



PROUD MEMBER OF THE FARM CREDIT SYSTEM

Quarterly Report To Stockholders

For the Quarter Ended March 31, 2026

REPORT OF MANAGEMENT

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

/s/ Jeff Norte,
Chief Executive Officer

/s/ Kenton Kimball,
Chairman, Board of Directors

/s/ Javier Lemus,
Interim Chief Financial Officer

May 8, 2026

First Quarter 2026 Financial Report

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

The following commentary reviews the financial performance of Capital Farm Credit, ACA, referred to as the association, for the quarter ended March 31, 2026. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2025 Annual Report to Stockholders. The association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder. The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries, Capital Farm Credit, PCA and Capital Farm Credit, FLCA. The consolidated financial statements were prepared under the oversight of the association’s audit committee.

The U.S. economy continues to face challenges with Texas experiencing similar headwinds. The Texas economy is on-pace with the national unemployment rate at 4.3 percent through the first quarter of 2026. Global conflicts have impacted prices among various commodities, primarily oil and gas, as well as fertilizer, particularly nitrogen. The cattle industry continues to experience high prices due to declining inventories. While some government assistance has gone out to farmers, it does not seem to make up for losses being encountered, and producers may have to lean on accumulated equity to borrow for the 2026 crop year. Demand for agricultural loans continued to decline across the association as repayment rates exceeded origination rates. Dryland and ranchland values grew over seven percent compared to last year, but irrigated land values were flat.

The Federal Open Market Committee (FOMC) held rates at 3.50 – 3.75 percent as uncertainty remains elevated as the Committee continues to weigh inflation and labor-market trends. Rate projections for 2026 still point to one potential rate cut, but inflation remains above target and job growth has slowed.

Significant Events

On April 13, 2026, the association’s Chief Financial Officer, Sally Lawson, passed away. The association appointed Javier Lemus to serve as Interim Chief Financial Officer.

Rating Agency Actions

Fitch Ratings Actions

On December 5, 2025, Fitch reaffirmed the association’s “BBB” with a stable outlook rating.

S&P Global Rating Actions

On November 21, 2025, S&P reaffirmed the association’s “BBB” with a stable outlook rating.

Preferred Stock

On January 19, 2021, the association issued \$200,000 in noncumulative perpetual preferred stock. The decision to issue preferred stock came in response to the high level of loan growth in 2020 and expected continued growth. The issuance carried an annual dividend rate of 5.00 percent paid quarterly. The issuance became callable on March 15, 2026, and quarterly thereafter. The dividend reset to 4.52 percent over the five-year treasury on the call date for a dividend rate of 8.23 percent. The association’s first quarter dividend payment was \$2,500 and was paid on March 15, 2026.

Patronage Refunds by Association

The board of directors approved a \$195,255 patronage distribution for 2025. Of that amount, \$100,752 of this distribution was paid in cash in March 2026, and \$94,503 will be distributed in the form of nonqualified allocated equity, which means the owners of these distributions will not pay federal income taxes until the equities are retired. In March 2026, the association finalized the computation of these distributions which resulted in a decrease of nonqualified allocated equities of \$1 for a final allocation of \$94,502. It is the board’s intention with these allocations to assign ownership of the earnings of the association, allowing the stockholders to benefit more fully from the earnings of the association and to create a method to make future equity distributions in the form of cash. Though there is not a planned retirement of these allocated equities, the board of directors will make an annual evaluation of the association’s capital position and determine if some cash retirements of these equities can be made. In 2024, the board of directors approved a \$189,596 patronage distribution, with cash patronage payable of \$111,475 and \$78,142 in nonqualified allocations.

In December 2025, the board of directors approved a resolution to retire \$20,884 in nonqualified allocated equities, which were paid to the recipients in December 2025. The retirement was a distribution of the remaining earnings allocated in 2015. In October 2024, the board of directors approved a resolution to retire \$59,997 in nonqualified allocated equities which was paid to the recipients in November 2024. The retirement was a distribution of 74 percent of the earnings allocated in 2015.

Loan Portfolio

Total loans outstanding at March 31, 2026, including nonperforming loans, were \$13,120,908 compared to \$13,277,769 at December 31, 2025, reflecting a decrease of \$156,861, or approximately 1.2 percent, with decreases in the real estate mortgage, production and intermediate-term, rural residential real estate and lease receivables, offset by increases in the farm-related business, communication, energy, water and waste disposal and international industries. The association experienced significant paydown activity during the first quarter of 2026, leading to the overall decrease in loan volume.

The association's portfolio quality remains strong with credit quality of 95.1 percent acceptable at March 31, 2026, compared to 95.6 percent at December 31, 2025. Substandard loans decreased from 2.1 percent at December 31, 2025, to 2.0 percent at March 31, 2026, and other assets especially mentioned increased from 2.3 percent at December 31, 2025, to 2.9 percent at March 31, 2026. The association recorded \$194 in recoveries and \$168 in charge-offs for the three months ended March 31, 2026, and \$624 in recoveries and \$272 in charge-offs for the same period in 2025. The association's allowance for loan losses was 0.4 percent of total loans outstanding as of March 31, 2026, and 0.3 percent at December 31, 2025.

Risk Exposure

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

	<u>March 31, 2026</u>	<u>%</u>	<u>December 31, 2025</u>	<u>%</u>
Nonaccrual loans	\$ 125,027	90.7	\$ 136,992	96.0
Loans 90 days past due and still accruing interest	8,526	6.2	4,712	3.3
Other property owned, net	4,229	3.1	1,029	0.7
Total	<u>\$ 137,782</u>	<u>100.0</u>	<u>\$ 142,733</u>	<u>100.0</u>

Nonaccrual loans decreased \$11,965 during the three months ended March 31, 2026, with decreases in real estate mortgage, farm-related business and leases industries, slightly offset by increases in the production and intermediate-term and rural residential real estate industries. Nonaccrual loans were 1.0 percent of total loans outstanding at March 31, 2026 and December 31, 2025, respectively.

Loans that are 90 or more days past due and still accruing interest increased \$3,814 in the first three months ended March 31, 2026, in the real estate mortgage industry. These loans have a documented plan that details how and when the amount owed will be paid.

Other property owned increased \$3,200 during the first three months of 2026. The association is actively working with real estate professionals to ensure properties are accurately valued on the association's books and that proactive marketing activities are in place.

