and an increase in the allowance, driven primarily by higher expected losses on retail notes as a result of elevated delinquencies and a decline in market conditions. The provision for credit losses, as a percentage of the average balance of total Receivables, was .57 percent for 2024 and .19 percent for 2023.

The lower provision for income taxes in 2024 was primarily due to favorable discrete tax items.

Receivables and Leases

For the fiscal years ended October 27, 2024 and October 29, 2023, Receivable and Lease (excluding wholesale) volumes and balances held were as follows:

| | Fiscal Year Volumes | | | Fiscal Year End Balances | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | % Change | 2024 | 2023 | % Change |
| Retail notes: | | | | | | |
| Agriculture and turf | $ 13,330.4 | $ 13,787.7 | (3)% | $ 28,117.2 | $ 26,708.3 | 5 % |
| Construction and forestry | 3,119.1 | 2,725.9 | 14 | 5,820.6 | 5,289.6 | 10 |
| Total retail notes | 16,449.5 | 16,513.6 | | 33,937.8 | 31,997.9 | 6 |
| Revolving charge accounts | 8,061.4 | 8,118.1 | (1) | 4,538.8 | 4,594.4 | (1) |
| Financing leases | 1,346.7 | 1,134.8 | 19 | 1,636.9 | 1,421.8 | 15 |
| Equipment on operating leases | 2,426.4 | 2,356.6 | 3 | 5,427.7 | 5,051.5 | 7 |
| Total Receivables and Leases (excluding wholesale) | $ 28,284.0 | $ 28,123.1 | 1 | $ 45,541.2 | $ 43,065.6 | 6 |

Total Receivables and Leases (excluding wholesale) increased $2,475.6 during 2024 compared to 2023, driven by higher retail notes. While agriculture and turf retail note volumes moderated due to reduced retail demand, retail note portfolio levels grew due to higher volumes in recent years.

Total Receivables 30 days or more past due, non-performing Receivables, and the allowance for credit losses were as follows (as a percentage of the Receivables balance):

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Dollars** | **Percent** | **Dollars** | **Percent** |
| Receivables 30 days or more past due | $ 607.4 | 1.12 % | $ 514.1 | 1.00 % |
| Non-performing Receivables | 533.6 | .98 | 383.1 | .75 |
| Allowance for credit losses | 227.5 | .42 | 146.4 | .29 |

We monitor the credit quality of Receivables based on delinquency status. Receivables 30 days or more past due continue to accrue finance income. We stop accruing finance income once Receivables are considered non-performing, which generally occurs once Receivables are 90 days past due. An allowance for credit losses is recorded for the estimated credit losses expected over the life of the Receivable portfolio.

Deposits held from dealers and merchants amounted to $129.6 at October 27, 2024, compared with $138.4 at October 29, 2023. These balances primarily represent the aggregate dealer retail note and lease deposits from individual John Deere dealers to which losses from retail notes and leases originating from the respective dealers can be charged. Recoveries from dealer deposits are recognized in "Other income" when the dealer's withholding account is charged.

We also utilize other freestanding credit enhancements, such as credit insurance and bank guarantees, to mitigate credit risk. Recoveries from these freestanding credit enhancements are generally recognized when the associated credit loss is recorded. Recoveries from dealer deposits and other freestanding credit enhancements recorded in "Other income" were $54.0 and $17.0 in 2024 and 2023, respectively. The increase in 2024 was driven by higher recoveries from John Deere dealers and expected recoveries on bank guarantee contracts. See Note 4 for additional information.

2023 Compared with 2022

Please refer to the "Management's Discussion and Analysis" section of our 2023 Form 10-K.

Capital Resources and Liquidity

Sources of Liquidity, Key Metrics, and Balance Sheet Data

We rely on our ability to raise substantial amounts of funds to finance our Receivable and Lease portfolios. We have access to global markets at a reasonable cost and our ability to meet our debt obligations is supported in several ways. Sources of liquidity include:

- cash and cash equivalents,
- the issuance of commercial paper and term debt,
- the securitization of retail notes,
- intercompany loans from John Deere,
- our Receivable and Lease portfolio, which is self-liquidating in nature, and
- bank lines of credit.

We closely monitor our cash requirements. Based on the available sources of liquidity, we expect to meet our funding needs in the short term (next 12 months) and long term (beyond 12 months).

Key metrics and certain balance sheet data are provided in the following table as of October 27, 2024, October 29, 2023, and October 30, 2022:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Cash, cash equivalents, and marketable securities | $ 1,625.7 | $ 1,488.9 | $ 662.9 |
| Receivables and Leases - net | 59,427.8 | 56,249.3 | 47,166.7 |
| Interest-bearing debt | 54,145.0 | 50,514.5 | 41,856.1 |
| Unused credit lines | 6,474.0 | 841.2 | 3,283.9 |
| Ratio of interest-bearing debt to stockholder's equity | 8.7 to 1 | 8.6 to 1 | 8.9 to 1 |

The increase in unused credit lines at October 27, 2024, compared to both prior periods primarily relates to a decrease in commercial paper outstanding, by both us and John Deere.

*Cash Flows*

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Net cash provided by operating activities | $ 1,631.3 | $ 1,536.2 | $ 1,205.9 |
| Net cash used for investing activities | (4,118.0) | (10,178.0) | (7,206.8) |
| Net cash provided by financing activities | 2,664.2 | 9,480.2 | 6,017.1 |
| Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash | (3.4) | 8.4 | (22.9) |
| Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash | $ 174.1 | $ 846.8 | $ (6.7) |

Net cash was used for investing activities during 2024 primarily due to growth in the Receivable and Lease portfolios, which was funded primarily through external borrowings and cash provided by operating activities.

*Borrowings*

Total borrowings increased $3,630.5 in 2024, generally corresponding with the level of the Receivable and Lease portfolios. During 2024, we issued $13,214.2 and retired $6,062.7 of long-term external borrowings, which primarily consisted of medium-term notes. During 2024, we also issued $5,285.4 and retired $3,849.4 of retail note securitization borrowings and maintained an average commercial paper balance of $4,976.9. Our funding profile may be altered to reflect such factors as relative costs of funding sources, assets available for securitizations, and capital market accessibility.

We have a revolving credit agreement to securitize retail notes (see Note 5). At October 27, 2024, the revolving credit agreement had a total capacity, or "financing limit," of $2,000.0 of secured financings at any time. $1,398.3 of short-term securitization borrowings were outstanding under the agreement at October 27, 2024. At the end of the contractual revolving period, unless we and the banks agree to renew, we would liquidate the secured borrowings over time as payments on the retail notes are collected. The agreement was renewed in November 2024 with an expiration in November 2025 and a capacity of $2,500.0.

*Capital Investments and Dividends*

During 2023, Deere & Company increased its capital investment in JDFS by $810.0. JDFS, in turn, increased its capital investment in Capital Corporation by the same amount. The capital investments were made to maintain targeted leverage ratios and were driven by growth in total Receivables and corresponding borrowings. There were no significant capital investments during 2024.

Capital Corporation declared and paid cash dividends to JDFS of $215.0 in 2024 and $165.0 in 2023. In turn, JDFS paid comparable dividends to Deere & Company.

*Lines of Credit*

We have access to bank lines of credit with various banks throughout the world. Some of the lines are available to both us and Deere & Company. Worldwide lines of credit totaled $10,678.2 at October 27, 2024, $6,474.0 of which were unused. For the purpose of computing the unused credit lines, commercial paper and short-term bank borrowings of us and John Deere were considered to constitute utilization. See Note 8 for more information.

*Debt Ratings*

Our ability to obtain funding is affected by our debt ratings, which are closely related to the outlook for and the financial condition of John Deere, and the nature and availability of support facilities, such as our lines of credit and the support agreement from Deere & Company.

To access public debt capital markets, we rely on credit rating agencies to assign short-term and long-term credit ratings to our debt securities as an indicator of credit quality for fixed income investors. A security rating is not a recommendation by the rating agency to buy, sell, or hold our debt securities. A credit rating agency may change or withdraw ratings based on its assessment of our current and future ability to meet interest and principal repayment obligations. Each agency's rating should be evaluated independently of any other rating. Lower credit ratings generally result in higher borrowing costs, including costs of derivative transactions, reduced access to debt capital markets, and may adversely impact our liquidity.

The senior long-term and short-term debt ratings and outlook currently assigned to our unsecured debt securities by the rating agencies engaged by us are the same as those for John Deere and are as follows:

| | **Senior Long-Term** | **Short-Term** | **Outlook** |
|---|---|---|---|
| Fitch Ratings | A+ | F1 | Stable |
| Moody's Investors Service, Inc. | A1 | Prime-1 | Stable |
| Standard & Poor's | A | A-1 | Stable |

## Contractual Obligations and Cash Requirements

Our material cash requirements from contractual and other cash obligations relate to borrowings, including securitization borrowings. As of October 27, 2024, we had $16,025.7 of principal payments on borrowings and securitization borrowings payable in the next 12 months, along with interest payments of $2,057.0. The securitization borrowing payments are based on the expected liquidation of the related retail notes securitized. These payments will likely be replaced with new borrowings to finance the Receivables and Leases portfolio, which is expected to be lower in 2025. See Notes 5, 7, and 9 for further detail regarding future contractual payments on securitization borrowings, intercompany borrowings, and long-term external borrowings.

We also have commitments to extend credit to customers and John Deere dealers through lines of credit and other pre-approved credit arrangements. A significant portion of these commitments is not expected to be fully drawn upon; therefore, the total commitment amounts likely do not represent a future cash requirement. There were $11,733.5 of commitments to John Deere dealers and $32,901.7 of commitments to customers primarily related to revolving charge accounts at October 27, 2024. See Note 17 for further detail regarding these commitments.

## Critical Accounting Estimates

The timely preparation of financial statements requires management to make estimates and assumptions. Those estimates affect reported amounts in these financial statements. Changes in those estimates and assumptions could have a significant effect on our consolidated financial statements. The following estimates are the most critical to our consolidated financial statements:

- allowance for credit losses,
- operating lease residual values, and
- income taxes.

These items require the most difficult, subjective, or complex judgments. Our accounting policies are described primarily in Note 2.

*Allowance for Credit Losses*

The allowance for credit losses is an estimate of the credit losses expected over the life of our Receivable portfolio. The allowance is measured on a collective basis for receivables with similar risk characteristics. Receivables that do not share risk characteristics are evaluated on an individual basis.  Risk characteristics include:

- product category,
- market,
- geography,
- credit risk, and
- remaining balance.

We utilize the following loss forecast models to estimate expected credit losses:

- *Linear regression* models are used for large and complex Customer Receivable pools, which represent more than 90 percent of Customer Receivables. These statistical models utilize independent variables, or predictive features, to estimate lifetime default rates, which are subsequently adjusted for expected recoveries to arrive at lifetime credit loss estimates. Independent variables include credit quality at time of application, remaining account balance, delinquency status, and various economic factors, such as commodity prices, employment levels, and housing data.
- *Weighted average remaining maturity (WARM)* models are used for smaller and less complex Customer Receivable pools, and apply historical average annual loss rates, adjusted for current and forecasted economic conditions, to the projected portfolio runoff.
- *Historical loss rate* models are used for wholesale receivables, with consideration of current economic conditions and dealer financial risk.

Management reviews each model's output quarterly, and qualitative adjustments are incorporated as necessary to arrive at management's best estimate of expected credit losses. See Note 2 for further information.

The allowance for credit losses at October 27, 2024, October 29, 2023, and October 30, 2022 was $227.5, $146.4, and $128.4, respectively. The allowance for credit losses increased in 2024 compared to 2023 primarily due to higher expected losses on retail notes as a result of elevated delinquencies and a decline in market conditions impacting the agriculture receivable portfolio. The allowance for wholesale receivables also increased due to a specific provision for a dealer experiencing financial difficulties. These increases were partially offset by a decrease in the allowance on revolving charge accounts, driven by write-offs of seasonal financing program accounts and recoveries expected on those accounts in the future.

While we believe our allowance is sufficient to provide for losses over the life of our existing Receivables portfolio, different assumptions would result in changes to the allowance for credit losses. Within the Customer Receivables portfolio, credit loss estimates are dependent on a number of factors, including credit quality at time of application, remaining account balances, current delinquency levels, various economic factors and estimated recoveries on defaulted accounts. Changes in any of these factors could impact our credit losses.  Conversely, changes in economic conditions have historically had limited impact on credit losses within the wholesale receivable portfolio.

Holding all other factors constant, a 10 percent increase in the linear regression models' forecasted defaults as a result of elevated levels of delinquencies, deteriorating credit quality, unfavorable economic factors, or otherwise, and a simultaneous 10 percent decrease in recovery rates would have resulted in an increase to the allowance for credit losses of approximately $50 at October 27, 2024.

*Operating Lease Residual Values*

Equipment on operating leases is depreciated to the estimated residual value over the lease term. The residual values are based on several factors, including:

- lease term,
- expected hours of usage,
- historical wholesale sale prices,
- return experience,
- intended equipment use,
- market dynamics and trends, and
- dealer residual value guarantees.

We review residual value estimates during the lease term. Depreciation is adjusted over the remaining lease term if residual value estimates are revised. Impairments are recorded when events or circumstances necessitate.

At the end of the majority of leases, the equipment is disposed in the following sequence:

- The lessee has the option to purchase the equipment for the contractual residual value.
- The dealer has the option to purchase the equipment.
- The equipment is sold to a third party at the equipment's fair value. In this situation, we may record a gain or loss for the difference between the residual value and the sale price.

The total operating lease residual values at October 27, 2024, October 29, 2023, and October 30, 2022 were $3,786.2, $3,538.3, and $3,366.7, respectively. The increase in 2024 was primarily due to a higher operating lease portfolio.

Hypothetically, if (a) future market values for equipment on operating leases were to decrease 10 percent from our present estimates and (b) all the equipment on operating leases were returned to us for remarketing at the end of the lease term, the total unfavorable impact after consideration of dealer residual value guarantees would be approximately $65. This amount would be recognized as higher depreciation expense over the remaining term of the operating leases, or potentially as an impairment.

*Income Taxes*

We are subject to federal, state, and foreign income taxes. These tax laws can be complex. Significant judgment and interpretation is required to implement them. Changes in tax laws could materially affect our consolidated financial statements. We record our tax positions in the following categories:

- current taxes,
- deferred taxes, and
- uncertain tax positions.

Deferred income taxes represent temporary differences between the tax and the financial reporting basis of assets and liabilities. This will result in taxable or deductible amounts in the future. Loss carryforwards and tax credits are significant components of deferred tax asset balances. These assets are reviewed regularly for the following:

- the likelihood of recoverability from future taxable income,
- reversal of deferred tax liabilities, and
- tax planning strategies.

Valuation allowances are established when we determine that the deferred tax benefit may not be realized. The recoverability analysis requires significant judgment and relies on estimates. Changes in foreign income tax laws, income for certain jurisdictions, or our tax structure could impact the valuation allowance balance.

Some tax positions contain significant uncertainties. These positions may be challenged or disallowed by taxing authorities. If it is likely the position will be disallowed, no tax benefit is recorded. If it is likely the position will be sustained, a tax benefit is recognized. The ultimate resolution could take many years. This may result in a payment that is significantly different from the original estimate.

See Note 14 for further information on income taxes.

Forward-Looking Statements

Certain statements contained herein, including in the section entitled "Overview" relating to future events, expectations, and trends constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 and involve factors that are subject to change, assumptions, risks, and uncertainties that could cause actual results to differ materially.

