CAPITAL FARM CREDIT

PROUD MEMBER OF THE FARM CREDIT SYSTEM

Quarterly Report To Stockholders

For the Quarter Ended June 30, 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

August 7, 2026

Second Quarter 2026 Financial Report

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MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Dollars in thousands, except as noted)

The following commentary reviews the financial performance of Capital Farm Credit, ACA, referred to as the association, for the quarter ended June 30, 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.

At the end of May, the employment rate in Texas rose 1.2 percent, while U.S. employment rose 1.3 percent. The job growth in Texas was outpaced by the U.S. rate and is below its long-run trend. Some areas of strong growth were seen in the professional and business services, construction and oil and gas. Unemployment across the state remained stable at 4.3 percent. The housing market has experienced some declines given the interest rate environment and elevated prices. The threat of the New World screwworm has many ranchers on high alert across the state. Commodity prices remain low while cattle prices and input costs have remained high. Many parts of the state received much-needed rain during the quarter, which has significantly improved the next growing season's outlook. The Federal Open Market Committee (FOMC) met in June and voted to hold rates at 3.50 – 3.75 percent as half of the committee members are projecting one rate hike in 2026 while the other half is projecting rates to remain unchanged as inflation continues to prove more persistent.

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 8.233 percent. The association's first quarter dividend payment was $2,500 and was paid on March 15, 2026. The second quarter dividend payment was $4,116 and was paid on June 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 $111,464 and $78,132 in nonqualified allocations. In March 2025, the association finalized the computation of these distributions which resulted in an increase in cash patronage payable of $11 for an actual cash distribution of $111,475, and an increase of nonqualified allocated equities of $10 for a final allocation of $78,142.

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 June 30, 2026, including nonperforming loans, were $12,980,071 compared to $13,277,769 at December 31, 2025, reflecting a decrease of $297,698, or approximately 2.2 percent, with decreases in the real estate mortgage, production and intermediate-term, rural residential real estate, lease receivables and mission-related investments, 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 half of 2026, leading to the overall decrease in loan volume.

The association's portfolio quality remains strong with credit quality of 94.9 percent acceptable at June 30, 2026, compared to 95.6 percent at December 31, 2025. Substandard loans increased from 2.1 percent at December 31, 2025, to 2.3 percent at June 30, 2026, and other assets especially mentioned increased from 2.3 percent at December 31, 2025, to 2.8 percent at June 30, 2026. The association recorded $1,384 in recoveries and $1,697 in charge-offs for the six months ended June 30, 2026, and $731 in recoveries and $28,900 in charge-offs for the same period in 2025. The charge offs in 2025 were primarily related to one relationship. The association's allowance for loan losses was 0.4 percent of total loans outstanding as of June 30, 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:

	June 30, 2026	%	December 31, 2025	%
Nonaccrual loans	**$ 161,857**	**95.8**	$ 136,992	96.0
Loans 90 days past due and still accruing interest	**2,113**	**1.2**	4,712	3.3
Other property owned, net	**5,137**	**3.0**	1,029	0.7
Total	**$ 169,107**	**100.0**	$ 142,733	100.0

Nonaccrual loans increased $24,865 during the six months ended June 30, 2026, with increases in real estate mortgage, production and intermediate-term and rural residential real estate, offset by decreases in farm-related business and lease receivable industries. Nonaccrual loans were 1.25 percent of total loans outstanding at June 30, 2026, and 1.03 percent of total loans at December 31, 2025, respectively.

Loans that are 90 or more days past due and still accruing interest decreased $2,599 during the first six months ended June 30, 2026, with decreases in the real estate mortgage industry, offset by increases in the production and intermediate-term industry. These loans have a documented plan that details how and when the amount owed will be paid.