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

Results of Operations

The association had net income of \$75,033 for the three months ended March 31, 2026, compared to net income of \$69,422 for the same period in 2025, reflecting an increase of \$5,611 or 8.1 percent. The increase in net income for the three month period ended March 31, 2026, was primarily attributable to an increase in noninterest income of \$5,784 or 22.1 percent and a decrease in provision for loan losses of \$3,211 or 33.5 percent, offset by a decrease in interest income of \$643 or 0.3 percent, an increase in interest expense of \$506 or 0.4 percent, and an increase in noninterest expenses of \$2,234 or 6.0 percent for the same period in the prior year.

Net interest income was \$89,085 for the three months ended March 31, 2026, compared to \$90,234 for the same period in 2025, reflecting a decrease of \$1,149 or 1.3 percent. Interest income for the three months ended March 31, 2026, decreased by \$643 or 0.3 percent from the same period of 2025, primarily as a result of a decrease in average interest rates. Interest expense for the three months ended March 31, 2026, increased by \$506 or 0.4 percent from the same period of 2025, due to an increase in the average direct note of \$103,471.

The effects of changes in average volume and interest rates on net interest income in the three months ended March 31, 2026, as compared with the corresponding period of the prior year, are presented in the following tables:

	March 31, 2026		March 31, 2025	
	Average Balance	Interest	Average Balance	Interest
Accrual loans and investments	\$ 13,064,670	\$ 207,053	\$ 12,984,373	\$ 207,696
Interest-bearing liabilities	11,531,810	117,968	11,428,339	117,462
Impact of capital	\$ 1,532,860		\$ 1,556,034	
Net interest income		\$ 89,085		\$ 90,234
	Average Yield		Average Yield	
Yield on loans	6.43%		6.49%	
Cost of interest-bearing Liabilities	4.15%		4.17%	
Net interest spread	2.28%		2.32%	
Net interest income as a percentage of average earning assets	2.77%		2.82%	

	For the three months ended 2026 vs. 2025		
	Increase (decrease) due to		
	Volume	Rate	Total
Interest income	\$ 1,284	\$ (1,927)	\$ (643)
Interest expense	1,063	(557)	506
Net interest income	\$ 221	\$ (1,370)	\$ (1,149)

The association's noninterest income for the three months ended March 31, 2026, increased \$5,784 or 22.1 percent from the same period in 2025. The increase in the three months ended March 31, 2026, is primarily a result of an increase in other noninterest income of \$7,417 or 58.6 percent, due to a refund from the Farm Credit System Insurance Corporation (FCSIC), offset by a decrease in patronage income from the Farm Credit Bank of Texas ("bank") of \$2,740 or 26.0 percent.

Noninterest expenses for the three months ended March 31, 2026, increased by \$2,234 or 6.0 percent from the same period of 2025. The increase in the three month period is attributed to an increase in purchased services of \$2,527 or 166.4 percent, primarily due to a new IT service charge from the bank, from the same period in 2025.

The association's return on average assets for the three months ended March 31, 2026, was 2.2 percent and 2.1 percent for the same period of 2025. The association's return on average equity for the three months ended March 31, 2026, was 15.1 percent, compared to 14.6 percent for the same period in 2025.

Liquidity and Funding Sources

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

	March 31, 2026	December 31, 2025
Note payable to the bank	\$11,434,258	\$11,641,977
Accrued interest on note payable	39,495	40,530
Total	\$11,473,753	\$11,682,507

The association operates under a general financing agreement (GFA) with the bank. The current GFA is effective through September 30, 2026. The primary source of liquidity and funding for the association is a direct loan from the bank. The outstanding balance of \$11,434,258 as of March 31, 2026, is recorded as a liability on the association's balance sheet. The note carried a weighted average interest rate of 4.1 percent at March 31, 2026. The indebtedness is collateralized by a pledge of substantially all of the association's assets to the bank and is governed by the GFA. The decrease in note payable to the bank since December 31, 2025, is due to the decrease in loan volume and the distribution of the 2025 patronage refund. The decrease in accrued interest on the note payable is the

result of a decrease in the direct note. The association's own funds, which represent the amount of the association's loan portfolio funded by the association's equity, were \$1,676,286 at March 31, 2026. The maximum amount the association may borrow from the bank as of March 31, 2026, was \$12,961,824 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, unless sooner terminated by the bank upon the occurrence of an event of default, or by the association, in the event of a breach of this agreement by the bank, upon giving the bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the bank 120 days' prior written notice.

The liquidity policy of the association is to manage cash balances to maximize debt reduction, and to increase accrual loan volume. This policy will continue to be pursued during 2026. As borrower payments are received, they are applied to the association's note payable with the bank.

Capital Resources and Regulatory Matters

The association's capital position increased by \$72,317 or 3.6 percent at March 31, 2026, compared to December 31, 2025 primarily as a result of net earnings for the period offset by dividend payments. The association's debt as a percentage of members' equity was 5.65:1 as of March 31, 2026, compared to 5.99:1 percent as of December 31, 2025. Farm Credit Administration regulations require the association to maintain minimums for various regulatory capital ratios. The regulations became effective January 1, 2017, which replaced the previously required core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The regulations also added tier 1 leverage and unallocated retained earnings and equivalents (UREE) ratios. The permanent capital ratio remains in effect, with some modifications to align with the new regulations. As of March 31, 2026, the association exceeded all regulatory capital requirements. For more information, see Note 3-"Members Equity" in the accompanying financial statements.

Significant Recent Accounting Pronouncements

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

Relationship with the Farm Credit Bank of Texas

The association's financial condition may be impacted by factors that affect the bank. The financial condition and results of operations of the bank may materially affect the stockholder's investment in the association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2025 Annual Report of Capital Farm Credit more fully describe the association's relationship with the bank.