Forward-looking statements are based on currently available information and current assumptions, expectations, and projections about future events and should not be relied upon. Except as required by law, we expressly disclaim any obligation to update or revise our forward-looking statements. Many factors, risks, and uncertainties could cause actual results to differ materially from these forward-looking statements. Among these factors are risks related to:

- our profitability and financial condition, including volume of Receivables and Leases, being dependent upon the level of retail sales and leases of John Deere products;
- John Deere dealers' practices and their ability to manage inventory and distribution of John Deere products and to provide support and service precision technology solutions;
- John Deere's and our ability to execute business strategies, including John Deere's Smart Industrial Operating Model and Leap Ambitions;
- negative claims or publicity that damage John Deere's or our reputation or brand;
- the agricultural business cycle, which can be unpredictable and is affected by factors such as world grain stocks, harvest yields, available farm acres, acreage planted, soil conditions, prices for commodities and livestock, input costs, availability of transport for crops as well as adverse macroeconomic conditions, including unemployment, inflation, interest rate volatility, changes in consumer practices due to slower economic growth, and regional or global liquidity constraints; these constraints may impact our customers and dealers, resulting in higher provisions for credit losses and write-offs;
- housing starts and supply, real estate and housing prices, levels of public and non-residential construction, and infrastructure investment;
- political, economic, and social instability of the geographies in which we and John Deere operate, including the ongoing war between Russia and Ukraine and the conflict in the Middle East;
- a decrease in the value of used equipment or higher than estimated returns of equipment on operating leases;
- higher interest rates and currency fluctuations, which could adversely affect the U.S. dollar, customer confidence, access to capital, and demand for John Deere's and our products and solutions;
- availability and price of raw materials, components, and whole goods;
- delays or disruptions in John Deere's supply chain;
- changes in climate patterns, unfavorable weather events, and natural disasters;
- changes in our credit ratings and any failure to comply with financial covenants in credit agreements could impact access to funding;
- John Deere's and our ability to understand and meet customers' changing expectations and demand for John Deere products and solutions, including our financing solutions;
- worldwide demand for food and different forms of renewable energy impacting the price of farm commodities and consequently the demand for John Deere's equipment;
- the ability to attract, develop, engage, and retain qualified employees;
- the impact of workforce reductions on employee retention, morale, and institutional knowledge;
- security breaches, cybersecurity attacks, technology failures, and other disruptions to John Deere's or our information technology infrastructure and products;
- leveraging artificial intelligence and machine learning within John Deere's and our business processes;
- changes to existing laws and regulations, including the implementation of new, more stringent laws, as well as compliance with a variety of U.S., foreign and international laws, regulations, and policies relating to, but not limited to the following: advertising, anti-bribery and anti-corruption, anti-money laundering, antitrust, consumer finance, cybersecurity, data privacy, encryption, environmental (including climate change and engine emissions), farming, health and safety, foreign exchange controls and cash repatriation restrictions, foreign ownership and investment, human rights, import / export and trade, tariffs, labor and employment, product liability, telematics, and telecommunications;

- governmental and other actions designed to address climate change in connection with a transition to a lower-carbon economy; and
- investigations, claims, lawsuits, or other legal proceedings.

Further information concerning us and our business, including factors that could materially affect our financial results, is included in our filings with the SEC (including, but not limited to, the factors discussed in Item 1A. “Risk Factors” of this Annual Report on Form 10-K). There also may be other factors that we cannot anticipate or that are not described herein because we do not currently perceive them to be material.

Our business is closely related to John Deere’s business. Further information, including factors that could materially affect our financial results and John Deere’s financial results, is included in the most recent Deere & Company Annual Report on Form 10-K (including, but not limited to, the factors discussed in Item 1A., “Risk Factors” of the most recent Annual Report on Form 10-K) and other Deere & Company filings with the SEC.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Financial Instrument Market Risk Information

We are naturally exposed to various interest rate and foreign currency risks. As a result, we enter into derivative transactions to manage this exposure and not for speculative purposes.

From time to time, we enter into interest rate swap agreements to manage our interest rate exposure. We also have foreign currency exposures at some of our foreign and domestic operations related to financing in currencies other than the functional currencies. We have entered into derivative agreements related to the management of these foreign currency transaction risks.

Interest Rate Risk

*Results of Operations* – Central bank policy rates increased in 2022 and 2023 and have remained elevated. Increased interest rates have historically impacted our borrowings sooner than the benefit is realized from the Receivable and Lease portfolio. As a result, we experienced spread compression in 2023 and 2024.

*Fair Value Measurement* – Quarterly, we use a combination of cash flow models to assess the sensitivity of our financial instruments with interest rate exposure to changes in market interest rates. The models calculate the effect of adjusting interest rates as follows:

- cash flows for Receivables are discounted at the current prevailing rate for each Receivable portfolio,
- cash flows for unsecured borrowings are discounted at the applicable benchmark yield curve plus market credit spreads for similarly rated borrowers,
- cash flows for securitized borrowings are discounted at the swap yield curve plus a market credit spread for similarly rated borrowers, and
- cash flows for interest rate swaps are projected and discounted using forward rates from the swap yield curve at the repricing dates.

The net loss in these financial instruments’ fair values, which would be caused by increasing the interest rates by 10 percent from the market rates at October 27, 2024 and October 29, 2023, would have been approximately $90 and $137, respectively.

Foreign Currency Risk

Our policy is to manage foreign currency risk through hedging strategies if the currency of the borrowings does not match the currency of the Receivable portfolio. As a result, a hypothetical 10 percent adverse change in the value of the U.S. dollar relative to all other foreign currencies would not have a material effect on our cash flows.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See accompanying table of contents of financial statements on page 38.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

## ITEM 9A. CONTROLS AND PROCEDURES.

**Disclosure Controls and Procedures**

Our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) were effective as of October 27, 2024, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act.

**Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles in the U.S.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation in accordance with generally accepted accounting principles in the U.S.

Management assessed the effectiveness of our internal control over financial reporting as of October 27, 2024, using the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management concluded that, as of October 27, 2024, our internal control over financial reporting was effective.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report on Form 10-K.

**Changes in Internal Control Over Financial Reporting**

During the fourth quarter, there were no changes that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION.

None.

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

# PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

Not required.

## ITEM 11. EXECUTIVE COMPENSATION.

Not required.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Not required.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Not required.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

For the years ended October 27, 2024 and October 29, 2023, professional services were performed by Deloitte & Touche LLP (PCAOB ID No. 34), the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively called Deloitte & Touche).

Audit Fees

The aggregate fees billed include amounts for the audit of our annual financial statements, the reviews of the financial statements included in our Quarterly Reports on Form 10-Q, including services related thereto such as comfort letters, statutory audits, attest services, consents, and assistance with and review of documents filed with the SEC and other regulatory bodies. Audit fees for the fiscal years ended October 27, 2024 and October 29, 2023 were $3.7 and $4.1, respectively.

Audit-Related Fees

During the last two fiscal years, Deloitte & Touche has provided us with assurance and related services that are reasonably related to the performance of the audit of our financial statements. The aggregate fees billed for such audit-related services for each of the fiscal years ended October 27, 2024 and October 29, 2023 were $.3. These services included various attest services.

Tax Fees

There were no fees billed for professional services provided by Deloitte & Touche in connection with tax advice and tax planning services for the fiscal years ended October 27, 2024 and October 29, 2023.

All Other Fees

There were no fees billed by Deloitte & Touche for services not included above for the fiscal years ended October 27, 2024 and October 29, 2023.

Pre-approval of Services by the Independent Registered Public Accounting Firm

As a wholly-owned subsidiary of Deere & Company, audit and non-audit services provided by our independent registered public accounting firm are subject to Deere & Company's Audit Review Committee pre-approval policies and procedures as described in the Deere & Company 2024 proxy statement. During the fiscal year ended October 27, 2024, all services provided by the independent registered public accounting firm were pre-approved by Deere & Company's Audit Review Committee in accordance with such policy.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(1) Financial Statements

See the table of contents to financial statements on page 38.

(2) Financial Statement Schedules

None.

(3) Exhibits

See the index to exhibits on page 75.

### ITEM 16. FORM 10-K SUMMARY.

None.

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**Schedules Omitted**

The following schedules are omitted because of the absence of conditions under which they are required or because the required information is included in the Notes to the Consolidated Financial Statements:

I, II, III, IV, and V.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholder and the Board of Directors of John Deere Capital Corporation:

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of John Deere Capital Corporation and subsidiaries (the “Company”) as of October 27, 2024 and October 29, 2023, the related statements of consolidated income, consolidated comprehensive income, changes in consolidated stockholder’s equity, and consolidated cash flows, for each of the three years in the period ended October 27, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 27, 2024 and October 29, 2023, and the results of its operations and its cash flows for each of the three years in the period ended October 27, 2024, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

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

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

### Critical Audit Matter

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

**Allowance for Credit Losses – Refer to Notes 2 and 4 to the financial statements**

*Critical Audit Matter Description*

The allowance for credit losses is an estimate of the credit losses expected over the life of the Company's Receivable portfolio. Non-performing receivables are included in the estimate of expected credit losses. The allowance is measured on a collective basis for receivables with similar risk characteristics. Receivables that do not share risk characteristics are evaluated on an individual basis. Risk characteristics include:

- product category
- market
- geography
- credit risk, and
- remaining balance.

The Company utilizes linear regression models to estimate the expected credit losses for large and complex Customer Receivable pools, which represent more than 90 percent of Customer Receivables. These statistical models utilize independent variables, or predictive features, to estimate lifetime default rates, which are subsequently adjusted for expected recoveries to arrive at lifetime credit loss estimates. Independent variables included in the models vary by product, but can include credit quality at time of application, remaining account balance, delinquency status, and various economic factors, such as commodity prices, employment levels, and housing data. The economic factors include forward-looking conditions over the reasonable and supportable forecast period.

Management reviews each model's output quarterly, and qualitative adjustments are incorporated as necessary to arrive at management's best estimate of expected credit losses.

We identified the allowance for credit losses estimated by the linear regression models and related independent variables and qualitative adjustments used in determining the Company's United States Customer Receivable portfolios as a critical audit matter because determining the appropriate methodology and assumptions used in the estimate requires significant judgment by management. Given the subjective nature and judgment applied by management to determine the allowance for credit losses, auditing the methodology and assumptions requires a high degree of auditor judgment and an increased extent of effort, including the need to involve credit specialists.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures to test the allowance for credit losses estimated for the Company's United States Customer Receivable portfolio by the linear regression models and related independent variables and qualitative adjustments included the following, among others:

- We tested the effectiveness of management's controls over the methodology, data and assumptions used to estimate the allowance for credit losses.
- We tested the accuracy and evaluated the relevance of the underlying historical data used in the Company's linear regression models.
- With the assistance of our credit specialists, we evaluated the reasonableness and accuracy of the linear regression models used to estimate the allowance for credit losses, including model assumptions and the selection and application of relevant risk characteristics and use of qualitative adjustments.
- We evaluated management's ability to accurately forecast credit losses by performing a retrospective review, which involved comparing actual credit losses to historical estimates.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois

December 12, 2024

We have served as the Company's auditor since 1959.

**John Deere Capital Corporation and Subsidiaries**
**Statements of Consolidated Income**
**For the Years Ended October 27, 2024, October 29, 2023, and October 30, 2022**
(in millions)

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Revenues** | | | |
| Finance income earned on retail notes | $ 1,906.9 | $ 1,494.7 | $ 1,064.5 |
| Lease revenues | 1,096.6 | 997.3 | 963.7 |
| Revolving charge account income | 500.3 | 417.4 | 300.2 |
| Finance income earned on wholesale receivables | 1,202.5 | 889.8 | 342.5 |
| Other income | 233.9 | 176.3 | 135.7 |
| Total revenues | 4,940.2 | 3,975.5 | 2,806.6 |
| **Expenses** | | | |
| Interest expense | 2,489.3 | 1,671.5 | 497.3 |
| Operating expenses: | | | |
| Depreciation of equipment on operating leases | 683.8 | 659.7 | 667.7 |
| Administrative and operating expenses | 521.7 | 569.4 | 501.6 |
| Fees and interest paid to John Deere | 217.1 | 252.6 | 222.1 |
| Provision for credit losses | 300.9 | 88.5 | 23.5 |
| Total operating expenses | 1,723.5 | 1,570.2 | 1,414.9 |
| Total expenses | 4,212.8 | 3,241.7 | 1,912.2 |
| **Income of Consolidated Group before Income Taxes** | 727.4 | 733.8 | 894.4 |
| Provision for income taxes | 150.8 | 165.9 | 205.6 |
| **Income of Consolidated Group** | 576.6 | 567.9 | 688.8 |
| Equity in income of unconsolidated affiliate | 4.7 | 3.9 | 4.5 |
| **Net Income** | 581.3 | 571.8 | 693.3 |
| Less: Net loss attributable to noncontrolling interests | (.1) | (.5) | (.3) |
| **Net Income Attributable to the Company** | $ 581.4 | $ 572.3 | $ 693.6 |

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

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**John Deere Capital Corporation and Subsidiaries**
**Statements of Consolidated Comprehensive Income**
**For the Years Ended October 27, 2024, October 29, 2023, and October 30, 2022**
(in millions)

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Net Income** | $ 581.3 | $ 571.8 | $ 693.3 |
| **Other Comprehensive Income (Loss), Net of Income Taxes** | | | |
| Cumulative translation adjustment | 22.8 | 32.2 | (114.5) |
| Unrealized gain (loss) on derivatives | (66.1) | (32.0) | 60.0 |
| Unrealized gain (loss) on debt securities | 1.5 | .1 | (.8) |
| **Other Comprehensive Income (Loss), Net of Income Taxes** | (41.8) | .3 | (55.3) |
| **Comprehensive Income of Consolidated Group** | 539.5 | 572.1 | 638.0 |
| Less: Comprehensive loss attributable to noncontrolling interests | (.1) | (.5) | (.3) |
| **Comprehensive Income Attributable to the Company** | $ 539.6 | $ 572.6 | $ 638.3 |

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

**John Deere Capital Corporation and Subsidiaries**
**Consolidated Balance Sheets**
**As of October 27, 2024 and October 29, 2023**
(in millions)

| | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 1,621.9 | $ 1,487.5 |
| Marketable securities | 3.8 | 1.4 |
| Receivables: | | |
| Retail notes | 25,169.4 | 24,641.1 |
| Retail notes securitized | 8,768.4 | 7,356.8 |
| Revolving charge accounts | 4,538.8 | 4,594.4 |
| Wholesale receivables | 14,114.1 | 13,330.1 |
| Financing leases | 1,636.9 | 1,421.8 |
| Total receivables | 54,227.6 | 51,344.2 |
| Allowance for credit losses | (227.5) | (146.4) |
| Total receivables – net | 54,000.1 | 51,197.8 |
| Other receivables | 142.1 | 162.0 |
| Receivables from John Deere | 192.3 | 144.4 |
| Equipment on operating leases – net | 5,427.7 | 5,051.5 |
| Notes receivable from John Deere | 576.3 | 650.7 |
| Investment in unconsolidated affiliate | 49.0 | 27.6 |
| Deferred income taxes | 29.9 | 24.6 |
| Other assets | 471.5 | 367.5 |
| **Total Assets** | $ 62,514.6 | $ 59,115.0 |
| | | |
| **Liabilities and Stockholder's Equity** | | |
| Short-term external borrowings: | | |
| Commercial paper and other notes payable | $ 1,679.9 | $ 6,836.1 |
| Securitization borrowings | 8,429.3 | 6,995.2 |
| Current maturities of long-term external borrowings | 7,628.9 | 6,059.9 |
| Total short-term external borrowings | 17,738.1 | 19,891.2 |
| Notes payable to John Deere | 2,681.5 | 3,184.0 |
| Other payables to John Deere | 489.2 | 974.9 |
| Accounts payable and accrued expenses | 1,238.0 | 1,128.3 |
| Deposits held from dealers and merchants | 129.6 | 138.4 |
| Deferred income taxes | 285.6 | 456.3 |
| Long-term external borrowings | 33,725.4 | 27,439.3 |
| Total liabilities | 56,287.4 | 53,212.4 |
| Commitments and contingencies (Note 17) | | |
| Stockholder's equity: | | |
| Common stock, without par value (issued and outstanding – 2,500 shares owned by John Deere Financial Services, Inc.) | 2,292.8 | 2,292.8 |
| Retained earnings | 4,079.6 | 3,713.2 |
| Accumulated other comprehensive loss | (146.2) | (104.4) |
| Total Company stockholder's equity | 6,226.2 | 5,901.6 |
| Noncontrolling interests | 1.0 | 1.0 |
| Total stockholder's equity | 6,227.2 | 5,902.6 |
| **Total Liabilities and Stockholder's Equity** | $ 62,514.6 | $ 59,115.0 |