Other property owned increased $4,108 during the first six months of 2026 as a result of acquiring five properties, offset by the disposal of two properties. 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 $132,933 and $57,900 for the six and three months ended June 30, 2026, compared to net income of $117,139 and $47,717 for the same periods in 2025, reflecting increases of $15,794 and $10,183 or 13.5 and 21.3 percent, respectively. The increase in net income for the six-month period ended June 30, 2026, was primarily attributable to an increase in noninterest income of $3,307 or 7.6 percent, a decrease in provision for credit losses of $22,726 or 66.9 percent, and a decrease in interest expense of $3,708 or 1.5 percent, offset by a decrease in interest income of $6,307 or 1.5 percent, and an increase in noninterest expenses of $7,639 or 10.7 percent for the same period in the prior year. The increase in net income for the three-month period ended June 30, 2026, was attributable to a decrease in provision for credit losses of $19,515 or 80.0 percent, and a decrease in interest expense of $4,214 or 3.5 percent, offset by a decrease in interest income of $5,664 or 2.7 percent, an increase in noninterest expenses of $5,507 or 16.1 percent, and a decrease in noninterest income of $2,375 or 13.5 percent compared to the same period of 2025.

Net interest income was $176,364 and $87,279 for the six and three months ended June 30, 2026, compared to $178,963 and $88,729 for the same periods in 2025, reflecting decreases of $2,599 and $1,450 or 1.5 and 1.6 percent, respectively. Interest income for the six and three months ended June 30, 2026, decreased by $6,307 and $5,664 or 1.5 and 2.7 percent from the same periods of 2025, respectively, primarily as a result of a decrease in average interest rates and a decrease in average earning assets. Interest expense for the six and three months ended June 30, 2026, decreased by $3,708 and $4,214 or 1.5 and 3.5 percent from the same periods of 2025, respectively, due to a decrease in the average direct note of $43,678 and a decrease in interest rates.

The effects of changes in average volume and interest rates on net interest income in the six months ended June 30, 2026, as compared with the corresponding period of the prior year, are presented in the following tables:

	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Average Balance	**Interest**	Average Balance	Interest
Accrual loans and investments	**$ 12,995,144**	**$ 412,176**	$ 13,011,129	$ 418,483
Interest-bearing liabilities	**11,480,957**	**235,812**	11,524,635	239,520
Impact of capital	**$ 1,514,187**		$ 1,486,494	
Net interest income		**$ 176,364**		$ 178,963
	Average Yield		Average Yield	
Yield on loans	**6.40%**		6.49%	
Cost of interest-bearing liabilities	**4.14%**		4.19%	
Net interest spread	**2.26%**		2.30%	
Net interest income as a percentage of average earning assets	**2.74%**		2.77%	

	For the six months ended 2026 vs. 2025		
	Increase (decrease) due to		
	Volume	**Rate**	**Total**
Interest income	**$ (514)**	**$ (5,793)**	**$ (6,307)**
Interest expense	**(908)**	**(2,800)**	**(3,708)**
Net interest income	**$ 394**	**$ (2,993)**	**$ (2,599)**

The association's noninterest income for the six months and three months ended June 30, 2026, increased $3,307 or 7.6 percent, and decreased $2,375 or 13.5 percent from the same periods in 2025, respectively. The increase in the six months ended June 30, 2026, is primarily a result of an increase in other noninterest income of $9,105 or 62.7 percent, due to a refund from the Farm Credit System Insurance Corporation (FCSIC), offset by a decrease in the accrual of patronage from the Farm Credit Bank of Texas ("bank") of $5,790 or 27.2 percent. The decrease in the three months ended June 30, 2026, is primarily a result of a decrease in the accrual of patronage from the bank of $3,050 or 28.4 percent, a decrease in financially related services income of $906 or 65.7 percent, a decrease in loan fees of $159 or 5.3 percent, offset by an increase in other noninterest income of $1,688 or 90.4 percent.

Noninterest expenses for the six and three months ended June 30, 2026, increased by $7,639 and $5,507 or 10.7 and 16.1 percent from the same periods of 2025, respectively. The increase in the six-month period is attributed to an increase in purchased services of $5,492 or 169.0 percent, primarily due to a new IT service charge from the bank, an increase in salaries and employee benefits of $1,596 or 3.8 percent, an increase in training of $892 or 128.2 percent and an increase in travel of $244 or 10.5 percent, slightly offset by a decrease in advertising of $542 or 23.1 percent, from the same period in 2025. The increase in the three-month period is primarily driven by increases in purchased services of $2,965 or 171.4 percent, an increase in salaries and employee benefits of $1,941 or 9.6 percent, an increase in training of $930 or 304.9 percent.