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

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

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

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
<u>ASSETS</u>		
Loans	\$ 13,120,908	\$ 13,277,769
Less: Allowance for credit losses on loans	<u>(48,949)</u>	<u>(42,535)</u>
Net Loans	13,071,959	13,235,234
Accrued interest receivable	119,241	125,170
Investment in and receivable from the bank:		
Capital stock	292,009	292,069
Receivable	14,532	48,363
Investment in Rural Business Investment Company (RBIC)	3,745	3,745
Investments in other Farm Credit Institutions	39,256	38,518
Other property owned, net	4,229	1,029
Premises and equipment, net	95,127	95,491
Right of use asset - leases	4,316	4,632
Other assets	<u>44,712</u>	<u>47,443</u>
 Total assets	 <u>\$ 13,689,126</u>	 <u>\$ 13,891,694</u>
<u>LIABILITIES</u>		
Note payable to the bank	\$ 11,434,258	\$ 11,641,977
Advanced conditional payments	24,822	17,471
Accrued interest payable	39,495	40,530
Lease liabilities	4,609	4,931
Drafts outstanding	380	433
Patronage distributions payable	13	100,756
Unfunded post retirement medical obligations	22,121	22,011
Reserve for unfunded commitments	441	455
Other liabilities	<u>103,930</u>	<u>76,390</u>
 Total liabilities	 <u>11,630,069</u>	 <u>11,904,954</u>
<u>MEMBERS' EQUITY</u>		
Capital stock and participation certificates	28,158	28,310
Preferred stock	200,000	200,000
Non-qualified allocated retained earnings	1,032,237	1,032,238
Unallocated retained earnings	795,085	722,552
Accumulated other comprehensive income	<u>3,577</u>	<u>3,640</u>
 Total members' equity	 <u>2,059,057</u>	 <u>1,986,740</u>
 Total liabilities and members' equity	 <u>\$ 13,689,126</u>	 <u>\$ 13,891,694</u>

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

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

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
<u>Interest Income</u>		
Total interest income	\$ 207,053	\$ 207,696
<u>Interest Expense</u>		
Note Payable to the bank	117,876	117,364
Advance conditional payments	92	98
Total interest expense	117,968	117,462
Net interest income	89,085	90,234
Provision for credit losses	6,374	9,585
Net interest income after provision for losses	82,711	80,649
<u>Noninterest Income</u>		
Patronage income from the bank	7,813	10,553
Loan fees	3,124	2,823
Financially related services income	852	13
Gain on sale of premises and equipment, net	28	163
Gain on other property owned, net	102	-
Other noninterest income	20,079	12,662
Total noninterest income	31,998	26,214
<u>Noninterest Expense</u>		
Salaries and employee benefits	21,837	22,182
Purchased services	4,046	1,519
Occupancy and equipment	2,933	2,855
Insurance fund premium	2,767	2,668
Business insurance expense	1,450	1,673
Public and member relations	1,386	1,298
Travel	994	902
Advertising	957	1,214
Data processing	871	903
Supervisory and exam expense	752	712
Director's expense	442	437
Training	353	391
Communications	260	217
Loss on other property owned, net	-	39
Other noninterest expenses	628	432
Total noninterest expenses	39,676	37,442
Income before income tax	75,033	69,421
(Benefit from) income taxes	-	(1)
Net income	\$ 75,033	\$ 69,422
Other comprehensive (loss)		
Change in postretirement benefit plans	(63)	-
Income tax expense related items of other comprehensive income	-	-
Other comprehensive (loss), net of tax	(63)	-
COMPREHENSIVE INCOME	\$ 74,970	\$ 69,422

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

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

	Capital Stock/ Participation Certificates	Preferred Stock	Retained Earnings		Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
			Non-qualified Allocated	Unallocated		
Balance at December 31, 2024	\$ 28,319	\$ 200,000	\$ 958,608	\$ 689,338	\$ 1,189	\$ 1,877,454
Net income	-	-	-	69,422	-	69,422
Other comprehensive income	-	-	-	-	-	-
Capital stock/participation certificates issued	859	-	-	-	-	859
Capital stock/participation certificates/ allocated equities retired	(869)	-	-	-	-	(869)
Preferred stock dividends	-	-	-	(2,500)	-	(2,500)
Patronage distributions declared:						
Cash	-	-	-	-	-	-
Nonqualified allocations	-	-	-	-	-	-
Change in patronage declared and paid	-	-	10	(20)	-	(10)
Balance at March 31, 2025	28,309	200,000	958,618	756,240	1,189	1,944,356
Net income	-	-	-	169,067	-	169,067
Other comprehensive income	-	-	-	-	2,451	2,451
Capital stock/participation certificates issued	2,611	-	-	-	-	2,611
Capital stock/participation certificates/ allocated equities retired	(2,610)	-	(20,884)	-	-	(23,494)
Preferred stock dividends	-	-	-	(7,500)	-	(7,500)
Patronage distributions declared:						
Cash	-	-	-	(100,752)	-	(100,752)
Nonqualified allocations	-	-	94,503	(94,503)	-	-
Change in patronage declared and paid	-	-	1	-	-	1
Balance at December 31, 2025	28,310	200,000	1,032,238	722,552	3,640	1,986,740
Net income	-	-	-	75,033	-	75,033
Other comprehensive loss	-	-	-	-	(63)	(63)
Capital stock/participation certificates issued	885	-	-	-	-	885
Capital stock/participation certificates/ allocated equities retired	(1,037)	-	-	-	-	(1,037)
Preferred stock dividends	-	-	-	(2,500)	-	(2,500)
Patronage distributions declared:						
Cash	-	-	-	-	-	-
Nonqualified allocations	-	-	-	-	-	-
Change in patronage declared and paid	-	-	(1)	-	-	(1)
Balance at March 31, 2026	\$ 28,158	\$ 200,000	\$ 1,032,237	\$ 795,085	\$ 3,577	\$ 2,059,057

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

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

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

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2025, as contained in the 2025 Annual Report to Stockholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2026. Descriptions of the significant accounting policies are included in the 2025 Annual Report to Stockholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Adopted Accounting Pronouncements

In December 2025, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-11 Interim Reporting (Topic 270): Narrow-Scope Improvements. The update provides narrow-scope improvements to interim reporting guidance to enhance clarity, navigability and completeness of interim financial statements and disclosures, without fundamentally changing reporting requirements. Key changes include clarifying who is subject to interim reporting requirements, adding comprehensive lists of required disclosures from other Codification topics, and establishing a principle to disclose events since the end of the last annual reporting period that have a material impact on the entity. The update is effective for public business entities for interim reporting periods within annual reporting periods beginning after December 15, 2027, and for other entities after December 15, 2028, with early adoption permitted. The association is currently assessing the potential impact of this amendment on its financial condition, results of operations and cash flows.

In November 2025, the FASB issued ASU 2025-08 Financial Instruments - Credit Losses (Topic 326) - Purchased Loans. The amendment simplifies accounting for purchased loans by expanding the "gross-up" method to "purchased seasoned loans" (PSLs). This eliminates the Day 1 credit loss expense for most acquired loans, improves comparability, and reduces earnings volatility by creating a more consistent accounting approach similar to that used for previously purchased credit-deteriorated (PCD) loans. The standard is effective for annual periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The Association is currently assessing the potential impact of this amendment on its financial condition, results of operations and cash flows.