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

**John Deere Capital Corporation and Subsidiaries**
**Statements of Consolidated Cash Flows**
**For the Years Ended October 27, 2024, October 29, 2023, and October 30, 2022**
(in millions)

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | |
| Net income | $ 581.3 | $ 571.8 | $ 693.3 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Provision for credit losses | 300.9 | 88.5 | 23.5 |
| Provision for depreciation and amortization | 705.9 | 686.0 | 692.1 |
| Provision (credit) for deferred income taxes | (159.2) | 257.2 | (35.3) |
| Change in accounts payable and accrued expenses | 72.1 | 191.8 | 12.0 |
| Change in accrued income taxes payable/receivable | 103.3 | (47.4) | (31.9) |
| Other | 27.0 | (211.7) | (147.8) |
| Net cash provided by operating activities | 1,631.3 | 1,536.2 | 1,205.9 |
| **Cash Flows from Investing Activities:** | | | |
| Cost of receivables acquired (excluding wholesale) | (25,867.8) | (25,776.6) | (23,941.6) |
| Collections of receivables (excluding wholesale) | 23,423.9 | 21,553.4 | 19,967.5 |
| Increase in wholesale receivables – net | (693.2) | (4,836.1) | (2,737.6) |
| Cost of equipment on operating leases acquired | (2,427.5) | (2,362.5) | (2,067.1) |
| Proceeds from sales of equipment on operating leases | 1,380.1 | 1,528.6 | 1,547.4 |
| Cost of notes receivable acquired from John Deere | (110.6) | (397.5) | (351.9) |
| Collections of notes receivable from John Deere | 185.0 | 122.5 | 367.4 |
| Other | (7.9) | (9.8) | 9.1 |
| Net cash used for investing activities | (4,118.0) | (10,178.0) | (7,206.8) |
| **Cash Flows from Financing Activities:** | | | |
| Increase (decrease) in commercial paper and other notes payable – net (original maturities of three months or less) | (3,370.8) | 2,643.8 | 1,716.6 |
| Increase in securitization borrowings – net | 1,436.0 | 1,285.1 | 1,119.7 |
| Increase (decrease) in short-term borrowings with John Deere – net | (521.3) | (2,017.0) | 88.6 |
| Proceeds from external borrowings issued (original maturities greater than three months) | 16,309.0 | 13,020.4 | 9,255.3 |
| Payments of external borrowings (original maturities greater than three months) | (10,914.0) | (6,046.2) | (5,754.4) |
| Dividends paid | (215.0) | (165.0) | (370.0) |
| Capital investments from John Deere | .1 | 810.0 | |
| Debt issuance costs | (59.8) | (50.9) | (38.7) |
| Net cash provided by financing activities | 2,664.2 | 9,480.2 | 6,017.1 |
| **Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash** | (3.4) | 8.4 | (22.9) |
| **Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash** | 174.1 | 846.8 | (6.7) |
| **Cash, Cash Equivalents, and Restricted Cash at Beginning of Year** | 1,612.9 | 766.1 | 772.8 |
| **Cash, Cash Equivalents, and Restricted Cash at End of Year** | $ 1,787.0 | $ 1,612.9 | $ 766.1 |
| **Components of Cash, Cash Equivalents, and Restricted Cash:** | | | |
| Cash and cash equivalents | $ 1,621.9 | $ 1,487.5 | $ 661.8 |
| Restricted cash* | 165.1 | 125.4 | 104.3 |
| **Total Cash, Cash Equivalents, and Restricted Cash** | $ 1,787.0 | $ 1,612.9 | $ 766.1 |

* Restricted cash is reported in other assets on the consolidated balance sheets and primarily relates to the securitization of receivables (see Note 5).

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

**John Deere Capital Corporation and Subsidiaries**
**Statements of Changes in Consolidated Stockholder's Equity**
**For the Years Ended October 27, 2024, October 29, 2023 and October 30, 2022**
(in millions)

| | | Company Stockholder | | | |
|---|---|---|---|---|---|
| | **Total Stockholder's Equity** | **Common Stock** | **Retained Earnings** | **Accumulated Other Comprehensive Income (Loss)** | **Non-controlling Interests** |
| **Balance October 31, 2021** | $ 4,417.5 | $ 1,482.8 | $ 2,982.3 | $ (49.4) | $ 1.8 |
| Net income (loss) | 693.3 | | 693.6 | | (.3) |
| Other comprehensive loss | (55.3) | | | (55.3) | |
| Dividends declared | (370.0) | | (370.0) | | |
| **Balance October 30, 2022** | 4,685.5 | 1,482.8 | 3,305.9 | (104.7) | 1.5 |
| Net income (loss) | 571.8 | | 572.3 | | (.5) |
| Other comprehensive income | .3 | | | .3 | |
| Capital investments | 810.0 | 810.0 | | | |
| Dividends declared | (165.0) | | (165.0) | | |
| **Balance October 29, 2023** | 5,902.6 | 2,292.8 | 3,713.2 | (104.4) | 1.0 |
| Net income (loss) | 581.3 | | 581.4 | | (.1) |
| Other comprehensive loss | (41.8) | | | (41.8) | |
| Capital investments | .1 | | | | .1 |
| Dividends declared | (215.0) | | (215.0) | | |
| **Balance October 27, 2024** | $ 6,227.2 | $ 2,292.8 | $ 4,079.6 | $ (146.2) | $ 1.0 |

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

**John Deere Capital Corporation and Subsidiaries**
**Notes to Consolidated Financial Statements**



## NOTE 1. ORGANIZATION AND CONSOLIDATION

Corporate Organization

References to John Deere Capital Corporation (Capital Corporation), “the Company,” “we,” “us,” or “our” include our consolidated subsidiaries. John Deere Financial Services, Inc. (JDFS), a wholly-owned subsidiary of Deere & Company, owns all of the outstanding common stock of Capital Corporation. We conduct business in Australia, New Zealand, the U.S., and in several countries in Africa, Asia, Europe, and Latin America, including Argentina, Chile and Mexico. Deere & Company and its wholly-owned subsidiaries are collectively called “John Deere.”

We offer the following financing solutions:

- *Retail notes* – we purchase retail installment sales and loan contracts from John Deere, which are generally acquired through independent John Deere retail dealers, and finance a limited amount of non-John Deere retail notes;
- *Revolving charge accounts* – we finance and service revolving charge accounts, in most cases acquired from and offered through merchants and dealers in the agriculture and turf and construction and forestry markets;
- *Wholesale receivables* – we provide wholesale financing to dealers of John Deere agriculture and turf equipment and construction and forestry equipment, primarily to finance inventories of equipment for those dealers; and
- *Financing and operating leases* – we lease John Deere equipment and a limited amount of non-John Deere equipment to retail customers.

Retail notes, revolving charge accounts, and financing leases are collectively called "Customer Receivables." Customer Receivables and wholesale receivables are collectively called "Receivables." Receivables and equipment on operating leases are collectively called "Receivables and Leases."

We bear substantially all of the credit risk (net of recovery from withholdings from certain John Deere dealers and merchants) associated with our holding of Receivables and Leases. We secure our Receivables, other than certain revolving charge accounts, by retaining as collateral security in the equipment associated with those Receivables or with the use of other collateral, and require theft and physical damage insurance on such equipment. A small portion of the Receivables and Leases held (less than 5 percent) is guaranteed by certain subsidiaries of Deere & Company. We also perform substantially all servicing and collection functions. Servicing and collection functions for a small portion of the Receivables and Leases held (less than 5 percent) are provided by John Deere. John Deere is reimbursed for staff and other administrative services at estimated cost, and for credit lines provided to us based on utilization of those lines.

Principles of Consolidation

The consolidated financial statements represent the consolidation of all companies in which Capital Corporation has a controlling interest. Certain variable interest entities (VIEs) are consolidated since we are the primary beneficiary. The primary beneficiary has both the power to direct the activities that most significantly impact the VIEs' economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIEs. We consolidate certain VIEs that are special purpose entities (SPEs) related to the securitization of receivables (see Note 5). We record our investment in each unconsolidated affiliated company (20 to 50 percent ownership) at our related equity in the net assets of such affiliate (see Note 22).

Fiscal Year

We use a 52/53 week fiscal year ending on the last Sunday in the reporting period, which generally occurs near the end of October. An additional week is included in the fourth fiscal quarter every five or six years to realign our fiscal quarters with the calendar. The fiscal year ends for 2024, 2023, and 2022 were October 27, 2024, October 29, 2023, and October 30, 2022, respectively. Fiscal years 2024, 2023, and 2022 contained 52 weeks. Unless otherwise stated, references to particular years or quarters refer to our fiscal years and the associated periods in those fiscal years.

Presentation of Amounts

All amounts are presented in millions of dollars, unless otherwise specified. Certain prior period amounts have been reclassified to conform to current period presentation.

Argentina

We have financial services operations in Argentina. The U.S. dollar has historically been the functional currency for our Argentina operations, as its business is indexed to the U.S. dollar due to the highly inflationary conditions. Argentine peso-denominated monetary assets and liabilities are remeasured at each balance sheet date using the official currency exchange rate. The Argentine government has certain capital and currency controls that restrict our ability to access U.S. dollars in Argentina and remit earnings from our Argentine operations. As of October 27, 2024 and October 29, 2023, our net investment in Argentina was $44.0 and $41.1, respectively. Revenues from our Argentine operations represented approximately 1 percent and 2 percent of our consolidated revenues for 2024 and 2023, respectively. The net peso exposure as of October 27, 2024 and October 29, 2023 was approximately $18.3 and $31.8, respectively. During 2024, 2023, and 2022, we recognized pretax net foreign exchange losses of $18.7, $27.4, and $22.1, respectively, related to our Argentina operations. Beginning in 2024, foreign exchange gains/losses related to our Argentina operations were included in the calculation of support payments under the international support agreement with Deere & Company (see Note 2).

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

The following are significant accounting policies in addition to those included in other notes to the consolidated financial statements.

Use of Estimates in Financial Statements

Certain accounting policies require management to make estimates and assumptions in determining the amounts reflected in the financial statements and related disclosures. Actual results could differ from these estimates.

Cash and Cash Equivalents

We consider investments with purchased maturities of three months or less to be cash equivalents.

Revenue Recognition

Financing revenue, including compensation from John Deere for waived or reduced finance charges, is recorded over the lives of the related receivables using the interest method. Deferred costs on the origination of receivables are recognized as a reduction in finance revenue over the lives of the receivables using the interest method. Operating lease revenue, including compensation from John Deere, and deferred costs on the origination of operating leases are recognized on a straight-line basis over the scheduled lease terms in lease revenue.

Receivables and Allowance for Credit Losses

Receivables are reported on the consolidated balance sheets at outstanding principal and accrued interest, adjusted for any write offs and any unamortized deferred fees or costs on originated Receivables.

We also record an allowance for credit losses and provision for credit losses related to the Receivables. Receivables are written off to the allowance when the account is considered uncollectible. The allowance for credit losses is an estimate of the credit losses expected over the life of our Receivable portfolio. Non-performing Receivables are included in the estimate of expected credit losses. The allowance is measured on a collective basis for receivables with similar risk characteristics. Receivables that do not share risk characteristics are evaluated on an individual basis. Risk characteristics include:

- product category,
- market,
- geography,
- credit risk, and
- remaining balance.

We utilize the following loss forecast models to estimate expected credit losses:

Customer Receivables:

- *Linear regression* models are used for large and complex Customer Receivable pools, which represent more than 90 percent of Customer Receivables. These statistical models utilize independent variables, or predictive features, to estimate lifetime default rates, which are subsequently adjusted for expected recoveries to arrive at lifetime credit loss estimates. Independent variables included in the models vary by product, but can include credit quality at time of application, remaining account balance, delinquency status, and various economic factors, such as commodity prices, employment levels, and housing data. The economic factors include forward-looking conditions over our reasonable and supportable forecast period. In the fourth quarter of 2024, we transitioned from the use of transition matrix models to linear regression models to estimate expected credit losses. This change in methodology did not have a material impact on our consolidated financial statements.
- *Weighted average remaining maturity (WARM)* models are used for smaller and less complex Customer Receivable pools, and apply historical average annual loss rates, adjusted for current and forecasted economic conditions, to the projected portfolio runoff.

Wholesale receivables:

- *Historical loss rate* models are used for wholesale receivables, with consideration of current economic conditions and dealer financial risk. Changes in economic conditions have historically had limited impact on credit losses in this portfolio.

Management reviews each model's output quarterly, and qualitative adjustments are incorporated as necessary to arrive at management's best estimate of expected credit losses.

Recoveries from freestanding credit enhancements, such as dealer deposits and certain credit insurance and bank guarantee contracts, are not included in the estimate of expected credit losses. Recoveries from dealer deposits are recognized in "Other income" when the dealer's deposit account is charged, while recoveries from other freestanding credit enhancements are generally recognized when the associated credit loss is recorded.

Securitization of Receivables

Certain Receivables are periodically transferred to SPEs in securitization transactions (see Note 5). These securitizations qualify as collateral for secured borrowings and no gains or losses are recognized at the time of securitization. The receivables remain on the consolidated balance sheets and are classified as "Retail notes securitized." We recognize finance income over the lives of these receivables using the interest method.

Depreciation

We estimate residual values of equipment on operating leases at the inception of the lease, and the equipment is depreciated over the lease terms to the estimated residual value using the straight-line method. We review residual value estimates during the lease term and depreciation is adjusted prospectively on a straight-line basis over the remaining lease term if residual estimates are revised.

Impairment of Long-Lived Assets

We evaluate the carrying value of long-lived assets, including equipment on operating leases, when events or circumstances warrant such a review. If the carrying value of the long-lived asset is considered impaired, it is written down to its fair value.

Fees and Interest Paid to John Deere

Fees and interest paid to John Deere include corporate support fees and interest on intercompany borrowings from John Deere based on approximate market rates.

Derivative Financial Instruments

It is our policy to use derivative transactions only to manage exposures from the normal course of business. We do not execute derivative transactions for the purpose of creating speculative positions or trading. We have interest rate and foreign currency fluctuation risk between the types and amounts of our Receivable and Lease portfolios and how these portfolios are funded. We also have foreign currency exposures at some of our foreign and domestic operations related to financing in currencies other than the functional currencies.

All derivatives are recorded at fair value on the consolidated balance sheets. Cash collateral received or paid is not offset against the derivative fair values on the consolidated balance sheets. The cash flows from the derivative contracts are recorded in operating activities in the statements of consolidated cash flows. Each derivative is designated as a cash flow hedge, fair value hedge, or remains undesignated.

Changes in the fair value of derivatives are recorded as follows:

- Cash flow hedges are recorded in other comprehensive income (OCI) and subsequently reclassified into interest expense in the same periods during which the effects of the hedged item (borrowings) impact earnings. These amounts offset the effects of interest rate changes on the related borrowings in interest expense.
- Fair value hedges are recorded in interest expense, and the gains or losses are generally offset by the fair value gains or losses on the hedged items (fixed-rate borrowings), which are also recorded in interest expense.
- Derivatives not designated as hedging instruments are recorded in interest expense (interest rate contracts) or administrative and operating expenses (foreign currency exchange contracts).