The association's return on average assets for the six months ended June 30, 2026, was 2.0 percent and 1.7 percent for the same period of 2025. The association's return on average equity for the six months ended June 30, 2026, was 13.1 percent, compared to 12.1 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.

	June 30, 2026	December 31, 2025
Note payable to the bank	**$11,295,540**	$11,641,977
Accrued interest on note payable	**38,942**	40,530
Total	**$11,334,482**	$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 $11,295,540 as of June 30, 2026, is recorded as a liability on the association's balance sheet. The note carried a weighted average interest rate of 4.2 percent at June 30, 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 $1,670,411 at June 30, 2026. The maximum amount the association may borrow from the bank as of June 30, 2026, was $12,778,376 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 bank recently issued the notice of intent to renew the direct note and GFA to the association. The terms of the new GFA to be executed in 2026 are substantially the same as the existing GFA, which was executed in 2023. The new GFA will be executed and effective October 1, 2026.

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 $125,849 or 6.3 percent at June 30, 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 5.42:1 as of June 30, 2026, compared to 5.99:1 as of December 31, 2025. FCA 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 June 30, 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 that 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)

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Loans	$ 12,980,071	$ 13,277,769
Less: Allowance for credit losses on loans	(53,487)	(42,535)
Net Loans	12,926,584	13,235,234
Accrued interest receivable	117,045	125,170
Investment in and receivable from the bank:		
Capital stock	289,231	292,069
Receivable	26,246	48,363
Investment in Rural Business Investment Company (RBIC)	3,739	3,745
Investments in other Farm Credit Institutions	39,419	38,518
Other property owned, net	5,137	1,029
Premises and equipment, net	97,952	95,491
Right of use asset - leases	4,185	4,632
Other assets	44,724	47,443
Total assets	$ 13,554,262	$ 13,891,694
LIABILITIES		
Note payable to the bank	$ 11,295,540	$ 11,641,977
Advanced conditional payments	25,737	17,471
Accrued interest payable	38,942	40,530
Lease liabilities	4,471	4,931
Drafts outstanding	491	433
Patronage distributions payable	7	100,756
Unfunded post retirement medical obligations	22,226	22,011
Reserve for unfunded commitments	455	455
Other liabilities	53,804	76,390
Total liabilities	11,441,673	11,904,954
MEMBERS' EQUITY		
Capital stock and participation certificates	27,969	28,310
Preferred stock	200,000	200,000
Non-qualified allocated retained earnings	1,032,237	1,032,238
Unallocated retained earnings	848,869	722,552
Accumulated other comprehensive income	3,514	3,640
Total members' equity	2,112,589	1,986,740
Total liabilities and members' equity	$ 13,554,262	$ 13,891,694

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 June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Interest Income				
Total interest income	**$ 205,123**	$ 210,787	**$ 412,176**	$ 418,483
Interest Expense				
Note Payable to the bank	**117,738**	121,960	**235,614**	239,324
Advance conditional payments	**106**	98	**198**	196
Total interest expense	**117,844**	122,058	**235,812**	239,520
Net interest income	**87,279**	88,729	**176,364**	178,963
Provision for credit losses	**4,891**	24,406	**11,265**	33,991
Net interest income after provision for losses	**82,388**	64,323	**165,099**	144,972
Noninterest Income				
Patronage income from the bank	**7,687**	10,737	**15,500**	21,290
Loan fees	**2,845**	3,004	**5,969**	5,827
Financially related services income	**474**	1,380	**1,326**	1,393
Gain on sale of premises and equipment, net	**644**	592	**672**	755
Gain on other property owned, net	**-**	-	**-**	-
Other noninterest income	**3,555**	1,867	**23,634**	14,529
Total noninterest income	**15,205**	17,580	**47,101**	43,794
Noninterest Expense				
Salaries and employee benefits	**22,263**	20,322	**44,100**	42,504
Purchased services	**4,695**	1,730	**8,741**	3,249
Insurance fund premium	**2,722**	2,850	**5,489**	5,518
Occupancy and equipment	**2,176**	2,173	**5,109**	5,028
Travel	**1,563**	1,411	**2,557**	2,313
Public and member relations	**1,170**	1,208	**2,556**	2,506
Advertising	**851**	1,136	**1,808**	2,350
Data processing	**870**	885	**1,741**	1,788
Training	**1,235**	305	**1,588**	696
Supervisory and exam expense	**752**	712	**1,504**	1,424
Business insurance expense	**-**	7	**1,450**	1,680
Director's expense	**369**	363	**811**	800
Communications	**203**	248	**463**	465
Loss on other property owned, net	**126**	3	**24**	42
Other noninterest expenses	**697**	832	**1,325**	1,264
Total noninterest expenses	**39,692**	34,185	**79,266**	71,627
Income before income tax	**57,901**	47,718	**132,934**	117,139
Provision (benefit from) income taxes	**1**	1	**1**	-
Net income	**$ 57,900**	$ 47,717	**$ 132,933**	$ 117,139
Other comprehensive (loss)				
Change in postretirement benefit plans	**(63)**	-	**(126)**	-
Income tax expense related items of other comprehensive income	**-**	-	**-**	-
Other comprehensive (loss), net of tax	**(63)**	-	**(126)**	-
COMPREHENSIVE INCOME	**$ 57,837**	$ 47,717	**$ 132,807**	$ 117,139