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

In July 2025, the FASB issued ASU 2025-05 – Financial Instruments - Credit Losses - Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide all entities with a practical expedient, which allows all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts

receivables and current contract assets arising from transactions accounted for under Topic 606. The association adopted this guidance on January 1, 2026 under a prospective approach. The impact of adoption did not have an impact on the association’s financial condition, results of operations or cash flows.

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

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e).
- Include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The association is currently assessing the potential impact on its disclosures; however, the adoption of ASU 2024-03 will not have an impact on the association’s financial condition, results of operations or cash flows.

In December 2023, the FASB issued ASU 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The enhanced rate reconciliation will require tabular reporting by amount and percentage for specifically defined reconciling items as well as additional information for reconciling items that meet a quantitative threshold of greater than five percent of the amount computed by multiplying pre-tax income by the applicable statutory income tax rate. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The guidance will also eliminate the requirement to disclose an estimate of the range of the reasonably possible change in the unrecognized tax benefits balances in the next 12 months. Effective January 1, 2025, the association adopted this guidance. The adoption of this guidance did not have an impact on the association’s financial condition, results of operations or cash flows, but did impact disclosures.

NOTE 2 — LOANS AND ALLOWANCE FOR LOAN LOSSES:

A summary of loans follows:

Industry	March 31, 2026	%	December 31, 2025	%
Real estate mortgage	\$ 9,430,226	71.9	\$ 9,489,647	71.5
Production and intermediate term	1,831,438	14.0	1,973,443	14.8
Farm-related business	1,235,375	9.4	1,213,533	9.1
Communication	255,807	1.9	243,996	1.8
Energy	250,537	1.9	237,194	1.8
Rural residential real estate	59,037	0.4	61,560	0.5
Water and waste disposal	25,312	0.2	24,464	0.2
International	21,231	0.2	21,229	0.2
Lease receivables	10,380	0.1	11,138	0.1
Mission-related investments	1,565	0.0	1,565	0.0
Total	<u>\$ 13,120,908</u>	<u>100.0</u>	<u>\$ 13,277,769</u>	<u>100.0</u>

At March 31, 2026, the association held two transactions, which are reported as loans on the consolidated balance sheet totaling \$1,565 and with \$0 in remaining commitments extended under the Rural America Bond Program approved by the FCA. The program is designed to meet the growing and changing needs of agricultural enterprises, agribusinesses and rural communities by providing investment in rural areas.

The association is authorized under the Farm Credit Act to accept “advance conditional payments” (ACPs) from borrowers. To the extent the borrower’s access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against loans as

presented on the balance sheet. The association held \$56,284 and \$55,967 in funds which were netted against the loan balance at March 31, 2026 and December 31, 2025, respectively. Unrestricted advance conditional payments are included in liabilities. ACPs are not insured, and interest is generally paid by the association on such balances. Balances of ACPs were \$24,822 and \$17,471 on the balance sheet at March 31, 2026 and December 31, 2025, respectively.

The association purchases or sells participation interests in loans with other parties in order to diversify risk, manage loan volume and comply with FCA regulations. The following table presents information regarding the balances of participations purchased and sold as of March 31, 2026:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations	Participations	Participations	Participations	Participations	Participations
	<u>Purchased</u>	<u>Sold</u>	<u>Purchased</u>	<u>Sold</u>	<u>Purchased</u>	<u>Sold</u>
Real estate mortgage	\$ 429,965	\$ 2,224,981	\$ -	\$ 62,446	\$ 429,965	\$ 2,287,427
Production and						
Intermediate-term	989,431	1,672,627	19,167	693	1,008,598	1,673,320
Farm-related business	965,189	120,352	2,874	-	968,063	120,352
Communication	255,807	-	-	-	255,807	-
Energy	250,537	-	-	-	250,537	-
Water and waste disposal	25,312	-	-	-	25,312	-
International	21,231	-	-	-	21,231	-
Lease receivables	10,380	-	-	-	10,380	-
Mission-related investments	1,565	-	-	-	1,565	-
Total	<u>\$ 2,949,417</u>	<u>\$ 4,017,960</u>	<u>\$ 22,041</u>	<u>\$ 63,139</u>	<u>\$ 2,971,458</u>	<u>\$ 4,081,099</u>

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default over a period of time. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is past due more than 90 days or classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The association reviews, at least on an annual basis, or when a credit action is taken the probability of default category and the loss given default.

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

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

The following table presents credit quality indicators by loan type and related amortized cost loan balance as of March 31, 2026:

	Term Loans by Origination Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
	2026	2025	2024	2023	2022	Prior			
Real estate mortgage									
Acceptable	\$ 330,448	\$ 1,338,828	\$ 1,171,437	\$ 735,340	\$ 1,100,225	\$ 4,368,314	\$ 77,538	\$ 40,030	\$ 9,162,160
OAEM	256	11,936	17,299	30,169	15,399	40,012	1,268	-	116,339
Substandard/Doubtful	415	22,243	25,020	11,785	11,448	75,712	5,104	-	151,727
Total	\$ 331,119	\$ 1,373,007	\$ 1,213,756	\$ 777,294	\$ 1,127,072	\$ 4,484,038	\$ 83,910	\$ 40,030	\$ 9,430,226
Current period gross charge-offs	-	15	12	24	76	9	-	-	136
Production and intermediate-term									
Acceptable	115,490	197,731	120,095	39,116	42,784	42,945	1,106,994	6,661	1,671,816
OAEM	8,441	26,549	4,963	1,954	37,836	1,979	39,521	-	121,243
Substandard/Doubtful	6,341	240	3,105	13,617	128	981	13,967	-	38,379
Total	130,272	224,520	128,163	54,687	80,748	45,905	1,160,482	6,661	1,831,438
Current period gross charge-offs	-	-	24	1	7	-	-	-	32
Farm-related business									
Acceptable	16,883	168,452	116,318	61,519	135,877	133,942	413,172	868	1,047,031
OAEM	-	8,429	16,842	27,087	9,760	11,896	46,083	5,505	125,602
Substandard/Doubtful	-	33	4,307	3,269	302	41,740	13,091	-	62,742
Total	16,883	176,914	137,467	91,875	145,939	187,578	472,346	6,373	1,235,375
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Communication									
Acceptable	-	30,421	99,192	50,092	19,481	42,611	14,010	-	255,807
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	30,421	99,192	50,092	19,481	42,611	14,010	-	255,807
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	-	22,812	74,284	5,614	20,521	55,467	53,244	-	231,942
OAEM	-	-	-	18,595	-	-	-	-	18,595
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	22,812	74,284	24,209	20,521	55,467	53,244	-	250,537
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	-	-	-	243	6,248	50,373	-	-	56,864
OAEM	-	-	-	-	62	1,522	-	-	1,584
Substandard/Doubtful	-	-	-	-	-	589	-	-	589
Total	-	-	-	243	6,310	52,484	-	-	59,037
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Water and Waste Disposal Loans									
Acceptable	-	-	10,522	13,576	-	1,214	-	-	25,312
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	10,522	13,576	-	1,214	-	-	25,312
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
International									
Acceptable	-	-	-	4,996	7,497	8,738	-	-	21,231
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	-	4,996	7,497	8,738	-	-	21,231
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Lease Receivables									
Acceptable	-	128	232	-	861	3,252	-	-	4,473
OAEM	-	-	51	1,658	578	-	-	-	2,287
Substandard/Doubtful	-	-	-	1,210	-	2,410	-	-	3,620
Total	-	128	283	2,868	1,439	5,662	-	-	10,380
Current period gross charge-offs	-	-	-	-	-	-	-	-	-