All designated hedges are formally documented as to the relationship with the hedged item as well as the risk-management strategy. Both at inception and on an ongoing basis, the hedging instrument is assessed for its effectiveness. If and when a derivative is determined not to be highly effective as a hedge, the underlying hedged transaction is no longer likely to occur, the hedge designation is removed, or the derivative is terminated, hedge accounting is discontinued (see Note 20).

Financing Incentives

We provide incentive funds to John Deere dealers that meet certain performance metrics, which include minimum finance volume and finance market share with us over a defined period. At the end of the qualification period, dealers are granted incentive funds, which can be applied to certain predefined uses, including interest rate reductions on future loan and lease originations. In addition, certain dealers may elect to receive cash for a portion of their earned funds. We accrue for the incentive costs over the qualification period, which are reported as “Administrative and operating expenses” in the consolidated income statements and “Accounts payable and accrued expenses” in the consolidated balance sheets. The accrued liability is released as dealers utilize the funds.

International Support Agreement

We have an international support agreement with Deere & Company, pursuant to which we and Deere & Company have agreed to make periodic support payments to each other if and to the extent necessary to ensure our businesses in certain international markets, including Mexico, Argentina, and Chile, earn a specified target return on equity. Deere & Company’s obligations to make payments under this agreement are expressly stated not to be a guarantee of any specific indebtedness, obligation, or liability of ours. Payments made under the international support agreement are reported in “Fees and interest paid to John Deere”, while payments received from Deere & Company are reported in “Other income.” Refer to Note 15 for additional information.

Foreign Currency Translation

The functional currencies for most of our foreign operations are their respective local currencies. The assets and liabilities of these operations are translated into U.S. dollars using the exchange rates at the end of the period. The revenues and expenses are translated at weighted average rates for the period. The gains or losses from these translations are recorded in OCI. Gains or losses from transactions denominated in a currency other than the functional currency of the subsidiary involved and foreign currency exchange components of derivative contracts are included in net income. The pretax net losses for foreign currency exchange in 2024, 2023, and 2022 were $8.8, $20.4, and $25.6 respectively, which are reported in “Administrative and operating expenses” and primarily related to our Argentina operations (see Note 1).

New Accounting Pronouncements Adopted

We closely monitor all Accounting Standard Updates (ASUs) issued by the Financial Accounting Standards Board (FASB) and other authoritative guidance.

In the first quarter of 2024, we adopted ASU No. 2022-02, Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. The ASU eliminates the accounting guidance for troubled debt restructurings, enhances disclosures for certain receivable modifications related to borrowers experiencing financial difficulty, and requires disclosure of current period gross write-offs by year of origination. The adoption did not have a material effect on our consolidated financial statements.

We also adopted the following standards in 2024, none of which had a material effect on our consolidated financial statements:

2022-01 — Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method
2021-08 — Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

Accounting Pronouncements to be Adopted

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which expands disclosures about specific expense categories presented on the face of the income statement. The effective date of the ASU is fiscal year 2028. We are assessing the effect of this update on our related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands disclosures in an entity's income tax rate reconciliation table and cash income taxes paid both in the U.S. and foreign jurisdictions. The effective date of the ASU is fiscal year 2026. We are assessing the effect of this update on our related disclosures.

We will also adopt the following standards in future periods, none of which are expected to have a material effect on our consolidated financial statements:

2024-04 — Debt – Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments
2023-07 — Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures
2023-06 — Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative
2023-05 — Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement

**NOTE 3. RECEIVABLES**

Retail Notes Receivable

Retail notes receivable by market at October 27, 2024 and October 29, 2023 were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Unrestricted** | **Securitized** | **Unrestricted** | **Securitized** |
| Agriculture and turf – new | $ 14,199.3 | $ 3,236.7 | $ 14,350.6 | $ 2,664.9 |
| Agriculture and turf – used | 7,811.3 | 3,966.2 | 7,344.9 | 3,387.4 |
| Construction and forestry – new | 3,261.9 | 1,280.0 | 2,884.1 | 1,010.9 |
| Construction and forestry – used | 965.3 | 472.5 | 1,067.4 | 430.5 |
| Total | 26,237.8 | 8,955.4 | 25,647.0 | 7,493.7 |
| Unearned finance income | (1,068.4) | (187.0) | (1,005.9) | (136.9) |
| Retail notes receivable | $ 25,169.4 | $ 8,768.4 | $ 24,641.1 | $ 7,356.8 |

Gross retail note installments at October 27, 2024 and October 29, 2023 were scheduled to be received as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Unrestricted** | **Securitized** | **Unrestricted** | **Securitized** |
| Due in: | | | | |
| 0-12 months | $ 8,095.1 | $ 3,553.6 | $ 7,718.5 | $ 2,820.5 |
| 13-24 months | 6,294.7 | 2,506.8 | 6,146.8 | 2,088.5 |
| 25-36 months | 5,140.9 | 1,701.7 | 5,047.0 | 1,509.0 |
| 37-48 months | 3,765.7 | 917.8 | 3,724.5 | 824.4 |
| 49-60 months | 2,251.3 | 265.9 | 2,321.1 | 240.5 |
| Over 60 months | 690.1 | 9.6 | 689.1 | 10.8 |
| Total | $ 26,237.8 | $ 8,955.4 | $ 25,647.0 | $ 7,493.7 |

Finance income is recognized over the lives of the retail notes using the interest method. During 2024, the average effective yield on retail notes held by us was approximately 5.9 percent, compared with 5.0 percent in 2023 and 3.9 percent in 2022. As of October 27, 2024 and October 29, 2023, over 95 percent of the retail notes held by us bore a fixed finance rate.

A portion of the finance income earned by us arises from financing of retail sales of John Deere equipment on which finance charges are waived or reduced by John Deere for a period from the date of the retail sale to a specified subsequent date. We receive compensation from John Deere equal to competitive market interest rates for periods during which finance charges have been waived or reduced. We compute the compensation from John Deere for waived or reduced finance charges based on our estimated funding costs, administrative and operating expenses, credit losses, and required return on equity. The financing rate following the waiver or interest reduction period is not significantly different from the compensation rate from John Deere. During 2024, 2023, and 2022, the finance income earned from John Deere on retail notes containing waiver of finance charges or reduced rates was $431.5, $388.4, and $328.3, respectively.

A deposit is withheld by us on certain John Deere agriculture and turf equipment retail notes originating from dealers. Any subsequent retail note losses, subject to certain limitations by customer, are charged against the withheld deposits. At the end of each calendar quarter, the balance of each dealer's withholding account in excess of a specified percent (ranging from one-half to three percent based on dealer qualifications) of the total balance outstanding on retail notes originating with that dealer is remitted to the dealer. Credit losses recovered from dealer deposits are presented in "Other income" at the time the dealer deposits are charged. There is generally no withholding of dealer deposits on John Deere construction and forestry equipment retail notes.

Revolving Charge Accounts Receivable

Revolving charge account income is comprised of the following:

- discounts paid by dealers and merchants on most transactions for processing and support,
- finance charges paid by customers on their outstanding account balances, and
- finance charge subsidies from John Deere and sponsoring merchants for waiver of finance charges or reduced rates.

During 2024, 2023, and 2022, the finance income earned from John Deere on revolving charge accounts containing waiver of finance charges or reduced rates was $42.7, $18.5, and $13.4, respectively. Revolving charge accounts receivable at October 27, 2024 and October 29, 2023 totaled $4,538.8 and $4,594.4, and were net of unearned interest income of $72.6 and $88.4 for the same periods, respectively. Generally, account holders may pay their account balance in full at any time or make payments over a number of months according to a payment schedule.

Wholesale Receivables

We also provide wholesale financing to dealers of John Deere agriculture and turf equipment and construction and forestry equipment, primarily to finance inventories of equipment for those dealers. Wholesale finance income related to these notes is generally recognized monthly based on the daily balance of wholesale receivables outstanding and the applicable effective interest rate. Interest rates vary with a bank base rate, the type of equipment financed, and dealer financial profile.

Substantially all wholesale receivables are secured with collateral or other credit enhancements. On average, the wholesale receivables portfolio turned four times and five times during 2024 and 2023, respectively. Wholesale receivables at October 27, 2024 and October 29, 2023 totaled $14,114.1 and $13,330.1, respectively.

We purchase certain wholesale trade receivables from John Deere, which are included within "Wholesale receivables." These trade receivables arise from John Deere's sales of goods to independent dealers. Under the terms of the sales to dealers, interest is primarily charged to dealers on outstanding balances from the earlier of the date when goods are sold to retail customers by the dealer or the expiration of certain interest-free periods granted at the time of the sale to the dealer until payment is received by us. Dealers cannot cancel purchases after John Deere recognizes a sale and are responsible for payment even if the equipment is not sold to retail customers. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. These periods range from one to twelve months for most equipment. Interest-free periods may not be extended. Interest charged may not be forgiven and the past due interest rates exceed market rates. We receive compensation from John Deere at approximate market interest rates for these interest-free periods. We compute the compensation from John Deere for interest-free periods based on our estimated funding costs, administrative and operating expenses, credit losses, and required return on equity. During 2024, 2023, and 2022, the compensation earned from John Deere on wholesale receivables for waiver of finance charges or reduced rates was $552.5, $542.6, and $239.0, respectively. The increase in 2023 was primarily due to higher average portfolio and higher average compensation rates due to increased funding costs.

Financing Leases

We lease agriculture and turf equipment and construction and forestry equipment directly to retail customers. Leases classified as sales-type or direct financing leases are reported in "Financing leases" on the consolidated balance sheets. See Note 6 for detailed disclosures related to financing leases.

Concentration of Credit Risk

Receivables have significant concentrations of credit risk in the agriculture and turf and construction and forestry markets. On a geographic basis, 87 percent of our Receivables portfolio was located in the U.S., at October 27, 2024. There is not a disproportionate concentration of credit risk with any single customer or dealer.

## NOTE 4. ALLOWANCE FOR CREDIT LOSSES AND CREDIT QUALITY OF RECEIVABLES

Credit Quality

We monitor the credit quality of Receivables based on delinquency status, defined as follows:

- Past due balances represent Receivables still accruing finance income with any payments 30 days or more past the contractual payment due date.
- Non-performing Receivables represent Receivables for which we have stopped accruing finance income, which generally occurs when Customer Receivables are 90 days delinquent and when interest-bearing wholesale receivables become 60 days delinquent. Accrued finance income and lease revenue previously recognized on non-performing Receivables is reversed and subsequently recognized on a cash basis. Accrual of finance income and lease revenue is resumed when the receivable becomes contractually current, and collections are reasonably assured.

Accrued finance income and lease revenue reversed on non-performing Receivables, and finance income and lease revenue recognized from cash payments on non-performing Receivables were as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Accrued finance income and lease revenue reversed | $ 43.1 | $ 17.1 | $ 11.3 |
| Finance income and lease revenue recognized on cash payments | 37.1 | 18.4 | 15.4 |

Total Receivable balances represent principal plus accrued interest. Receivable balances are written off to the allowance for credit losses when, in the judgment of management, they are considered uncollectible. Write-offs generally occur when Customer Receivables are 120 days delinquent, and on a case-by-case basis when wholesale receivables are 60 days delinquent. In these situations, collateral is repossessed (for collateral-dependent Receivables) or the account is designated for litigation, and the estimated uncollectible amount is written off to the allowance for credit losses.

The credit quality analysis of Customer Receivables by year of origination was as follows:

| | October 27, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior Years | Revolving Charge Accounts | Total |
| Customer Receivables: | | | | | | | | |
| Agriculture and turf | | | | | | | | |
| Current | $ 12,957.7 | $ 7,528.9 | $ 4,715.5 | $ 2,633.1 | $ 915.6 | $ 232.8 | $ 4,351.5 | $ 33,335.1 |
| 30-59 days past due | 39.5 | 93.3 | 49.2 | 25.2 | 10.6 | 3.6 | 39.2 | 260.6 |
| 60-89 days past due | 18.4 | 43.7 | 16.7 | 8.8 | 7.0 | 1.9 | 12.3 | 108.8 |
| 90+ days past due | .4 | .9 | .3 | 2.2 | .2 | | | 4.0 |
| Non-performing | 22.2 | 84.9 | 69.9 | 40.4 | 18.4 | 11.7 | 13.9 | 261.4 |
| Construction and forestry | | | | | | | | |
| Current | 2,636.0 | 1,564.0 | 893.1 | 380.1 | 83.2 | 41.9 | 114.2 | 5,712.5 |
| 30-59 days past due | 49.4 | 41.3 | 23.2 | 9.8 | 2.5 | 1.5 | 4.0 | 131.7 |
| 60-89 days past due | 20.0 | 23.5 | 8.2 | 5.8 | 1.5 | .3 | 1.8 | 61.1 |
| 90+ days past due | .4 | .5 | .1 | .2 | .2 | | | 1.4 |
| Non-performing | 38.2 | 89.4 | 64.5 | 30.6 | 8.5 | 3.8 | 1.9 | 236.9 |
| Total Customer Receivables | $ 15,782.2 | $ 9,470.4 | $ 5,840.7 | $ 3,136.2 | $ 1,047.7 | $ 297.5 | $ 4,538.8 | $ 40,113.5 |

| | October 29, 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | Prior Years | Revolving Charge Accounts | Total |
| Customer Receivables: | | | | | | | | |
| Agriculture and turf | | | | | | | | |
| Current | $ 12,998.3 | $ 7,208.2 | $ 4,459.1 | $ 1,970.4 | $ 666.3 | $ 179.3 | $ 4,424.8 | $ 31,906.4 |
| 30-59 days past due | 46.8 | 66.6 | 34.6 | 18.7 | 8.2 | 2.9 | 28.1 | 205.9 |
| 60-89 days past due | 15.8 | 22.0 | 14.8 | 7.8 | 3.3 | 1.3 | 8.6 | 73.6 |
| 90+ days past due | 1.4 | .8 | 2.7 | 2.9 | .1 | .1 | | 8.0 |
| Non-performing | 25.9 | 63.7 | 44.5 | 25.0 | 12.9 | 12.0 | 7.2 | 191.2 |
| Construction and forestry | | | | | | | | |
| Current | 2,343.4 | 1,586.2 | 859.0 | 279.2 | 65.3 | 27.3 | 118.6 | 5,279.0 |
| 30-59 days past due | 44.4 | 28.1 | 24.8 | 8.6 | 3.4 | .4 | 4.1 | 113.8 |
| 60-89 days past due | 17.8 | 11.4 | 11.8 | 4.5 | 1.0 | .2 | 1.8 | 48.5 |
| 90+ days past due | .1 | 1.2 | .1 | .1 | | | | 1.5 |
| Non-performing | 34.1 | 67.5 | 51.2 | 20.7 | 7.5 | 4.0 | 1.2 | 186.2 |
| Total Customer Receivables | $ 15,528.0 | $ 9,055.7 | $ 5,502.6 | $ 2,337.9 | $ 768.0 | $ 227.5 | $ 4,594.4 | $ 38,014.1 |