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	-	-	-	117,139	-	117,139
Other comprehensive income	-	-	-	-	-	-
Capital stock/participation certificates issued	1,825	-	-	-	-	1,825
Capital stock/participation certificates/ allocated equities retired	(1,763)	-	-	-	-	(1,763)
Preferred stock dividends	-	-	-	(5,000)	-	(5,000)
Patronage distributions declared:						
Cash	-	-	-	-	-	-
Nonqualifed allocations	-	-	-	-	-	-
Change in patronage declared and paid	-	-	10	(20)	-	(10)
Balance at June 30, 2025	28,381	200,000	958,618	801,457	1,189	1,989,645
Net income	-	-	-	121,350	-	121,350
Other comprehensive income	-	-	-	-	2,451	2,451
Capital stock/participation certificates issued	1,645	-	-	-	-	1,645
Capital stock/participation certificates/ allocated equities retired	(1,716)	-	(20,884)	-	-	(22,600)
Preferred stock dividends	-	-	-	(5,000)	-	(5,000)
Patronage distributions declared:						
Cash	-	-	-	(100,752)	-	(100,752)
Nonqualifed 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	**-**	**-**	**-**	**132,933**	**-**	**132,933**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(126)**	**(126)**
Capital stock/participation certificates issued	**1,699**	**-**	**-**	**-**	**-**	**1,699**
Capital stock/participation certificates/ allocated equities retired	**(2,040)**	**-**	**-**	**-**	**-**	**(2,040)**
Preferred stock dividends	**-**	**-**	**-**	**(6,616)**	**-**	**(6,616)**
Patronage distributions declared:						
Cash	**-**	**-**	**-**	**-**	**-**	**-**
Nonqualifed allocations	**-**	**-**	**-**	**-**	**-**	**-**
Change in patronage declared and paid	**-**	**-**	**(1)**	**-**	**-**	**(1)**
Balance at June 30, 2026	**$ 27,969**	**$ 200,000**	**$ 1,032,237**	**$ 848,869**	**$ 3,514**	**$ 2,112,589**

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 that have material impact on the entity since the end of the last annual reporting period. This 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 evaluating the potential impact of adoption 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. This update 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. This update is effective for annual periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The association is currently evaluating the potential impact of adoption 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. This update 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. This update 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 evaluating the potential impact of adoption 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 would allow all entities when developing reasonable and supportable forecasts as part of estimating credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The update also provides entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under revenue recognition guidance. The association adopted this guidance effective

January 1, 2026 and elected to apply the practical expedient, as applicable. The adoption of this update did not have a material 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. This update applies to all public business entities, and requires 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 (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 U. S. 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.