	Term Loans by Origination Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
	2026	2025	2024	2023	2022	Prior			
Mission Related Loans									
Acceptable	-	-	-	-	-	1,565	-	-	1,565
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	1,565	-	-	1,565
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	\$ 462,821	\$ 1,758,372	\$ 1,592,080	\$ 910,496	\$ 1,333,494	\$ 4,708,421	\$ 1,664,958	\$ 47,559	\$ 12,478,201
OAEM	8,697	46,914	39,155	79,463	63,635	55,409	86,872	5,505	385,650
Substandard/Doubtful	6,756	22,516	32,432	29,881	11,878	121,432	32,162	-	257,057
Total	\$ 478,274	\$ 1,827,802	\$ 1,663,667	\$ 1,019,840	\$ 1,409,007	\$ 4,885,262	\$ 1,783,992	\$ 53,064	\$ 13,120,908
Total current period gross charge-offs	\$ -	\$ 15	\$ 36	\$ 25	\$ 83	\$ 9	\$ -	\$ -	\$ 168

The following table presents credit quality indicators by loan type and the related amortized cost loan balance as of December 31, 2025:

	Term Loans Amortized Cost by Origination Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
	2025	2024	2023	2022	2021	Prior			
Real estate mortgage									
Acceptable	\$ 1,391,904	\$ 1,219,120	\$ 781,165	\$ 1,137,460	\$ 1,875,892	\$ 2,686,348	\$ 9,222	\$ 109,259	\$ 9,210,370
OAEM	9,037	13,137	39,975	14,081	12,582	29,292	1,268	-	119,372
Substandard/Doubtful	19,198	24,174	10,302	10,821	45,135	46,676	3,599	-	159,905
Total	\$ 1,420,139	\$ 1,256,431	\$ 831,442	\$ 1,162,362	\$ 1,933,609	\$ 2,762,316	\$ 14,089	\$ 109,259	\$ 9,489,647
Current period gross charge-offs	1,090	485	3	66	78	2,851	-	-	4,573
Production and intermediate-term									
Acceptable	234,003	163,104	40,963	64,665	25,969	51,291	1,230,995	22,472	1,833,462
OAEM	17,714	5,627	1,956	38,338	699	1,325	28,164	-	93,823
Substandard/Doubtful	12,647	2,633	14,098	207	510	1,053	15,010	-	46,158
Total	264,364	171,364	57,017	103,210	27,178	53,669	1,274,169	22,472	1,973,443
Current period gross charge-offs	-	190	96	278	3	145	25,758	-	26,470
Farm-related business									
Acceptable	191,751	116,672	84,236	139,698	64,824	98,326	302,541	61,991	1,060,039
OAEM	9,167	14,946	7,754	9,766	4,897	2,398	30,584	5,699	85,211
Substandard/Doubtful	137	4,361	3,298	302	11,269	30,810	17,106	1,000	68,283
Total	201,055	135,979	95,288	149,766	80,990	131,534	350,231	68,690	1,213,533
Current period gross charge-offs	-	-	-	-	114	-	13,908	-	14,022
Communication									
Acceptable	28,623	89,404	50,318	19,779	21,573	21,091	6,326	5,271	242,385
OAEM	-	1,611	-	-	-	-	-	-	1,611
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	28,623	91,015	50,318	19,779	21,573	21,091	6,326	5,271	243,996
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	21,556	71,782	24,500	20,564	35,000	20,782	43,010	-	237,194
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	21,556	71,782	24,500	20,564	35,000	20,782	43,010	-	237,194
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	-	-	243	6,698	14,873	37,417	-	-	59,231
OAEM	-	-	-	63	411	1,328	-	-	1,802
Substandard/Doubtful	-	-	-	-	196	331	-	-	527
Total	-	-	243	6,761	15,480	39,076	-	-	61,560
Current period gross charge-offs	-	-	-	35	-	-	-	-	35

	Term Loans Amortized Cost by Origination Year						Revolving Loans Converted to		Total
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Term Loans	
Water and Waste Disposal Loans									
Acceptable	-	9,667	13,574	-	-	1,223	-	-	24,464
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	9,667	13,574	-	-	1,223	-	-	24,464
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
International									
Acceptable	-	-	4,995	7,497	8,737	-	-	-	21,229
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	4,995	7,497	8,737	-	-	-	21,229
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Lease Receivables									
Acceptable	129	233	-	861	253	3,207	-	-	4,683
OAEM	-	57	1,871	699	-	-	-	-	2,627
Substandard/Doubtful	-	-	1,260	-	2,568	-	-	-	3,828
Total	129	290	3,131	1,560	2,821	3,207	-	-	11,138
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Mission Related Loans									
Acceptable	-	-	-	-	-	1,565	-	-	1,565
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	1,565	-	-	1,565
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	\$ 1,867,966	\$ 1,669,982	\$ 999,994	\$ 1,397,222	\$ 2,047,121	\$ 2,921,250	\$ 1,592,094	\$ 198,993	\$ 12,694,622
OAEM	35,918	35,378	51,556	62,947	18,589	34,343	60,016	5,699	304,446
Substandard/Doubtful	31,982	31,168	28,958	11,330	59,678	78,870	35,715	1,000	278,701
Total	\$ 1,935,866	\$ 1,736,528	\$ 1,080,508	\$ 1,471,499	\$ 2,125,388	\$ 3,034,463	\$ 1,687,825	\$ 205,692	\$ 13,277,769
Total current period gross charge-offs	1,090	675	99	379	195	2,996	39,666	-	45,100

The following table shows the amortized cost of loans under the FCA's Uniform Loan Classification System as a percentage of the amortized cost of total loans as of March 31, 2026, and December 31, 2025:

	March 31, 2026	December 31, 2025
Acceptable	95.1%	95.6%
OAEM	2.9%	2.3%
Substandard/Doubtful	2.0%	2.1%
Total	100.0%	100.0%

Accrued interest receivable on loans of \$119,241 and \$125,170 at March 31, 2026, and December 31, 2025, have been excluded from the amortized cost of loans and reported separately in the consolidated balance sheet. The association wrote off accrued interest receivable of \$109 for the three months ended March 31, 2026, compared to \$284 for the same period of 2025.