The credit quality analysis of wholesale receivables by year of origination was as follows:

| | October 27, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior Years | Revolving | Total |
| Wholesale receivables: | | | | | | | | |
| Agriculture and turf | | | | | | | | |
| Current | $ 640.7 | $ 161.6 | $ 29.5 | $ 6.2 | $ 1.0 | $ .3 | $ 9,599.8 | $ 10,439.1 |
| 30-59 days past due | .2 | | | | | | 4.3 | 4.5 |
| 60-89 days past due | | | | | | | 4.2 | 4.2 |
| 90+ days past due | .1 | | | | | | 10.1 | 10.2 |
| Non-performing | | | | | | | 35.3 | 35.3 |
| Construction and forestry | | | | | | | | |
| Current | 21.0 | 8.6 | 1.5 | 11.7 | .1 | | 3,557.0 | 3,599.9 |
| 30-59 days past due | | | | | | | 8.1 | 8.1 |
| 60-89 days past due | | | | | | | 5.1 | 5.1 |
| 90+ days past due | | | | | | | 7.7 | 7.7 |
| Non-performing | | | | | | | | |
| Total wholesale receivables | $ 662.0 | $ 170.2 | $ 31.0 | $ 17.9 | $ 1.1 | $ .3 | $ 13,231.6 | $ 14,114.1 |

| | October 29, 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | Prior Years | Revolving | Total |
| Wholesale receivables: | | | | | | | | |
| Agriculture and turf | | | | | | | | |
| Current | $ 609.5 | $ 92.6 | $ 20.0 | $ 3.9 | $ .7 | $ 159.9 | $ 9,270.1 | $ 10,156.7 |
| 30-59 days past due | | | | | | | 18.5 | 18.5 |
| 60-89 days past due | | | | | | | 21.8 | 21.8 |
| 90+ days past due | | | | | | | 5.5 | 5.5 |
| Non-performing | | | | | | | 5.7 | 5.7 |
| Construction and forestry | | | | | | | | |
| Current | 19.4 | 2.5 | 19.9 | .2 | .1 | 75.2 | 2,987.6 | 3,104.9 |
| 30-59 days past due | | | | | | | 4.3 | 4.3 |
| 60-89 days past due | | | | | | | 5.5 | 5.5 |
| 90+ days past due | | | | | | | 7.2 | 7.2 |
| Non-performing | | | | | | | | |
| Total wholesale receivables | $ 628.9 | $ 95.1 | $ 39.9 | $ 4.1 | $ .8 | $ 235.1 | $ 12,326.2 | $ 13,330.1 |

An analysis of the allowance for credit losses and investment in Receivables at October 27, 2024, October 29, 2023, and October 30, 2022 was as follows:

| | Retail Notes & Financing Leases | Revolving Charge Accounts | Wholesale Receivables | Total Receivables |
|---|---|---|---|---|
| **2024** | | | | |
| Allowance: | | | | |
| Beginning of year balance | $ 114.9 | $ 20.4 | $ 11.1 | $ 146.4 |
| Provision for credit losses* | 228.8 | 51.6 | 18.2 | 298.6 |
| Write-offs | (162.5) | (93.8) | | (256.3) |
| Recoveries | 11.6 | 29.4 | .2 | 41.2 |
| Translation adjustments | (.4) | | (2.0) | (2.4) |
| End of year balance | $ 192.4 | $ 7.6 | $ 27.5 | $ 227.5 |
| Receivables: | | | | |
| End of year balance | $ 35,574.7 | $ 4,538.8 | $ 14,114.1 | $ 54,227.6 |
| **2023** | | | | |
| Allowance: | | | | |
| Beginning of year balance | $ 95.4 | $ 21.9 | $ 11.1 | $ 128.4 |
| Provision (credit) for credit losses* | 67.6 | 21.2 | (.2) | 88.6 |
| Write-offs | (60.8) | (44.4) | (.2) | (105.4) |
| Recoveries | 12.9 | 21.8 | .6 | 35.3 |
| Translation adjustments | (.2) | (.1) | (.2) | (.5) |
| End of year balance | $ 114.9 | $ 20.4 | $ 11.1 | $ 146.4 |
| Receivables: | | | | |
| End of year balance | $ 33,419.7 | $ 4,594.4 | $ 13,330.1 | $ 51,344.2 |
| **2022** | | | | |
| Allowance: | | | | |
| Beginning of year balance | $ 96.5 | $ 20.8 | $ 11.7 | $ 129.0 |
| Provision (credit) for credit losses* | 26.1 | (1.8) | .1 | 24.4 |
| Write-offs | (40.7) | (26.8) | (.3) | (67.8) |
| Recoveries | 14.4 | 29.7 | .1 | 44.2 |
| Translation adjustments | (.9) | | (.5) | (1.4) |
| End of year balance | $ 95.4 | $ 21.9 | $ 11.1 | $ 128.4 |
| Receivables: | | | | |
| End of year balance | $ 29,871.3 | $ 4,165.8 | $ 8,404.5 | $ 42,441.6 |

* Excludes provision (credit) for credit losses on unfunded commitments of $2.3, $(.1), and $(.9) for the years ended October 27, 2024, October 29, 2023, and October 30, 2022, respectively. The estimated credit losses related to unfunded commitments are recorded in "Accounts payable and accrued expenses."

The allowance for credit losses increased in 2024 compared to 2023, primarily due to higher expected losses on retail notes and financing leases as a result of elevated delinquencies and a decline in market conditions impacting the agriculture receivable portfolio. The allowance for wholesale receivables also increased due to a specific provision for a dealer experiencing financial difficulties. These increases were partially offset by a decrease in the allowance on revolving charge accounts, driven by write-offs of seasonal financing program accounts and recoveries expected on those accounts in the future. We monitor the economy as part of the allowance setting process, including potential impacts of the agricultural industry cycle and interest rates, among other factors, and qualitative adjustments to the allowance are incorporated, as necessary.

During 2024, 2023, and 2022, $54.0, $17.0, and $8.5, respectively, was recorded in other income related to recoveries from freestanding credit enhancements. The increase in 2024 was driven by higher recoveries from John Deere dealers and expected recoveries on bank guarantee contracts, which relate primarily to the wholesale allowance increase noted above. At October 27, 2024 and October 29, 2023, we had $119.3 and $129.6, respectively, of deposits withheld from John Deere dealers and merchants available as credit enhancements for retail notes and financing leases.

Modifications

We occasionally grant contractual modifications to customers experiencing financial difficulties. Before offering a modification, we evaluate the ability of the customer to meet the modified payment terms. Modifications offered include payment deferrals, term extensions, or a combination thereof. Finance charges continue to accrue during the deferral or extension period with the exception of modifications related to bankruptcy proceedings. Our allowance for credit losses incorporates historical loss information, including the effects of loan modifications with customers. Therefore, additional adjustments to the allowance are generally not recorded upon modification of a loan.

At October 27, 2024, the ending amortized cost of modified loans with borrowers experiencing financial difficulty in 2024 was as follows:

| | 2024 |
|---|---|
| Current | $ 68.0 |
| 30-59 days past due | 1.3 |
| 60-89 days past due | 1.4 |
| 90+ days past due | .1 |
| Non-performing | 12.7 |
| Total | $ 83.5 |

In 2024, these modifications represented .15 percent of our Receivable portfolio. The financial effects of payment deferrals with borrowers experiencing financial difficulty resulted in a weighted average payment deferral of 8 months, while term extensions added a weighted average of 10 months to the terms of the modified contracts. Additionally, modifications with a combination of both payment deferrals and term extensions resulted in a weighted average payment deferral of 2 months and a weighted average term extension of 8 months.

Defaults and subsequent write-offs of loans modified in the prior twelve months were not significant during 2024. In addition, at October 27, 2024, commitments to provide additional financing to these customers were $25.7.

Troubled Debt Restructuring

Prior to adopting ASU 2022-02, modifications of loans to borrowers experiencing financial difficulty were considered troubled debt restructurings when the modification resulted in a concession we would not otherwise consider.

The following table includes Receivable contracts identified as troubled debt restructurings, which were primarily retail notes:

| | 2023 | 2022 |
|---|---|---|
| Number of receivable contracts | 149 | 199 |
| Pre-modification balance | $ 7.2 | $ 7.0 |
| Post-modification balance | 6.7 | 5.8 |

In 2023 and 2022, we had no significant troubled debt restructurings that subsequently defaulted and were written off.

Write-offs

Write-offs by year of origination were as follows:

| | October 27, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior Years | Revolving Charge Accounts | Total |
| Customer Receivables: | | | | | | | | |
| Agriculture and turf | $ 4.0 | $ 29.2 | $ 23.5 | $ 10.3 | $ 9.9 | $ 3.1 | $ 86.0 | $ 166.0 |
| Construction and forestry | 8.2 | 33.4 | 23.4 | 10.3 | 4.7 | 2.5 | 7.8 | 90.3 |
| Total | $ 12.2 | $ 62.6 | $ 46.9 | $ 20.6 | $ 14.6 | $ 5.6 | $ 93.8 | $ 256.3 |

Total write-offs and recoveries, by product, and as a percentage of average balances held during the year, were as follows:

| | 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| Write-offs: | | | | | | |
| Retail notes & financing leases: | | | | | | |
| Agriculture and turf | $ (80.0) | (.28)% | $ (31.7) | (.12)% | $ (21.4) | (.09)% |
| Construction and forestry | (82.5) | (1.44) | (29.1) | (.55) | (19.3) | (.39) |
| Total retail notes & financing leases | (162.5) | (.48) | (60.8) | (.20) | (40.7) | (.15) |
| Revolving charge accounts | (93.8) | (2.40) | (44.4) | (1.17) | (26.8) | (.77) |
| Wholesale receivables | | | (.2) | | (.3) | |
| Total write-offs | (256.3) | (.48) | (105.4) | (.23) | (67.8) | (.18) |
| Recoveries: | | | | | | |
| Retail notes & financing leases: | | | | | | |
| Agriculture and turf | 8.4 | .03 | 8.8 | .03 | 10.2 | .05 |
| Construction and forestry | 3.2 | .06 | 4.1 | .08 | 4.2 | .09 |
| Total retail notes & financing leases | 11.6 | .03 | 12.9 | .04 | 14.4 | .05 |
| Revolving charge accounts | 29.4 | .75 | 21.8 | .58 | 29.7 | .86 |
| Wholesale receivables | .2 | | .6 | .01 | .1 | |
| Total recoveries | 41.2 | .08 | 35.3 | .08 | 44.2 | .12 |
| Total net write-offs | $ (215.1) | (.40)% | $ (70.1) | (.15)% | $ (23.6) | (.06)% |

## NOTE 5. SECURITIZATION OF RECEIVABLES

Our funding strategy includes retail note securitizations. While these securitization programs are administered in various forms, they are accomplished in the following basic steps:

1. We transfer retail notes into a bankruptcy-remote SPE.
2. The SPE issues debt to investors. The debt is secured by the retail notes.
3. Investors are paid back based on cash receipts from the retail notes.

As part of step 1, these retail notes are legally isolated from the claims of our general creditors. This ensures cash receipts from the retail notes are accessible to pay back securitization program investors. The structure of these transactions does not meet the accounting criteria for a sale of receivables. As a result, they are accounted for as secured borrowings. The receivables and borrowings remain on our balance sheet and are separately reported as "Retail notes securitized" and "Securitization borrowings," respectively.

We offer securitization programs to institutional investors and other financial institutions through public issuances or privately through a revolving credit agreement. At October 27, 2024, the revolving agreement had a financing limit of up to $2,000.0 of secured financings at any time. At October 27, 2024, $1,398.3 of securitization borrowings were outstanding under the revolving agreement. In November 2024, the agreement was renewed for one year with a capacity of $2,500.0.

Under both the public and private securitization programs, restricted cash held by the SPE serves as a credit enhancement. The restricted cash would be used to satisfy receivable payment deficiencies, if any. The cash restriction is removed either after all secured borrowing payments are made or proportionally as the secured receivables are collected and the borrowing obligations are reduced. No additional support to these programs beyond what was previously contractually required has been provided during the reporting periods.

The components of the securitization programs at October 27, 2024 and October 29, 2023 were as follows:

| | 2024 | 2023 |
|---|---|---|
| Retail notes securitized | $ 8,768.4 | $ 7,356.8 |
| Allowance for credit losses | (47.0) | (21.4) |
| Other assets* | 186.5 | 152.0 |
| Total restricted securitized assets | $ 8,907.9 | $ 7,487.4 |
| | | |
| Securitization borrowings | $ 8,429.3 | $ 6,995.2 |
| Accrued interest on borrowings | 13.9 | 12.6 |
| Total liabilities related to restricted securitized assets | $ 8,443.2 | $ 7,007.8 |

* Primarily restricted cash of $164.8 and $125.1 at October 27, 2024 and October 29, 2023, respectively.

The weighted average interest rates on securitization borrowings at October 27, 2024 and October 29, 2023 were 5.0 percent and 4.7 percent, respectively.

Although these securitization borrowings are classified as short-term since payment is required if the retail notes are liquidated early, the payment schedule for these borrowings at October 27, 2024 based on the expected liquidation of the retail notes is as follows: 2025 - $4,034.0, 2026 - $2,440.0, 2027 - $1,428.1, 2028 - $499.8, 2029 - $36.9, and later years - $3.9. At October 27, 2024 the maximum remaining term of all restricted securitized retail notes was approximately seven years.

## NOTE 6. LEASES

We lease John Deere equipment and a limited amount of non-John Deere equipment to retail customers through sales-type, direct financing, and operating leases. Sales-type and direct financing leases are reported in "Financing leases," and operating leases are reported in "Equipment on operating leases – net."

Leases offered by us may include early termination and renewal options. At the end of the majority of leases, the lessee has the option to purchase the underlying equipment for the contractual residual value or return it to the dealer. If the equipment is returned to the dealer, the dealer also has the option to purchase the equipment or return it to us for remarketing.

We have elected to combine lease and nonlease components. The nonlease components primarily relate to preventative maintenance and extended warranty agreements financed by the customer. We have also elected to report consideration related to sales and value-added taxes net of the related tax expense. Property taxes on leased assets are recorded on a gross basis in "Lease revenues" and "Administrative and operating expenses." Variable lease revenues primarily relate to separately invoiced property taxes on leased equipment in certain markets, late fees, and excess use and damage fees.

Lease revenues earned by us were as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Sales-type and direct financing lease revenues | $ 113.9 | $ 90.7 | $ 56.6 |
| Operating lease revenues | 968.6 | 894.2 | 886.1 |
| Variable lease revenues | 16.3 | 14.2 | 23.4 |
| Total lease revenues | $ 1,098.8 | $ 999.1 | $ 966.1 |

Variable lease revenues reported above include excess use and damage fees of $2.2, $1.8, and $2.4 for 2024, 2023, and 2022, respectively, which were reported in "Other income."

Deposits withheld from John Deere dealers and related credit losses on leases are handled in a manner similar to the procedures for retail notes. As with retail notes, there are generally no deposits withheld from dealers on leases related to construction and forestry equipment. In addition, a lease payment discount program, allowing reduced payments over the term of the lease, is administered in a manner similar to finance waivers on retail notes (see Note 3). During 2024, 2023, and 2022, the finance income earned from John Deere on sales-type and direct financing leases containing waiver of finance charges or reduced rates was $11.2, $6.9, and $3.9, respectively. The operating lease revenue earned from John Deere during 2024, 2023, and 2022 was $21.9, $24.5, and $30.0, respectively.

Financing Leases

At the time of accepting a lease that qualifies as a sales-type or direct financing lease, we record the gross amount of lease payments receivable, estimated residual value of the leased equipment, and unearned finance income. The unearned finance income is recognized as revenue over the lease term using the interest method.