This update is 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 update or (2) retrospectively to any or all prior periods presented in the financial statements. The association is currently assessing the potential impact of this update on its disclosures; however, adoption 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		**June 30, 2026**	**%**		December 31, 2025	%
Real estate mortgage	**$**	**9,382,556**	**72.3**	$	9,489,647	71.5
Production and intermediate-term		**1,770,328**	**13.6**		1,973,443	14.8
Farm-related business		**1,217,466**	**9.4**		1,213,533	9.1
Communication		**247,999**	**1.9**		243,996	1.8
Energy		**247,141**	**1.9**		237,194	1.8
Rural residential real estate		**55,812**	**0.4**		61,560	0.5
Water and waste disposal		**26,388**	**0.2**		24,464	0.2
International		**21,232**	**0.2**		21,229	0.2
Lease receivables		**9,675**	**0.1**		11,138	0.1
Mission-related investments		**1,474**	**0.0**		1,565	0.0
Total	**$**	**12,980,071**	**100.0**	$	13,277,769	100.0

At June 30, 2026, the association held two transactions, which are reported as loans on the consolidated balance sheet totaling $1,474 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 $52,631 and $55,967 in funds which were netted against the loan balance at June

30, 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 $25,737 and $17,471 on the balance sheet at June 30, 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 June 30, 2026:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 425,541	$ 2,186,480	$ -	$ 62,263	$ 425,541	$ 2,248,743
Production and intermediate-term	1,022,332	1,640,852	26,389	693	1,048,721	1,641,545
Farm-related business	928,527	126,247	3,053	-	931,580	126,247
Communication	247,999	-	-	-	247,999	-
Energy	247,141	-	-	-	247,141	-
Water and waste disposal	26,388	-	-	-	26,388	-
International	21,232	-	-	-	21,232	-
Lease receivables	9,675	-	-	-	9,675	-
Mission-related investments	1,474	-	-	-	1,474	-
Total	$ 2,930,309	$ 3,953,579	$ 29,442	$ 62,956	$ 2,959,751	$ 4,016,535

Credit Quality

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

The association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default 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 June 30, 2026:

	Term Loans by Origination Year								
	2026	2025	2024	2023	2022	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Real estate mortgage									
Acceptable	$ 688,158	$ 1,262,777	$ 1,093,540	$ 706,251	$ 1,062,129	$ 4,174,166	$ 78,901	$ 42,621	$ 9,108,543
OAEM	2,003	10,409	16,984	17,896	16,262	50,147	1,095	-	114,796
Substandard/Doubtful	1,689	22,175	26,613	23,265	11,833	73,642	-	-	159,217
Total	$ 691,850	$ 1,295,361	$ 1,137,137	$ 747,412	$ 1,090,224	$ 4,297,955	$ 79,996	$ 42,621	$ 9,382,556
Current period gross charge-offs	-	15	751	669	142	68	-	-	1,645
Production and intermediate-term									
Acceptable	152,029	174,247	109,402	28,202	40,515	36,490	1,061,154	6,819	1,608,858
OAEM	8,326	15,401	5,519	2,286	37,099	1,562	32,090	-	102,283
Substandard/Doubtful	10,511	11,412	4,323	12,272	1,009	1,010	18,650	-	59,187
Total	170,866	201,060	119,244	42,760	78,623	39,062	1,111,894	6,819	1,770,328
Current period gross charge-offs	-	4	31	5	7	5	-	-	52
Farm-related business									
Acceptable	54,987	165,357	103,780	61,141	122,150	132,870	391,076	868	1,032,229
OAEM	-	8,291	13,261	33,997	9,725	5,501	47,621	5,337	123,733
Substandard/Doubtful	-	30	3,994	3,247	302	40,306	13,625	-	61,504
Total	54,987	173,678	121,035	98,385	132,177	178,677	452,322	6,205	1,217,466
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Communication									
Acceptable	21,080	33,165	97,479	49,864	19,183	-	6,246	-	227,017
OAEM	-	-	-	-	-	20,982	-	-	20,982
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	21,080	33,165	97,479	49,864	19,183	20,982	6,246	-	247,999
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Energy									
Acceptable	-	21,331	77,417	5,604	20,479	45,153	58,828	-	228,812
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	18,329	-	-	-	-	18,329
Total	-	21,331	77,417	23,933	20,479	45,153	58,828	-	247,141
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Rural residential real estate									
Acceptable	-	-	-	242	5,798	47,654	-	-	53,694
OAEM	-	-	-	-	144	1,504	-	-	1,648
Substandard/Doubtful	-	-	-	-	-	470	-	-	470
Total	-	-	-	242	5,942	49,628	-	-	55,812
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Water and Waste Disposal Loans									
Acceptable	-	-	11,604	13,579	-	1,205	-	-	26,388
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	11,604	13,579	-	1,205	-	-	26,388
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
International									
Acceptable	-	-	-	4,996	7,498	8,738	-	-	21,232
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	-	4,996	7,498	8,738	-	-	21,232
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Lease Receivables									
Acceptable	-	126	232	-	861	3,039	-	-	4,258
OAEM	-	-	47	1,480	478	-	-	-	2,005
Substandard/Doubtful	-	-	-	1,161	-	2,251	-	-	3,412
Total	-	126	279	2,641	1,339	5,290	-	-	9,675
Current period gross charge-offs	-	-	-	-	-	-	-	-	-