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Nonaccrual loans:		
Real estate mortgage	\$ 65,542	\$ 75,045
Production and intermediate-term	30,565	27,870
Farm-related business	27,439	32,616
Rural residential real estate	271	201
Lease receivable	1,210	1,260
Total nonaccrual loans	<u>\$ 125,027</u>	<u>\$ 136,992</u>
Accruing loans 90 days or more past due:		
Real estate mortgage	\$ 8,526	\$ 4,712
Production and intermediate-term	-	-
Total accruing loans 90 days or more past due	<u>\$ 8,526</u>	<u>\$ 4,712</u>
Total nonperforming loans	<u>\$ 133,553</u>	<u>\$ 141,704</u>
Other property owned	4,229	1,029
Total nonperforming assets	<u>\$ 137,782</u>	<u>\$ 142,733</u>
Nonaccrual loans as a percentage of total loans	0.95%	1.03%
Nonperforming assets as a percentage of total loans and other property owned	1.05%	1.07%
Nonperforming assets as a percentage of capital	6.69%	7.18%

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

	<u>March 31 2026</u>			Interest Income Recognized
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended March 31 2026
Nonaccrual loans:				
Real estate mortgage	\$ 3,605	\$ 61,937	\$ 65,542	\$ 624
Production and intermediate-term	9,526	21,039	30,565	85
Farm-related business	3,247	24,192	27,439	-
Rural residential real estate	-	271	271	3
Lease receivables	1,210	-	1,210	-
Total nonaccrual loans	<u>\$ 17,588</u>	<u>\$ 107,439</u>	<u>\$ 125,027</u>	<u>\$ 712</u>

	<u>December 31, 2025</u>			Interest Income Recognized
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended March 31 2025
Nonaccrual loans:				
Real estate mortgage	\$ 3,269	\$ 71,776	\$ 75,045	\$ 217
Production and intermediate-term	4,477	23,393	27,870	8
Farm-related business	8,351	24,265	32,616	-
Rural residential real estate	-	201	201	1
Lease receivables	1,260	-	1,260	-
Total nonaccrual loans	<u>\$ 17,357</u>	<u>\$ 119,635</u>	<u>\$ 136,992</u>	<u>\$ 226</u>

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

March 31, 2026	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Loans > 90 Days and Accruing
Real estate mortgage	\$ 102,680	\$ 31,025	\$ 133,705	\$ 9,296,521	\$ 9,430,226	\$ 8,526
Production and intermediate-term	38,488	23,227	61,715	1,769,723	1,831,438	-
Farm-related business	-	27,258	27,258	1,208,117	1,235,375	-
Communication	-	-	-	255,807	255,807	-
Energy	-	-	-	250,537	250,537	-
Rural residential real estate	759	197	956	58,081	59,037	-
Water and waste disposal	-	-	-	25,312	25,312	-
International	-	-	-	21,231	21,231	-
Lease receivables	128	-	128	10,252	10,380	-
Mission-related investments	-	-	-	1,565	1,565	-
Total	\$ 142,055	\$ 81,707	\$ 223,762	\$ 12,897,146	\$ 13,120,908	\$ 8,526

December 31, 2025	30-89 Days Past Due	90 Days or More Past	Total Past Due	Not Past Due or less than 30	Total Loans	Loans > 90 Days and Accruing
Real estate mortgage	\$ 96,115	\$ 31,280	\$ 127,395	\$ 9,362,252	\$ 9,489,647	\$ 4,712
Production and intermediate-term	36,416	23,934	60,350	1,913,093	1,973,443	-
Farm-related business	5,001	24,264	29,265	1,184,268	1,213,533	-
Communication	-	-	-	243,996	243,996	-
Energy	14,393	-	14,393	222,801	237,194	-
Rural residential real estate	1,036	196	1,232	60,328	61,560	-
Water and waste disposal	-	-	-	24,464	24,464	-
International	-	-	-	21,229	21,229	-
Lease receivables	1,983	-	1,983	9,155	11,138	-
Mission-related investments	-	-	-	1,565	1,565	-
Total	\$ 154,944	\$ 79,674	\$ 234,618	\$ 13,043,151	\$ 13,277,769	\$ 4,712

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

Loan Modifications to Borrowers Experiencing Financial Difficulties

For loan modifications granted to borrowers during the three months ended March 31, 2026, and 2025, the following table shows the amortized cost basis of the outstanding balances reflected in our Consolidated Balance Sheet as of March 31, 2026, and 2025, disaggregated by loan type and type of modification granted.

For the Three Months Ended March 31, 2026					
	Term Extension	Payment Deferral	Principal Forgiveness	Total	Percentage of Total by Loan Type
Real estate mortgage	\$ 4,750	\$ -	\$ -	\$ 4,750	0.1%
Production and intermediate-term	-	-	4,919	4,919	0.3%
Total	\$ 4,750	\$ -	\$ 4,919	\$ 9,669	0.1%
For the Three Months Ended March 31, 2025					
	Term Extension	Payment Deferral	Principal Forgiveness	Total	Percentage of Total by Loan Type
Real estate mortgage	\$ 458	\$ -	\$ -	\$ 458	0.0%
Production and intermediate-term	201	11,656	-	11,857	0.7%
Total	\$ 659	\$ 11,656	\$ -	\$ 12,315	0.1%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended March 31, 2026 and 2025 were \$0 and \$345, respectively.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2026 and 2025:

	Financial Effect	Financial Effect
	For the Three Months Ended March 31, 2026	For the Three Months Ended March 31, 2025
	Term Extension	
Real estate mortgage	Added a weighted average 3 years to the life of the loans	Added a weighted average 2 years to the life of the loans
Production and intermediate-term	-	Added a weighted average 2 years to the life of the loans
	Principal Forgiveness	
Production and intermediate-term	Forgave a weighted average principal amount of \$8,354	-
	Payment Deferral	
Production and intermediate term	-	Added a weighted average 9.0 months in payment extensions

The following table sets forth the amortized cost at March 31, 2026, and 2025, of loans to borrowers experiencing financial difficulties that defaulted during the three months ended March 31, 2026, and 2025, and received a modification in the twelve months before default.