Sales-type and direct financing lease receivables by market at October 27, 2024 and October 29, 2023 were as follows:

| | 2024 | 2023 |
|---|---|---|
| Agriculture and turf | $ 656.0 | $ 664.4 |
| Construction and forestry | 209.9 | 223.4 |
| Total | 865.9 | 887.8 |
| Guaranteed residual values | 895.6 | 701.9 |
| Unguaranteed residual values | 26.9 | 27.2 |
| Unearned finance income | (151.5) | (195.1) |
| Financing leases receivable | $ 1,636.9 | $ 1,421.8 |

Scheduled payments, including guaranteed residual values, on sales-type and direct financing lease receivables at October 27, 2024 were as follows:

| Due in: | |
|---|---|
| 2025 | $ 1,122.0 |
| 2026 | 298.2 |
| 2027 | 173.8 |
| 2028 | 99.3 |
| 2029 | 51.5 |
| Later years | 16.7 |
| Total | $ 1,761.5 |

Operating Leases

The cost of equipment on operating leases by market at October 27, 2024 and October 29, 2023 was as follows:

| | 2024 | 2023 |
|---|---|---|
| Agriculture and turf | $ 5,765.0 | $ 5,265.2 |
| Construction and forestry | 963.7 | 1,042.4 |
| Total | 6,728.7 | 6,307.6 |
| Accumulated depreciation | (1,301.0) | (1,256.1) |
| Equipment on operating leases - net | $ 5,427.7 | $ 5,051.5 |

Lease payments from equipment on operating leases are recorded as income on a straight-line method over the lease term. Lease agreements include usage limits and specifications on machine condition, which allows us to assess lessees for excess use or damages to the underlying equipment.

Lease payments for equipment on operating leases at October 27, 2024 were scheduled as follows:

| | |
|---|---|
| Due in: | |
| 2025 | $ 852.4 |
| 2026 | 620.8 |
| 2027 | 357.4 |
| 2028 | 176.8 |
| 2029 | 41.7 |
| Later years | 8.6 |
| Total | $ 2,057.7 |

Operating lease assets are recorded at cost and depreciated to their estimated residual value on a straight-line method over the term of the leases. We estimate the residual values for operating leases at lease inception based on several factors, including:

- lease term,
- expected hours of usage,
- historical wholesale sale prices,
- return experience,
- intended equipment use,
- market dynamics and trends, and
- third-party residual guarantees.

We review residual value estimates during the lease term, and depreciation is adjusted prospectively on a straight-line basis over the remaining lease term if residual value estimates are revised. Impairments are recorded when events or circumstances necessitate. There were no impairment losses on operating leases recorded during any periods presented.

The total operating lease residual values at October 27, 2024 and October 29, 2023 were $3,786.2 and $3,538.3, respectively. John Deere dealers generally provide a first-loss residual value guarantee on operating lease originations. Total residual value guarantees were $698.7 and $566.9 at October 27, 2024 and October 29, 2023, respectively.

We discuss with lessees and dealers options to purchase the equipment or extend the lease prior to operating lease maturity. We remarket equipment returned to us upon termination of leases. The matured operating lease inventory balances at October 27, 2024 and October 29, 2023 were $26.6 and $16.2, respectively. Matured operating lease inventory is reported in "Other assets."

Past due balances of operating leases represent the total balance held (net book value plus accrued lease payments) and still accruing finance income with any payment amounts 30 days or more past the contractual payment due date. These amounts were $62.7 and $51.8 at October 27, 2024 and October 29, 2023, respectively.

## NOTE 7. NOTES RECEIVABLE FROM AND PAYABLE TO JOHN DEERE

We provide loans to Banco John Deere S.A. (BJD), a John Deere finance subsidiary in Brazil, which are reported in "Notes receivable from John Deere." In August 2024, John Deere entered into a joint venture agreement with a Brazilian bank, Banco Bradesco S.A. (Bradesco), for Bradesco to invest and become 50 percent owner of BJD. The transaction is expected to close in the first half of 2025. We plan to provide funding to the joint venture after the transaction closes and will report the loans as receivables from unconsolidated affiliates.

Balances due from BJD at October 27, 2024 and October 29, 2023 were as follows:

| | 2024 | 2023 |
|---|---|---|
| Notes receivable from John Deere | $ 576.3 | $ 650.7 |

The loan agreements mature over the next eight years and charge interest at competitive market rates. Interest earned from John Deere was $44.8, $37.6, and $16.9 in 2024, 2023, and 2022, respectively, which is recorded in "Other income."

We also obtain funding from affiliated companies which resulted in notes payable to John Deere at October 27, 2024 and October 29, 2023 as follows:

| | 2024 | 2023 |
|---|---|---|
| Notes payable to John Deere | $ 2,681.5 | $ 3,184.0 |
| Weighted average interest rate | 4.4% | 5.2% |

The intercompany borrowings are primarily short-term in nature or contain a due on demand call option. At October 27, 2024, there were no intercompany borrowings that were long-term loans without a due on demand call option, compared with $528.1 at October 29, 2023. We pay interest to John Deere for these borrowings based on competitive market rates. Interest expense paid to John Deere was $163.7, $199.9, and $86.8 in 2024, 2023, and 2022, respectively, which is recorded in "Fees and interest paid to John Deere."

## NOTE 8. SHORT-TERM EXTERNAL BORROWINGS

Our short-term external borrowings at October 27, 2024 and October 29, 2023 consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Commercial paper and other notes payable | $ 1,679.9 | $ 6,836.1 |
| Securitization borrowings | 8,429.3 | 6,995.2 |
| Current maturities of long-term external borrowings * | 7,628.9 | 6,059.9 |
| Total | $ 17,738.1 | $ 19,891.2 |

* Includes unamortized fair value adjustments related to interest rate swaps.

The weighted average interest rates at October 27, 2024 and October 29, 2023, were:

| | 2024 | 2023 |
|---|---|---|
| Commercial paper and other notes payable | 5.3% | 5.6% |
| Securitization borrowings | 5.0% | 4.7% |

Worldwide lines of credit were $10,678.2 at October 27, 2024, consisting primarily of:

- a 364-day credit facility agreement of $5,000.0, expiring in the second quarter of 2025,
- a credit facility agreement of $2,750.0, expiring in the second quarter of 2028, and
- a credit facility agreement of $2,750.0, expiring in the second quarter of 2029.

Some of these credit lines are available to both us and Deere & Company. At October 27, 2024, $6,474.0 of these worldwide lines of credit were unused. For the purpose of computing the unused credit lines, commercial paper and short-term bank borrowings of us and John Deere were considered to constitute utilization.

The credit agreements governing these lines of credit require us to maintain our consolidated ratio of earnings to fixed charges at not less than 1.05 to 1 for any four consecutive fiscal quarterly periods and our ratio of senior debt, excluding securitization indebtedness to capital base (total subordinated debt and stockholder's equity excluding accumulated other comprehensive income (loss)) at not more than 11 to 1 at the end of any fiscal quarter. All of these credit agreement requirements have been met during the periods included in the consolidated financial statements. The agreements are mutually extendable, and the annual facility fees are not significant.

Deere & Company has an agreement with us pursuant to which it has agreed to continue to own, directly or through one or more wholly-owned subsidiaries, at least 51 percent of the voting shares of capital stock of Capital Corporation and to maintain our consolidated tangible net worth at not less than $50.0. This agreement also obligates Deere & Company to make payments to us such that our consolidated ratio of earnings to fixed charges is not less than 1.05 to 1 for any four consecutive fiscal quarterly periods. Deere & Company's obligations to make payments to us under the agreement are independent of whether we are in default on our indebtedness, obligations, or other liabilities. Further, Deere & Company's obligations under the agreement are not measured by the amount of our indebtedness, obligations, or other liabilities. Deere & Company's obligations to make payments under this agreement are expressly stated not to be a guarantee of any specific indebtedness, obligation, or liability of ours and are enforceable only by or in the name of Capital Corporation. No payments were required under this agreement during the periods included in the consolidated financial statements. At October 27, 2024, Deere & Company indirectly owned 100 percent of the voting shares of Capital Corporation's capital stock and our consolidated tangible net worth was $6,226.2.

## NOTE 9. LONG-TERM EXTERNAL BORROWINGS

Long-term external borrowings at October 27, 2024 and October 29, 2023 consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Senior Debt: | | |
| Medium-term notes | $ 33,835.8 | $ 27,522.8 |
| Finance lease obligations | .1 | |
| Total senior debt | 33,835.9 | 27,522.8 |
| Unamortized debt discount and debt issuance costs | (110.5) | (83.5) |
| Total | $ 33,725.4 | $ 27,439.3 |

All outstanding medium-term notes are senior unsecured borrowings and generally rank equally with each other. Medium-term notes due through 2034 are offered by prospectus and issued at fixed and variable rates. The medium-term notes in the table above include unamortized fair value adjustments related to interest rate swaps.

The principal balances and weighted average interest rates on medium-term notes were as follows:

| | 2024 | 2023 |
|---|---|---|
| Medium-term notes: | | |
| Principal | $ 34,398.2 | $ 28,733.5 |
| Weighted average interest rates* | 5.2% | 4.9% |

* Includes impact of interest rate swaps

The principal amounts of medium-term notes maturing in each of the next five years are as follows: 2025 - $7,624.2, 2026 -$8,258.7, 2027 - $6,775.0, 2028 - $4,685.3, and 2029 - $4,998.5.

## NOTE 10. CAPITAL STOCK

All of Capital Corporation's common stock is owned by JDFS, a wholly-owned subsidiary of Deere & Company. No shares of common stock of Capital Corporation were reserved for officers or employees or for options, warrants, conversions, or other rights at October 27, 2024 or October 29, 2023. At October 27, 2024 and October 29, 2023, Capital Corporation had authorized, but not issued, 10,000 shares of $1.00 par value preferred stock.

**NOTE 11. CAPITAL INVESTMENTS AND DIVIDENDS**

The following capital investments were received from JDFS and cash dividends were declared and paid to JDFS during 2024, 2023, and 2022:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Capital investments | | $ 810.0 | |
| Dividends | $ 215.0 | 165.0 | $ 370.0 |

In each case, JDFS either received a comparable capital investment or paid a comparable dividend to Deere & Company. The capital investments during 2023 were made to maintain targeted average leverage ratios and were driven by growth in total Receivables and corresponding borrowings.

**NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFITS**

We are a participating employer in certain Deere & Company sponsored defined benefit pension plans for employees in the U.S. and certain defined benefit pension plans outside the U.S. These pension plans provide for benefits that are based primarily on years of service and employee compensation. Pension expense (benefit) is actuarially determined based on our employees included in the plan. Our pension benefit was $8.0 in 2024, $4.8 in 2023, and not significant in 2022. The accumulated benefit obligation and plan net assets for our employees are not determined separately from Deere & Company.

We provide defined benefit health care and life insurance plans for certain retired employees in the U.S. as a participating employer in Deere & Company's sponsored plans. Health care and life insurance benefits expense is actuarially determined based on our employees included in the plans and amounted to $2.3 in 2024, $6.2 in 2023, and $6.0 in 2022.

We are a participating employer in certain Deere & Company sponsored defined contribution plans related to employee investment and savings plans primarily in the U.S. Our contributions and costs under these plans were $16.0 in 2024, $14.4 in 2023, and $13.8 in 2022.

Further disclosure for the plans described above is included in the notes to the Deere & Company Annual Report on Form 10-K for the year ended October 27, 2024 (Deere & Company 2024 Form 10-K).

**NOTE 13. SHARE-BASED COMPENSATION**

Some of our employees participate in Deere & Company share-based compensation plans. During 2024, 2023, and 2022, the total share-based compensation expense and income tax benefit recognized was as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Share-based compensation expense | $ 13.6 | $ 8.6 | $ 6.4 |
| Income tax benefit | 3.2 | 2.0 | 1.5 |

Further disclosure for these plans is included in the notes to the Deere & Company 2024 Form 10-K.

## NOTE 14. INCOME TAXES

We are subject to income taxes in a number of jurisdictions. We determine our income tax provision using the asset and liability method. The provision for income taxes by taxing jurisdiction and by significant component consisted of the following:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Current: | | | |
| U.S.: | | | |
| Federal | $ 234.4 | $ (98.6) | $ 200.8 |
| State | 24.8 | (33.7) | 10.8 |
| Foreign | 50.8 | 41.0 | 29.3 |
| Total current | 310.0 | (91.3) | 240.9 |
| | | | |
| Deferred: | | | |
| U.S.: | | | |
| Federal | (138.0) | 230.6 | (48.9) |
| State | (16.5) | 29.1 | 3.2 |
| Foreign | (4.7) | (2.5) | 10.4 |
| Total deferred | (159.2) | 257.2 | (35.3) |
| Provision for income taxes | $ 150.8 | $ 165.9 | $ 205.6 |

Our taxable income is included in the consolidated U.S. income tax return and various state returns of Deere & Company. Under tax sharing arrangements with Deere & Company, our provision for income taxes is generally recorded as if Capital Corporation and each of our subsidiaries filed separate income tax returns, with a modification for realizability of certain tax benefits. The difference between the provision for income taxes recorded by us and the provision for income taxes calculated on an unmodified, separate return basis was not material in 2024, 2023, or 2022.

The amounts due from (payable to) Deere & Company under the tax sharing arrangements at October 27, 2024 and October 29, 2023 were as follows:

| | 2024 | 2023 |
|---|---|---|
| Tax sharing receivables | | $ 43.8 |
| Tax sharing payables | $ (42.4) | (7.5) |

The tax sharing receivables are included in "Other receivables" and the payables are included in "Accounts payable and accrued expenses."

A comparison of the statutory and effective income tax provision and reasons for related differences follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| U.S. federal income tax provision at a statutory rate (21 percent) | $ 152.8 | $ 154.1 | $ 187.8 |
| Increase (decrease) resulting from: | | | |
| Tax rates on foreign earnings | 3.5 | 1.4 | 6.0 |
| State and local income taxes, net of federal income tax benefit | 3.4 | .4 | 11.3 |
| Other - net | (8.9) | 10.0 | .5 |
| Provision for income taxes | $ 150.8 | $ 165.9 | $ 205.6 |

At October 27, 2024, accumulated earnings of $83.5 in certain subsidiaries outside the U.S. are expected to remain indefinitely reinvested outside of the U.S. As such, a provision for foreign withholding taxes has not been made. Determination of the amount of foreign withholding tax liability on these unremitted earnings is not practicable.

Deferred income taxes arise because there are certain items that are treated differently for financial accounting than for income tax reporting purposes. An analysis of deferred income tax assets and liabilities at October 27, 2024 and October 29, 2023 was as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Deferred Tax Assets | Deferred Tax Liabilities | Deferred Tax Assets | Deferred Tax Liabilities |
| Lease transactions | $ .2 | $ 437.1 | $ 1.2 | $ 562.6 |
| Accrual for retirement and other benefits | 1.0 | | 3.8 | |
| Accrual for other employee benefits | 19.7 | | 19.6 | |
| Allowance for credit losses | 71.1 | | 39.8 | |
| Net unrealized gain/loss on derivatives/investments | 6.5 | | | 8.8 |
| Tax loss and tax credit carryforwards | 14.8 | | 27.6 | |
| Federal taxes on deferred state tax deductions | 8.4 | | 4.9 | |
| Miscellaneous accruals and other | 76.5 | 12.2 | 61.1 | 8.1 |
| Less valuation allowances | (4.6) | | (10.2) | |
| Total | $ 193.6 | $ 449.3 | $ 147.8 | $ 579.5 |

At October 27, 2024, tax loss and tax credit carryforwards of $14.8 were available, with $14.3 expiring from 2025 through 2044 and $.5 with an indefinite carryforward period.