	Term Loans by Origination Year								
	2026	2025	2024	2023	2022	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Mission Related Loans									
Acceptable	-	-	-	-	-	1,474	-	-	1,474
OAEM	-	-	-	-	-	-	-	-	-
Substandard/Doubtful	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	1,474	-	-	1,474
Current period gross charge-offs	-	-	-	-	-	-	-	-	-
Total Loans									
Acceptable	$ 916,254	$ 1,657,003	$ 1,493,454	$ 869,879	$ 1,278,613	$ 4,450,789	$ 1,596,205	$ 50,308	$ 12,312,505
OAEM	10,329	34,101	35,811	55,659	63,708	79,696	80,806	5,337	365,447
Substandard/Doubtful	12,200	33,617	34,930	58,274	13,144	117,679	32,275	-	302,119
Total	$ 938,783	$ 1,724,721	$ 1,564,195	$ 983,812	$ 1,355,465	$ 4,648,164	$ 1,709,286	$ 55,645	$ 12,980,071
Total current period gross charge-offs	$ -	$ 19	$ 782	$ 674	$ 149	$ 73	$ -	$ -	$ 1,697

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								
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
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								
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
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 June 30, 2026, and December 31, 2025:

	June 30, 2026	December 31, 2025
Acceptable	**94.9%**	95.6%
OAEM	**2.8%**	2.3%
Substandard/Doubtful	**2.3%**	2.1%
Total	**100.0%**	100.0%

Accrued interest receivable on loans of $117,045 and $125,170 at June 30, 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 $1,055 and $946 for the six and three months ended June 30, 2026, compared to $1,194 and $910 for the same periods 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:

	June 30, 2026	December 31, 2025
Nonaccrual loans:		
Real estate mortgage	$ 91,280	$ 75,045
Production and intermediate-term	41,865	27,870
Farm-related business	27,282	32,616
Rural residential real estate	269	201
Lease receivable	1,161	1,260
Total nonaccrual loans	$ 161,857	$ 136,992
Accruing loans 90 days or more past due:		
Real estate mortgage	$ -	$ 4,712
Production and intermediate-term	2,113	-
Total accruing loans 90 days or more past due	$ 2,113	$ 4,712
Total nonperforming loans	$ 163,970	$ 141,704
Other property owned	5,137	1,029
Total nonperforming assets	$ 169,107	$ 142,733
Nonaccrual loans as a percentage of total loans	1.25%	1.03%
Nonperforming assets as a percentage of total loans and other property owned	1.30%	1.07%
Nonperforming assets as a percentage of capital	8.00%	7.18%

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

	June 30, 2026			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Six Months Ended June 30, 2026	For the Three Months Ended June 30, 2026
Nonaccrual loans:					
Real estate mortgage	$ 15,532	$ 75,748	$ 91,280	$ 1,312	$ 688
Production and intermediate-term	18,503	23,362	41,865	451	366
Farm-related business	5,320	21,962	27,282	60	60
Rural residential real estate	-	269	269	7	4
Lease receivables	1,161	-	1,161	-	-
Total nonaccrual loans	$ 40,516	$ 121,341	$ 161,857	$ 1,830	$ 1,118