	Modified Loans that Subsequently Defaulted During the Three Months Ended March 31, 2026	Modified Loans that Subsequently Defaulted During the Three Months Ended March 31, 2025
	Interest Rate Reduction	Payment Deferral
Real estate mortgage	\$ 320	12
Total	\$ 320	12

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2026:

	Three Months Ended March 31, 2026		
	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	\$ 4,922	\$ 320	\$ -
Production and intermediate-term	4,919	-	-
Total	\$ 9,841	\$ 320	\$ -

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2025:

	Three Months Ended March 31, 2025		
	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	\$ 5,950	\$ 12	\$ -
Production and intermediate-term	12,189	-	-
Farm-related business	1,961	-	-
Total	\$ 20,100	\$ 12	\$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the three months ended March 31, 2026, and for the year ended December 31, 2025, were \$0, respectively.

Allowance for Credit Losses

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

A summary of changes in the allowance for credit losses by portfolio segment for the three months ended March 31, 2026 and 2025, are as follows:

	Real Estate Mortgage	Production and Intermediate Term	Farm related business	Rural Residential Real Estate	Energy and Water/Waste Disposal	Communication	International	Mission Related Investments	Lease Receivable	Total
Allowance for credit losses on loans:										
Balance at December 31, 2025	\$ 17,968	\$ 8,852	\$ 12,417	\$ 54	\$ 829	\$ 549	\$ 7	\$ 4	\$ 1,855	\$ 42,535
Charge-offs	(136)	(32)	-	-	-	-	-	-	-	(168)
Recoveries	34	154	6	-	-	-	-	-	-	194
Provision for (reversal of) loan losses	5,061	5,806	(4,105)	(9)	(61)	(169)	(1)	-	(134)	6,388
Adjustment due to merger	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2026	\$ 22,927	\$ 14,780	\$ 8,318	\$ 45	\$ 768	\$ 380	\$ 6	\$ 4	\$ 1,721	\$ 48,949
Allowance for credit losses on unfunded commitments:										
Balance at December 31, 2025	\$ 16	\$ 254	\$ 145	\$ -	\$ 19	\$ 19	\$ 2	\$ -	\$ -	\$ 455
Provision for (reversal of) loan losses	7	(29)	12	-	(2)	(2)	-	-	-	(14)
Balance at March 31, 2026	\$ 23	\$ 225	\$ 157	\$ -	\$ 17	\$ 17	\$ 2	\$ -	\$ -	\$ 441
Total allowance for credit losses	\$ 22,950	\$ 15,005	\$ 8,475	\$ 45	\$ 785	\$ 397	\$ 8	\$ 4	\$ 1,721	\$ 49,390
Allowance for credit losses on loans:										
Balance at December 31, 2024	\$ 18,431	\$ 15,428	\$ 6,047	\$ 97	\$ 295	\$ 477	\$ -	\$ 6	\$ 1,363	\$ 42,144
Charge-offs	(195)	(77)	-	-	-	-	-	-	-	(272)
Recoveries	41	82	501	-	-	-	-	-	-	624
Provision for (reversal of) loan losses	(4)	6,110	2,289	(11)	710	82	134	(1)	250	9,559
Adjustment due to merger	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2025	\$ 18,273	\$ 21,543	\$ 8,837	\$ 86	\$ 1,005	\$ 559	\$ 134	\$ 5	\$ 1,613	\$ 52,055
Allowance for credit losses on unfunded commitments:										
Balance at December 31, 2024	\$ 18	\$ 242	\$ 208	\$ -	\$ 11	\$ 20	\$ -	\$ -	\$ -	\$ 499
Provision for (reversal of) loan losses	1	10	1	-	13	-	1	-	-	26
Balance at March 31, 2025	\$ 19	\$ 252	\$ 209	\$ -	\$ 24	\$ 20	\$ 1	\$ -	\$ -	\$ 525
Total allowance for credit losses	\$ 18,292	\$ 21,795	\$ 9,046	\$ 86	\$ 1,029	\$ 579	\$ 135	\$ 5	\$ 1,613	\$ 52,580

Discussion of Changes in Allowance for Credit Losses

The ACL increased \$6,400 to \$49,390 at March 31, 2026, as compared to \$42,990 at December 31, 2025. This is primarily attributable to a slight deterioration in the loan portfolio. The association's specific reserves increased by \$854 to \$10,905 at March 31, 2026, as compared to \$10,051 at December 31, 2025.

The association's macroeconomic forecasts include a weighted average selection of a third-party vendor's economic scenarios over a reasonable and supportable forecast period of three years. The economic scenarios utilized in the March 31, 2026, estimate for the allowance for credit losses were based on the following: a baseline scenario, which represents a relatively stable economic environment; a downside scenario reflecting an economic recession during the forecast period; and an upside scenario that considers the potential for economic improvement relative to the baseline scenario. The economic forecasts incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

NOTE 3 — MEMBERS EQUITY:

The association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the association's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected patronage, equity retirements and other actions that may decrease the association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of

an association's customer base; and any other risk-oriented activities, such as funding and interest rate risk, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the association's goals and objectives with the board.

On January 19, 2021, the association issued \$200,000 in noncumulative perpetual preferred stock. The decision to issue preferred stock came in response to the high level of loan growth in 2020 and expected continued growth. The issuance carried an annual dividend rate of 5.00 percent paid quarterly. The issuance became callable on March 15, 2026, and quarterly thereafter. The dividend reset to 4.52 percent over the five-year treasury on the call date for a dividend rate of 8.233 percent. The association's first quarter dividend payment was \$2,500 and was paid on March 15, 2026.