A reconciliation of unrecognized tax benefits at October 27, 2024, October 29, 2023, and October 30, 2022 was as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Beginning of year balance | $ 44.4 | $ 36.5 | $ 34.9 |
| Increases to tax positions taken during the current year | 19.2 | 15.0 | 9.3 |
| Increases to tax positions taken during prior years | 4.4 | 3.2 | 1.2 |
| Decreases to tax positions taken during prior years | (7.7) | (6.9) | (6.1) |
| Decreases due to lapse of statute of limitations | | (2.6) | (2.7) |
| Settlements | (.5) | (.8) | (.1) |
| End of year balance | $ 59.8 | $ 44.4 | $ 36.5 |

The amount of unrecognized tax benefits at October 27, 2024 and October 29, 2023 that would impact the effective tax rate if the tax benefits were recognized was $31.9 and $26.8, respectively. The remaining liability was related to tax positions for which there are offsetting tax receivables, or the uncertainty was only related to timing. We expect that any reasonably possible change in the amounts of unrecognized tax benefits in the next twelve months would not be significant.

We file our tax returns according to the tax laws of the jurisdictions in which we operate, which includes the U.S. federal jurisdiction and various state and foreign jurisdictions. We are included in the consolidated U.S. income tax return and various state returns of Deere & Company. The U.S. Internal Revenue Service has completed the examination of Deere & Company's federal income tax returns for periods prior to 2015. The federal income tax returns for years 2015 to 2020 are currently under examination. Various state and foreign income tax returns also remain subject to examination by taxing authorities.

Our policy is to recognize interest related to income taxes in "Interest expense" and "Other income," and recognize penalties in "Administrative and operating expenses." The amount of interest and penalties recognized was not significant for any of the periods presented. At October 27, 2024 and October 29, 2023, the liability for accrued interest and penalties totaled $11.7 and $12.3, respectively.

## NOTE 15. OTHER INCOME AND ADMINISTRATIVE AND OPERATING EXPENSES

The major components of other income and administrative and operating expenses were as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Other income** | | | |
| Fees and interest from John Deere | $ 59.8 | $ 47.0 | $ 28.5 |
| External interest income | 85.9 | 63.1 | 8.6 |
| Operating lease disposition gains - net | 17.3 | 31.0 | 66.9 |
| Freestanding credit enhancement recoveries | 54.0 | 17.0 | 8.5 |
| Other | 16.9 | 18.2 | 23.2 |
| Total | $ 233.9 | $ 176.3 | $ 135.7 |
| | | | |
| **Administrative and operating expenses** | | | |
| Compensation and benefits | $ 277.2 | $ 273.8 | $ 252.9 |
| Computer processing and software | 62.8 | 58.3 | 55.8 |
| Property taxes on leased assets | 23.0 | 23.3 | 33.0 |
| Foreign currency exchange losses - net | 8.8 | 20.4 | 25.6 |
| Dealer financing incentives | 101.6 | 129.9 | 77.3 |
| Other | 48.3 | 63.7 | 57.0 |
| Total | $ 521.7 | $ 569.4 | $ 501.6 |

## NOTE 16. SUPPLEMENTAL CASH FLOW INFORMATION

For purposes of the statements of consolidated cash flows, all cash flows related to short-term borrowings with original maturities of three months or less, in addition to securitization borrowings, are reported on a net basis. During 2024, we issued $5,285.4 and retired $3,849.4 of retail note securitization borrowings.

Supplemental cash flow information was as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Cash paid for interest | $ 2,568.1 | $ 1,726.6 | $ 606.8 |
| Cash paid (received) for income taxes | 261.5 | (43.2) | 280.9 |

## NOTE 17. COMMITMENTS AND CONTINGENCIES

We provide guarantees related to certain financial instruments issued by John Deere Financial Inc., a John Deere finance subsidiary in Canada. At October 27, 2024, the following notional amounts were guaranteed by us:

- Medium-term notes: $3,247.9
- Commercial paper: $2,446.0
- Derivatives: $4,096.0, with a fair value liability of $81.5

The weighted average interest rate on the medium-term notes at October 27, 2024 was 3.7 percent with a maximum remaining maturity of five years.

We have commitments to extend credit to customers and John Deere dealers through lines of credit and other pre-approved credit arrangements. We apply the same credit policies and approval process for these commitments to extend credit as we do for our Receivables and Leases, and generally have the right to unconditionally cancel, alter, or amend the terms at any time. Collateral is not required for these commitments, but if credit is extended, collateral may be required upon funding. A significant portion of these commitments is not expected to be fully drawn upon; therefore, the total commitment amounts likely do not represent a future cash requirement. The unused commitments at October 27, 2024 were as follows:

- John Deere dealers: $11,733.5
- Customers: $32,901.7, primarily related to revolving charge accounts

We had a reserve for credit losses of $4.3 on unfunded commitments that are not unconditionally cancellable at October 27, 2024, which is recorded in “Accounts payable and accrued expenses.”

At October 27, 2024, we had restricted other assets associated with borrowings related to securitizations (see Note 5). Excluding the securitization programs, the remaining balance of restricted other assets was not material as of October 27, 2024.

We are subject to various unresolved legal actions, the most prevalent of which relate to retail credit matters. Currently we believe the reasonably possible range of losses for these unresolved legal actions would not have a material effect on our consolidated financial statements.

## NOTE 18. OTHER COMPREHENSIVE INCOME ITEMS

The after-tax components of accumulated other comprehensive income (loss) at October 27, 2024, October 29, 2023, and October 30, 2022 were as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Cumulative translation adjustment | $ (114.0) | $ (136.8) | $ (169.0) |
| Unrealized gain (loss) on derivatives | (31.3) | 34.8 | 66.8 |
| Unrealized loss on debt securities | (.9) | (2.4) | (2.5) |
| Accumulated other comprehensive loss | $ (146.2) | $ (104.4) | $ (104.7) |

The following reflect amounts recorded in and reclassifications out of other comprehensive income (loss) and the income tax effects:

| | Before Tax Amount | Tax (Expense) Credit | After Tax Amount |
|---|---|---|---|
| **2024** | | | |
| Cumulative translation adjustment | $ 22.8 | | $ 22.8 |
| Unrealized gain (loss) on derivatives: | | | |
| Unrealized hedging gain (loss) | (9.7) | $ 2.0 | (7.7) |
| Reclassification of realized (gain) loss – Interest expense | (74.0) | 15.6 | (58.4) |
| Net unrealized gain (loss) on derivatives | (83.7) | 17.6 | (66.1) |
| Unrealized gain (loss) on debt securities: | | | |
| Unrealized holding gain (loss) | 2.4 | (.9) | 1.5 |
| Total other comprehensive income (loss) | $ (58.5) | $ 16.7 | $ (41.8) |
| **2023** | | | |
| Cumulative translation adjustment | $ 32.2 | | $ 32.2 |
| Unrealized gain (loss) on derivatives: | | | |
| Unrealized hedging gain (loss) | 25.4 | $ (5.3) | 20.1 |
| Reclassification of realized (gain) loss – Interest expense | (65.9) | 13.8 | (52.1) |
| Net unrealized gain (loss) on derivatives | (40.5) | 8.5 | (32.0) |
| Unrealized gain (loss) on debt securities: | | | |
| Unrealized holding gain (loss) | .1 | | .1 |
| Total other comprehensive income (loss) | $ (8.2) | $ 8.5 | $ .3 |
| **2022** | | | |
| Cumulative translation adjustment | $ (114.5) | | $ (114.5) |
| Unrealized gain (loss) on derivatives: | | | |
| Unrealized hedging gain (loss) | 88.3 | $ (18.5) | 69.8 |
| Reclassification of realized (gain) loss – Interest expense | (12.4) | 2.6 | (9.8) |
| Net unrealized gain (loss) on derivatives | 75.9 | (15.9) | 60.0 |
| Unrealized gain (loss) on debt securities: | | | |
| Unrealized holding gain (loss) | (1.1) | .3 | (.8) |
| Total other comprehensive income (loss) | $ (39.7) | $ (15.6) | $ (55.3) |

## NOTE 19. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To determine fair value, we use various methods, including market and income approaches. We utilize valuation models and techniques that maximize the use of observable inputs. The models are industry-standard models that consider various assumptions, including time values and yield curves as well as other economic measures. These valuation techniques are consistently applied.

Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs, such as quoted prices for similar assets or liabilities in active markets; identical assets or liabilities in inactive markets; observable inputs such as interest rates and yield curves; and other market-corroborated inputs. Level 3 measurements include significant unobservable inputs.

The fair values of financial instruments that do not approximate the carrying values at October 27, 2024 and October 29, 2023 were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Receivables financed – net | $ 45,278.7 | $ 45,291.5 | $ 43,862.4 | $ 43,168.7 |
| Retail notes securitized – net | 8,721.4 | 8,651.8 | 7,335.4 | 7,055.8 |
| Securitization borrowings | 8,429.3 | 8,451.1 | 6,995.2 | 6,921.1 |
| Current maturities of long-term external borrowings | 7,628.9 | 7,600.4 | 6,059.9 | 5,953.0 |
| Long-term external borrowings | 33,725.4 | 33,904.9 | 27,439.3 | 27,057.7 |

Fair value measurements above were Level 3 for all Receivables and Level 2 for all borrowings.

Fair values of Receivables that were issued long-term were based on the discounted values of their related cash flows at interest rates currently being offered by us for similar Receivables. The fair values of the remaining Receivables approximated the carrying amounts.

Fair values of long-term external borrowings and securitization borrowings were based on current market quotes for identical or similar borrowings and credit risk, or on the discounted values of their related cash flows at current market interest rates. Certain long-term external borrowings have been swapped to current variable interest rates. The carrying values of these long-term external borrowings include adjustments related to fair value hedges.

Assets and liabilities measured at October 27, 2024 and October 29, 2023 at fair value on a recurring basis were as follows:

| | 2024 | 2023 |
|---|---|---|
| Marketable securities | | |
| International debt securities | $ 3.8 | $ 1.4 |
| Receivables from John Deere | | |
| Derivatives | 192.3 | 144.4 |
| Other assets | | |
| Derivatives | 27.7 | 11.3 |
| Total assets | $ 223.8 | $ 157.1 |
| | | |
| Other payables to John Deere | | |
| Derivatives | $ 489.2 | $ 974.9 |
| Accounts payable and accrued expenses | | |
| Derivatives | .8 | .5 |
| Total liabilities | $ 490.0 | $ 975.4 |

All fair value measurements in the table above were Level 2. Excluded from the table above were our cash equivalents, which were carried at a cost that approximates fair value. The cash equivalents consist of time deposits and money market funds.

The international debt securities mature over the next six years. At October 27, 2024, the amortized cost basis and fair value of these available-for-sale debt securities were $5.0 and $3.8, respectively.

There were no significant assets or liabilities measured at fair value on a nonrecurring basis during each of the periods ended October 27, 2024, October 29, 2023, and October 30, 2022.

The following is a description of the valuation methodologies we use to measure certain balance sheet items at fair value:

*Marketable securities* – The international debt securities are valued using quoted prices for identical assets in inactive markets.

*Derivatives* – Our derivative financial instruments consist of interest rate contracts (swaps and caps), foreign currency exchange contracts (forwards and swaps), and cross-currency interest rate contracts (swaps). The portfolio is valued based on an income approach (discounted cash flow) using market observable inputs, including swap curves and both forward and spot exchange rates for currencies.

## NOTE 20. DERIVATIVE INSTRUMENTS

Our outstanding derivatives transactions are with both unrelated external counterparties and with John Deere. For derivatives transactions with John Deere, we utilize a centralized hedging structure in which John Deere enters into a derivative transaction with an unrelated external counterparty and simultaneously enters into a derivative transaction with us. Except for collateral provisions, the terms of the transaction between John Deere and us are identical to the terms of the transaction between John Deere and its unrelated external counterparty. Derivative asset and liability positions for transactions with John Deere are recorded in "Receivables from John Deere" and "Other payables to John Deere," respectively. Derivative asset and liability positions for transactions with unrelated external counterparty banks are recorded in "Other assets" and "Accounts payable and accrued expenses," respectively.

The fair value of our derivative instruments and the associated notional amounts were as follows:

| | October 27, 2024 | | | October 29, 2023 | | |
|---|---|---|---|---|---|---|
| | | Fair Value | | | Fair Value | |
| | **Notional** | **Asset** | **Liability** | **Notional** | **Asset** | **Liability** |
| Cash flow hedges: | | | | | | |
| Interest rate contracts - swaps | $ 2,875.0 | $ 2.9 | $ 20.0 | $ 1,500.0 | $ 44.7 | |
| | | | | | | |
| Fair value hedges: | | | | | | |
| Interest rate contracts - swaps | 15,033.9 | 107.8 | 445.2 | 11,859.4 | | $ 915.7 |
| Cross-currency interest rate contracts | 974.5 | 30.4 | | | | |
| | | | | | | |
| Not designated as hedging instruments: | | | | | | |
| Interest rate contracts - swaps | 5,907.0 | 25.9 | 15.0 | 8,010.9 | 72.2 | 27.4 |
| Foreign currency exchange contracts | 1,707.8 | 27.7 | .8 | 1,546.5 | 11.3 | .5 |
| Cross-currency interest rate contracts | 157.8 | 16.5 | .2 | 175.8 | 3.2 | 7.5 |
| Interest rate caps - sold | 1,469.1 | | 8.8 | 1,336.0 | | 24.3 |
| Interest rate caps - purchased | 1,469.1 | 8.8 | | 1,336.0 | 24.3 | |

The amount of loss recorded in OCI related to cash flow hedges at October 27, 2024 that is expected to be reclassified to interest expense in the next twelve months if interest rates remain unchanged is $3.6 after-tax. No gains or losses were reclassified from OCI to earnings based on the probability that the original forecasted transaction would not occur.

The amounts recorded, at October 27, 2024 and October 29, 2023, in the consolidated balance sheets related to borrowings designated in fair value hedging relationships were as follows. Fair value hedging adjustments are included in the carrying amount of the hedged item.

| | Active Hedging Relationships | | Discontinued Hedging Relationships | |
|---|---|---|---|---|
| **2024** | **Carrying Amount of Hedged Item** | **Cumulative Fair Value Hedging Adjustment** | **Carrying Amount of Formerly Hedged Item** | **Cumulative Fair Value Hedging Adjustment** |
| Current maturities of long-term external borrowings | | | $ 1,781.8 | $ 7.3 |
| Long-term external borrowings | $ 15,596.8 | $ (335.1) | 8,625.8 | (227.3) |
| | | | | |
| **2023** | | | | |
| Current maturities of long-term external borrowings | | | $ 1,814.0 | $ 14.9 |
| Long-term external borrowings | $ 10,883.7 | $ (922.6) | 7,144.1 | (288.1) |

The classification and gains (losses), including accrued interest expense, related to derivative instruments on the statements of consolidated income consisted of the following:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Fair Value Hedges | | | |
| Interest rate contracts - Interest expense * | $ 212.4 | $ (518.7) | $ (1,102.0) |
| | | | |
| Cash Flow Hedges | | | |
| Recognized in OCI | | | |
| Interest rate contracts - OCI (pretax) | $ (9.7) | $ 25.4 | $ 88.3 |
| Reclassified from OCI | | | |
| Interest rate contracts - Interest expense | 74.0 | 65.9 | 12.4 |
| | | | |
| Not Designated as Hedges | | | |
| Interest rate contracts - Interest expense * | $ (7.1) | $ 27.3 | $ 62.4 |
| Foreign currency exchange contracts – Administrative and operating expenses * | (102.9) | 19.1 | 169.3 |
| Total not designated | $ (110.0) | $ 46.4 | $ 231.7 |

* Includes interest and foreign currency exchange gains (losses) from cross-currency interest rate contracts.

Included in the table above are interest expense and administrative and operating expense amounts we incurred on derivatives transacted with John Deere. The amounts we recognized on these affiliate party transactions were gains (losses) of $297.0, $(437.1), and $(1,021.7) during 2024, 2023, and 2022, respectively.