	December 31, 2025			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Six Months Ended June 30, 2025	For the Three Months Ended June 30, 2025
Nonaccrual loans:					
Real estate mortgage	$ 3,269	$ 71,776	$ 75,045	$ 754	$ 537
Production and intermediate-term	4,477	23,393	27,870	142	134
Farm-related business	8,351	24,265	32,616	-	-
Rural residential real estate	-	201	201	6	5
Lease receivables	1,260	-	1,260	-	-
Total nonaccrual loans	$ 17,357	$ 119,635	$ 136,992	$ 902	$ 676

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

June 30, 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	**$ 117,589**	**$ 40,191**	**$ 157,780**	**$ 9,224,776**	**$ 9,382,556**	**$ -**
Production and intermediate-term	**39,806**	**36,091**	**75,897**	**1,694,431**	**1,770,328**	**2,113**
Farm-related business	**-**	**24,044**	**24,044**	**1,193,422**	**1,217,466**	**-**
Communication	**-**	**-**	**-**	**247,999**	**247,999**	**-**
Energy	**-**	**-**	**-**	**247,141**	**247,141**	**-**
Rural residential real estate	**611**	**269**	**880**	**54,932**	**55,812**	**-**
Water and waste disposal	**-**	**-**	**-**	**26,388**	**26,388**	**-**
International	**-**	**-**	**-**	**21,232**	**21,232**	**-**
Lease receivables	**125**	**-**	**125**	**9,550**	**9,675**	**-**
Mission-related investments	**-**	**-**	**-**	**1,474**	**1,474**	**-**
Total	**$ 158,131**	**$ 100,595**	**$ 258,726**	**$ 12,721,345**	**$ 12,980,071**	**$ 2,113**

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 six and three months ended June 30, 2026, and 2025, the following tables show the amortized cost basis of the outstanding balances reflected in our Consolidated Balance Sheet as of June 30, 2026, and 2025, disaggregated by loan type and type of modification granted.

	For the Six Months Ended June 30, 2026				
	Term Extension	**Payment Deferral**	**Principal Forgiveness**	**Total**	**Percentage of Total by Loan Type**
Real estate mortgage	**$ 4,846**	**$ -**	**$ -**	**$ 4,846**	**0.1%**
Production and intermediate-term	**5,169**	**-**	**4,919**	**10,088**	**0.6%**
Total	**$ 10,015**	**$ -**	**$ 4,919**	**$ 14,934**	**0.1%**

	For the Three Months Ended June 30, 2026				
	Term Extension	**Payment Deferral**	**Principal Forgiveness**	**Total**	**Percentage of Total by Loan Type**
Real estate mortgage	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
Production and intermediate-term	**5,169**	**-**	**-**	**5,169**	**0.3%**
Total	**$ 5,169**	**$ -**		**$ 5,169**	**0.0%**

	For the Six Months Ended June 30, 2025					
	Term Extension	Interest Rate Reduction	Payment Deferral	Principal Forgiveness	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 631	$ 325	$ -	$ -	$ 956	0.0%
Production and intermediate-term	201	-	11,656	-	11,857	0.7%
Total	$ 832	$ 325	$ 11,656	$ -	$ 12,813	0.1%

	For the Three Months Ended June 30, 2025					
	Term Extension	Interest Rate Reduction	Payment Deferral	Principal Forgiveness	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 173	$ 325	$ -	$ -	$ 498	0.0%
Production and intermediate-term	-	-	-	-	-	0.0%
Total	$ 173	$ 325	$ -	$ -	$ 498	0.0%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the six and three months ended June 30, 2026 were $56 and $24 and were $347 and $2, for the same periods in 2025, respectively.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six and three months ended June 30, 2026 and 2025:

	Financial Effect	Financial Effect
	For the Six Months Ended June 30, 2026	**For the Three Months Ended June 30, 2026**
	Term Extension	
Real estate mortgage	Added a weighted average of 3.0 years to the life of the loans	-
Production and intermediate-term	Added a weighted average 9.0 months to the life of the loans.	Added a weighted average 9.0 months to the life of the loans.
	Principal Forgiveness	
Production and intermediate-term	Forgave a weighted average principal amounts of $8,354	-