Regulatory Capital Ratios

	<u>Regulatory Minimums with Buffer</u>	<u>As of March 31, 2026</u>	<u>As of December 31, 2025</u>
Risk-adjusted:			
Common equity tier 1 ratio	7.0%	10.3%	10.5%
Tier 1 capital ratio	8.5%	11.6%	11.9%
Total capital ratio	10.5%	11.9%	12.3%
Permanent capital ratio	7.0%	11.7%	12.0%
Non-risk-adjusted:			
Tier 1 leverage ratio	5.0%	12.6%	12.9%
UREE leverage ratio	1.5%	3.2%	4.1%

The details for the amounts used in the calculation of the regulatory capital ratios as of March 31, 2026:

Risk-adjusted Capital Ratios

90 Day Average Balances (dollars in thousands)	<u>Common equity tier 1 ratio</u>	<u>Tier 1 capital ratio</u>	<u>Total capital ratio</u>	<u>Permanent capital ratio</u>
Numerator:				
Unallocated retained earnings	\$ 752,245	\$ 752,245	\$ 752,245	\$ 752,245
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	28,236	28,236	28,236	28,236
Allocated equities held ≥ 7 years	1,032,237	1,032,237	1,032,237	1,032,237
Nonqualified allocated equities not subject to retirement	-	-	-	-
Non-cumulative perpetual preferred stock	-	200,000	200,000	200,000
Allowance for loan losses and reserve for credit losses subject to certain limitations	-	-	42,883	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(303,092)	(303,092)	(303,092)	(303,092)
Other regulatory required deductions	(12,659)	(12,659)	(12,659)	(12,659)
	<u>\$ 1,496,967</u>	<u>\$ 1,696,967</u>	<u>\$ 1,739,850</u>	<u>\$ 1,696,967</u>
Denominator:				
Risk-adjusted assets excluding allowance	\$ 14,905,420	\$ 14,905,420	\$ 14,905,420	\$ 14,905,420
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(315,751)	(315,751)	(315,751)	(315,751)
Allowance for loan losses	-	-	-	(42,425)
	<u>\$ 14,589,669</u>	<u>\$ 14,589,669</u>	<u>\$ 14,589,669</u>	<u>\$ 14,547,244</u>

Non-risk-adjusted Capital Ratios

90 Day Average Balances (dollars in thousands)	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	\$ 752,245	\$ 752,245
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	28,236	-
Allocated equities held \geq 7 years	1,032,237	-
Non-cumulative perpetual preferred stock	200,000	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(303,092)	(303,092)
Other regulatory required deductions	(12,659)	(12,659)
	<u>\$ 1,696,967</u>	<u>\$ 436,494</u>
Denominator:		
Total Assets	\$ 13,756,982	\$ 13,756,982
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(316,829)	(316,829)
	<u>\$ 13,440,153</u>	<u>\$ 13,440,153</u>

The association's accumulated other comprehensive income (loss) relates entirely to its nonpension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Salaries and employee benefits" in the Consolidated Statement of Comprehensive Income. The following table summarizes the changes in accumulated other comprehensive income (loss) for the three months ended March 31:

	2026	2025
Accumulated other comprehensive income at January 1	\$ 3,640	\$ 1,189
Amortization of prior service (credit) included in salaries and employee benefits	-	-
Amortization of actuarial (gain) included in salaries and employee benefits	(63)	-
Other comprehensive (loss), net of tax	(63)	-
Accumulated other comprehensive income at March 31	<u>\$ 3,577</u>	<u>\$ 1,189</u>

NOTE 4 — INCOME TAXES:

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

NOTE 5 — FAIR VALUE MEASUREMENTS:

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 14 to the 2025 Annual Report to Stockholders for a more complete description.

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

<u>March 31, 2026</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in nonqualified benefit trusts	\$ 10,195	\$ -	\$ -	\$ 10,195
Total assets	\$ 10,195	\$ -	\$ -	\$ 10,195
<u>December 31, 2025</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in nonqualified benefit trusts	\$ 10,296	\$ -	\$ -	\$ 10,296
Total assets	\$ 10,296	\$ -	\$ -	\$ 10,296

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

<u>March 31, 2026</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	\$ -	\$ -	\$ 6,683	\$ 6,683
Other property owned	-	-	5,101	5,101
<u>December 31, 2025</u>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	\$ -	\$ -	\$ 7,306	\$ 7,306
Other property owned	-	-	1,457	1,457

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

Valuation Techniques

As more fully discussed in Note 14 to the 2025 Annual Report to Stockholders, authoritative guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represents a brief summary of the valuation techniques used for the association’s assets and liabilities. For a more complete description, see Notes to the 2025 Annual Report to Stockholders.

Investments

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

Assets Held in Nonqualified Benefits Trusts

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

Standby Letters of Credit

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

Loans Evaluated for Impairment

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

Other Property Owned

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

Cash

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

Loans

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

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

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

Commitments to Extend Credit

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

NOTE 6 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs for other postretirement employee benefits for the three months ended March 31:

	For the three months ended	
	Other Benefits	
	March 31,	
	<u>2026</u>	<u>2025</u>
Service Cost	\$ 44	\$ 56
Interest Cost	302	314
Expected return on plan assets	-	-
Amortization of prior service (credits)	-	-
Amortization of net actuarial (gain)	(63)	-
Net periodic benefit cost	<u>\$ 283</u>	<u>\$ 370</u>

The association's liability for the unfunded accumulated obligation for these benefits at March 31, 2026, was \$22,121 and is included in "Unfunded post-retirement medical obligations" in the balance sheet.

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

NOTE 7 — COMMITMENTS AND CONTINGENT LIABILITIES:

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

NOTE 8 — SEGMENT REPORTING:

The association's operations fall under one reportable segment. As per regulation and as discussed in Note 1, "Organization and Significant Account Policies," our business activities are primarily focused on providing financial services and credit to borrowers in the farming, ranching, agribusiness and rural community sectors. The association provides funding either by directly financing the eligible borrowers or indirectly financing through the purchase of participation loans in collaboration with other Farm Credit entities and other financial institutions. For the three months ended March 31, 2026, and 2025, there were no relationships with revenues in excess of 10 percent of the association's total revenues. Total revenues are comprised of interest income and noninterest income.

The accounting policies for this segment are the same as those discussed in Note 2 of the 2025 Annual Report to Stockholders, "Summary of Significant Accounting Policies." The association's chief operating decision maker (CODM) is its chief executive officer, who uses net income as presented on the Statements of Comprehensive Income, as the reportable measure of segment profit or loss, to monitor actual versus plan results and benchmarking the association's performance with peers. The benchmarking analysis, along with the monitoring of actual versus plan results, are used in assessing performance of the association and in establishing recommendations on management's compensation. The measure of segment assets is reported on the Consolidated Balance Sheet as total assets. There is no separate segment financial information as the association only has one segment.

NOTE 9 — SUBSEQUENT EVENTS:

The association has evaluated subsequent events through May 8, 2026, which is the date the financial statements were issued and there are no other significant events requiring disclosure as of this date.