Counterparty Risk and Collateral

Derivative instruments are subject to significant concentrations of credit risk in the banking sector. We manage individual unrelated external counterparty exposure by setting limits that consider the credit rating of the unrelated external counterparty, the credit default swap spread of the counterparty, and other financial commitments and exposures between us and the unrelated external counterparty banks. All interest rate derivatives are transacted under International Swaps and

Derivatives Association (ISDA) documentation. Each master agreement permits the net settlement of amounts owed in the event of default or termination. None of our derivative agreements contain credit-risk-related contingent features.

We have ISDA agreements with John Deere that permit the net settlement of amounts owed between counterparties in the event of early termination. In addition, we have a loss sharing agreement with John Deere in which we have agreed to absorb any losses and expenses John Deere incurs if an unrelated external counterparty fails to meet its obligations on a derivative transaction that John Deere entered into to manage our exposures. The loss sharing agreement did not increase the maximum amount of loss that we would incur, after considering collateral received and netting arrangements, as of October 27, 2024 and October 29, 2023.

Derivatives are recorded without offsetting for netting arrangements or collateral. The impact on the derivative assets and liabilities for external derivatives and those with John Deere related to netting arrangements and any collateral received or paid at October 27, 2024 and October 29, 2023 were as follows:

**2024**

| **Derivatives:** | **Gross Amounts Recognized** | **Netting Arrangements** | **Collateral** | **Net Amount** |
|---|---|---|---|---|
| Assets | | | | |
| External | $ 27.7 | $ (.1) | | $ 27.6 |
| John Deere | 192.3 | (151.2) | | 41.1 |
| Liabilities | | | | |
| External | .8 | (.1) | | .7 |
| John Deere | 489.2 | (151.2) | | 338.0 |

**2023**

| **Derivatives:** | **Gross Amounts Recognized** | **Netting Arrangements** | **Collateral** | **Net Amount** |
|---|---|---|---|---|
| Assets | | | | |
| External | $ 11.3 | $ (.1) | | $ 11.2 |
| John Deere | 144.4 | (107.0) | | 37.4 |
| Liabilities | | | | |
| External | .5 | (.1) | | .4 |
| John Deere | 974.9 | (107.0) | | 867.9 |

## NOTE 21. GEOGRAPHIC AREA INFORMATION

Based on the way our operations are managed and evaluated by management and materiality considerations, we operate as one operating segment. However, geographic area information for revenues and Receivables attributed to the U.S. and countries outside the U.S. is disclosed below. No individual foreign country's revenues or Receivables were material for disclosure purposes.

Geographic area information as of and for the years ended October 27, 2024, October 29, 2023, and October 30, 2022 is presented below:

| | **2024** | **2023** | **2022** |
|---|---|---|---|
| **Revenues:** | | | |
| U.S. | $ 4,348.5 | $ 3,456.5 | $ 2,450.5 |
| Outside the U.S. | 591.7 | 519.0 | 356.1 |
| Total | $ 4,940.2 | $ 3,975.5 | $ 2,806.6 |
| | | | |
| **Receivables:** | | | |
| U.S. | $ 47,358.9 | $ 44,260.0 | $ 36,555.6 |
| Outside the U.S. | 6,868.7 | 7,084.2 | 5,886.0 |
| Total | $ 54,227.6 | $ 51,344.2 | $ 42,441.6 |

**NOTE 22. UNCONSOLIDATED AFFILIATED COMPANY**

Our investment in an unconsolidated affiliated company consists of a 50 percent ownership in John Deere Financial S.A.S., a joint venture in France that primarily offers loans and leases to customers. We do not control the joint venture and account for our investment in the joint venture on the equity basis. Our share of the income or loss of this joint venture is reported in "Equity in income of unconsolidated affiliate," and the investment is reported in "Investment in unconsolidated affiliate."

Summarized financial information of the unconsolidated affiliated company for the relevant fiscal years was as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Operations:** | | | |
| Total revenue | $ 38.4 | $ 25.5 | $ 17.7 |
| Net income | 9.3 | 7.8 | 9.0 |
| The Company's equity in net income | 4.7 | 3.9 | 4.5 |

| | 2024 | 2023 |
|---|---|---|
| **Financial Position:** | | |
| Total assets | $ 684.7 | $ 606.5 |
| Total external borrowings | 572.1 | 541.3 |
| Total net assets | 97.9 | 55.2 |
| The Company's share of net assets | 49.0 | 27.6 |

**NOTE 23. EMPLOYEE-SEPARATION PROGRAMS**

In the third quarter of 2024, we and John Deere implemented employee-separation programs for our salaried workforce in several geographic areas, including the United States, Europe, and Latin America. The programs' main purpose was to help meet John Deere's and our strategic priorities while reducing overlap and redundancy in roles and responsibilities. The programs were largely involuntary in nature with the expense recorded when management committed to a plan, the plan was communicated to the employees, and the employees were not required to provide service beyond the legal notification period.

The programs' total pretax expenses are estimated to be approximately $9.1 with $9.0 recorded in 2024. The expenses were recorded in "Administrative and operating expenses."

**NOTE 24. SUBSEQUENT EVENTS**

On November 25, 2024, Capital Corporation declared a $135 dividend to be paid to JDFS on December 5, 2024. JDFS, in turn, declared a $135 dividend to Deere & Company, also payable on December 5, 2024.

In November 2024, we entered into a retail note securitization transaction, resulting in $725.2 of secured borrowings.

**Index to Exhibits**

| | |
|---|---|
| 3.1 | Certificate of Incorporation, as amended (Exhibit 3.1 to Form 10-K of the registrant for the year ended October 31, 1999, Securities and Exchange Commission File Number 1-6458*) |
| 3.2 | Bylaws, as amended (Exhibit 3.2 to Form 10-K of the registrant for the year ended October 31, 1999, Securities and Exchange Commission File Number 1-6458*) |
| 4.1 | Senior Indenture, dated March 15, 1997, between the registrant and The Bank of New York Mellon (successor Trustee to The Chase Manhattan Bank National Association), as Trustee (Exhibit 4.1 to registration statement on Form S-3 No. 333-68355, filed December 4, 1998, Securities and Exchange Commission File Number 1-6458*) |
| 4.2 | First Supplemental Senior Indenture, dated April 21, 2011, between the registrant and The Bank of New York Mellon, as Trustee (Exhibit 4.2 to registration statement on Form S-3 No. 333-173672, filed April 21, 2011, Securities and Exchange Commission File Number 1-6458*) |
| 4.3 | Second Supplemental Senior Indenture, dated April 17, 2014, between the registrant and The Bank of New York Mellon, as Trustee (Exhibit 4.3 to registration statement on Form S-3 No. 333-195332, filed April 17, 2014, Securities and Exchange Commission File Number 1-6458*) |
| 4.4 | Third Supplemental Senior Indenture, dated April 7, 2017, between the registrant and The Bank of New York Mellon, as Trustee (Exhibit 4.4 to registration statement on Form S-3 No. 333-217193, filed April 7, 2017, Securities and Exchange Commission File Number 1-6458*) |
| 4.5 | Subordinated Indenture, dated September 1, 2003, between the registrant and U.S. Bank National Association, as Trustee (Exhibit 4.3 to registration statement on Form S-3 No. 333-108705, filed September 11, 2003, Securities and Exchange Commission File Number 1-6458*) |
| 4.6 | Terms and Conditions of the Euro Medium Term Notes, published March 31, 2022, applicable to the U.S. $6,000,000,000 Euro Medium Term Note Programme of the registrant, Deere & Company, John Deere Bank S.A., and John Deere Cash Management, as amended on June 12, 2024, to increase the authorization to $9,000,000,000 (Exhibit 4.4 to the Form 10-K of Deere & Company for the year ended October 27, 2024, Securities and Exchange Commission File Number 1-4121*) |
| 4.7 | Description of the registrant's 2.00% Senior Notes due 2031 (Exhibit 4.8 to Form 10-K of the registrant for the year ended October 31, 2021, Securities and Exchange Commission File Number 1-6458*) |

Certain instruments relating to long-term debt constituting less than 10 percent of the registrant's total assets may not be filed as exhibits herewith pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K. The registrant will furnish copies of such instruments to the Commission upon request.

| | |
|---|---|
| 10.1 | Agreement, as amended November 1, 1994, between the registrant and Deere & Company concerning agricultural retail notes (Exhibit 10.1 to Form 10-K of Deere & Company for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*) |
| 10.2 | Agreement, as amended November 1, 1994, between the registrant and Deere & Company concerning lawn and grounds care retail notes (Exhibit 10.2 to Form 10-K of Deere & Company for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*) |
| 10.3 | Agreement, as amended November 1, 1994, between the registrant and John Deere Construction Equipment Company concerning construction retail notes (Exhibit 10.3 to Form 10-K of Deere & Company for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*) |
| 10.4 | Agreement, dated July 14, 1997, between the registrant and John Deere Construction Equipment Company concerning construction retail notes (Exhibit 10.4 to Form 10-K of Deere & Company for the year ended October 31, 2003, Securities and Exchange Commission File Number 1-4121*) |
| 10.5 | Second Amended Agreement, dated March 27, 2023, between the registrant and Deere & Company relating to fixed charges ratio, ownership and minimum net worth of the registrant (Exhibit 10.4 to Form 10-Q of the registrant for the quarter ended April 30, 2023, Securities and Exchange Commission File Number 1-4121*) |

| | |
|---|---|
| 10.6 | Asset Purchase Agreement, dated October 29, 2001, between Deere & Company and Deere Capital, Inc. concerning the sale of trade receivables (Exhibit 10.19 to Form 10-K of Deere & Company for the year ended October 31, 2001, Securities and Exchange Commission File Number 1-4121*) |
| 10.7 | Second Amendment, dated February 21, 2020, to the Asset Purchase Agreement dated October 29, 2001, between Deere & Company and Deere Capital, Inc. (including conformed copy of the Asset Purchase Agreement as Exhibit A thereto) (Exhibit 10.1 to Form 10-Q of Deere & Company for the quarter ended February 2, 2020, Securities and Exchange Commission File Number 1-4121*) |
| 10.8 | Asset Purchase Agreement, dated October 29, 2001, between John Deere Construction & Forestry Company and Deere Capital, Inc. concerning the sale of trade receivables (Exhibit 10.20 to Form 10-K of Deere & Company for the year ended October 31, 2001, Securities and Exchange Commission File Number 1-4121*) |
| 10.9 | Second Amendment, dated February 21, 2020, to the Asset Purchase Agreement dated October 29, 2001, between John Deere Construction & Forestry Company and Deere Capital, Inc. (including conformed copy of the Asset Purchase Agreement as Exhibit A thereto) (Exhibit 10.2 to Form 10-Q of Deere & Company for the quarter ended February 2, 2020, Securities and Exchange Commission File Number 1-4121*) |
| 10.11 | Agreement, dated December 14, 2023, between the registrant, Deere & Company, Deere Credit, Inc., and Deere Capital, Inc., relating to providing international support payments between the parties (Exhibit 10.11 to Form 10-K of the registrant for the year ended October 29, 2023, Securities and Exchange Commission File Number 1-6458*) |
| 10.12 | 2028 Credit Agreement, dated March 25, 2024, among the registrant, Deere & Company, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents, and J.P. Morgan Securities LLC, as Sustainability Structuring Agent (Exhibit 10.2 to Form 10-Q of the registrant for the quarter ended April 28, 2024, Securities and Exchange Commission File Number 1-6458*) |
| 10.13 | 2029 Credit Agreement, dated March 25, 2024, among the registrant, Deere & Company, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents, and J.P. Morgan Securities LLC, as Sustainability Structuring Agent (Exhibit 10.3 to Form 10-Q of the registrant for the quarter ended April 28, 2024, Securities and Exchange Commission File Number 1-6458*) |
| 10.14 | 364-Day Credit Agreement, dated March 25, 2024, among the registrant, Deere & Company, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents, and J.P. Morgan Securities LLC, as Sustainability Structuring Agent (Exhibit 10.1 to Form 10-Q of the registrant for the quarter ended April 28, 2024, Securities and Exchange Commission File Number 1-6458*) |
| 21. | Omitted pursuant to instruction I(2) |
| 23. | Consent of Deloitte & Touche LLP |
| 24. | Power of Attorney (included on signature page) |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification |
| 32. | Section 1350 Certifications (furnished herewith) |
| 97.[†] | Incentive Compensation Recovery Policy effective October 2, 2023 (Exhibit 10.10 to Form 10-K of the registrant for the year ended October 29, 2023, Securities and Exchange Commission File Number 1-6458*) |
| 99. | Item 1A of the Deere & Company Form 10-K for the fiscal year ended October 27, 2024 (Securities and Exchange Commission File Number 1-4121*) |

| | |
|---|---|
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |
| * | Incorporated by reference. |
| † | Management contract or compensatory plan or arrangement. |

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JOHN DEERE CAPITAL CORPORATION

By: */s/ John C. May*
John C. May
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: December 12, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Each person signing below also hereby appoints John C. May, Joshua A. Jepsen, and Edward R. Berk, and each of them singly, his or her lawful attorney-in-fact with full power to execute and file any and all amendments to this report together with exhibits thereto and generally to do all such things as such attorney-in-fact may deem appropriate to enable John Deere Capital Corporation to comply with the provisions of the Securities Exchange Act of 1934 and all requirements of the Securities and Exchange Commission.

| Signature | Title | Date |
|---|---|---|
| */s/ John C. May*<br>John C. May | Director, Chairman, and Chief Executive Officer (Principal Executive Officer) | |
| */s/ Joshua A. Jepsen*<br>Joshua A. Jepsen | Director and Senior Vice President (Principal Financial Officer and Principal Accounting Officer) | |
| */s/ Rajesh Kalathur*<br>Rajesh Kalathur | Director and President | |
| */s/ Ryan D. Campbell*<br>Ryan D. Campbell | Director | December 12, 2024 |
| */s/ James A. Israel*<br>James A. Israel | Director | |
| */s/ Deanna M. Kovar*<br>Deanna M. Kovar | Director | |
| */s/ Steven N. Owenson*<br>Steven N. Owenson | Director | |

| Signature | Title | | Date |
|---|---|---|---|
| */s/ Cory J. Reed*<br>Cory J. Reed | Director | ) | |
| */s/ Jayma A. Sandquist*<br>Jayma A. Sandquist | Director | ) | December 12, 2024 |
| */s/ Andrew C. Traeger*<br>Andrew C. Traeger | Director | ) | |

**Exhibit 23**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-272130 on Form S-3 of our report dated December 12, 2024, relating to the consolidated financial statements of John Deere Capital Corporation and subsidiaries appearing in this Annual Report on Form 10-K for the year ended October 27, 2024.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois

December 12, 2024

**Exhibit 31.1**

**CERTIFICATIONS**

I, John C. May, certify that:

1. I have reviewed this annual report on Form 10-K of John Deere Capital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 12, 2024

By: */s/ John C. May*
John C. May
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATIONS**

I, Joshua A. Jepsen, certify that:

1. I have reviewed this annual report on Form 10-K of John Deere Capital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 12, 2024

By: */s/ Joshua A. Jepsen*
Joshua A. Jepsen
Senior Vice President
(Principal Financial Officer and Principal Accounting Officer)

**Exhibit 32**

**STATEMENT PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS REQUIRED BY**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of John Deere Capital Corporation (the “Company”) on Form 10-K for the year ended October 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certify that to the best of our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| December 12, 2024 | */s/ John C. May*<br>John C. May | Chairman and Chief Executive Officer<br>(Principal Executive Officer) |
| December 12, 2024 | */s/ Joshua A. Jepsen*<br>Joshua A. Jepsen | Senior Vice President<br>(Principal Financial Officer and Principal Accounting Officer) |

A signed original of this written statement required by Section 906 has been provided to John Deere Capital Corporation and will be retained by John Deere Capital Corporation and furnished to the Securities and Exchange Commission or its staff upon request.