	Financial Effect	Financial Effect
	For the Six Months Ended June 30, 2025	For the Three Months Ended June 30, 2025
	Term Extension	
Real estate mortgage	Added a weighted average 3.8 years to the life of the loans	Added a weighted average 8.6 years to the life of the loans
Production and intermediate-term	Added a weighted average of 2.0 years to the life of the loans	
	Interest Rate Reductions	
Real estate mortgage	Weighted average interest rate decreased 0.6%	Weighted average interest rate decreased 0.6%
	Payment Deferral	
Farm-related business	Added a weighted average 9.0 months in payment extensions	-

The following table sets forth the amortized cost at June 30, 2026, and 2025, of loans to borrowers experiencing financial difficulties that defaulted during the six months ended June 30, 2026, and received a modification in the twelve months before default.

	Modified Loans that Subsequently Defaulted During the Six Months Ended June 30, 2026	Modified Loans that Subsequently Defaulted During the Three Months Ended June 30, 2026
	Interest Rate Reduction	**Interest Rate Reduction**
Real estate mortgage	**$ 320**	$ -
Total	**$ 320**	$ -

	Modified Loans that Subsequently Defaulted During the Six Months Ended June 30, 2025	Modified Loans that Subsequently Defaulted During the Three Months Ended June 30, 2025
	Payment Deferral	**Payment Deferral**
Real estate mortgage	$ 12	$ 12
Farm-related business	1,961	1,961
Total	$ 1,973	$ 1,973

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2026:

	Six Months Ended June 30, 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	**$ 4,846**	$ -	$ -
Production and intermediate-term	**10,088**	-	-
Total	**$ 14,934**	**$ -**	**$ -**

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

	Six Months Ended June 30, 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	$ 6,322	$ -	$ 12
Production and intermediate-term	12,057	-	1,961
Total	$ 18,379	$ -	$ 1,973

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2026, and for the year ended December 31, 2025, were $598 and $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 six and three months ended June 30, 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 March 31, 2026	$ 22,927	$ 14,780	$ 8,318	$ 45	$ 768	$ 380	$ 6	$ 4	$ 1,721	$ 48,949
Charge-offs	(1,509)	(20)	-	-	-	-	-	-	-	(1,529)
Recoveries	18	1,170	2	-	-	-	-	-	-	1,190
Provision for (reversal of) loan losses	48	3,094	1,377	(7)	507	(41)	4	-	(105)	4,877
Adjustment due to merger	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2026	$ 21,484	$ 19,024	$ 9,697	$ 38	$ 1,275	$ 339	$ 10	$ 4	$ 1,616	$ 53,487
Balance at December 31, 2025	$ 17,968	$ 8,852	$ 12,417	$ 54	$ 829	$ 549	$ 7	$ 4	$ 1,855	$ 42,535
Charge-offs	(1,645)	(52)	-	-	-	-	-	-	-	(1,697)
Recoveries	52	1,324	8	-	-	-	-	-	-	1,384
Provision for (reversal of) loan losses	5,109	8,900	(2,728)	(16)	446	(210)	3	-	(239)	11,265
CECL Adjustment-Allowance	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2026	$ 21,484	$ 19,024	$ 9,697	$ 38	$ 1,275	$ 339	$ 10	$ 4	$ 1,616	$ 53,487
Balance at March 31, 2025	$ 18,273	$ 21,543	$ 8,837	$ 86	$ 1,005	$ 559	$ 134	$ 5	$ 1,613	$ 52,055
Charge-offs	(4,266)	(24,240)	(86)	(36)	-	-	-	-	-	(28,628)
Recoveries	2	49	56	-	-	-	-	-	-	107
Provision for (reversal of) loan losses	4,403	12,880	7,099	27	(392)	3	(128)	-	546	24,438
Balance at June 30, 2025	$ 18,412	$ 10,232	$ 15,906	$ 77	$ 613	$ 562	$ 6	$ 5	$ 2,159	$ 47,972
Balance at December 31, 2024	$ 18,431	$ 15,428	$ 6,047	$ 97	$ 295	$ 477	$ -	$ 6	$ 1,363	$ 42,144
Charge-offs	(4,461)	(24,317)	(86)	(36)	-	-	-	-	-	(28,900)
Recoveries	43	131	557	-	-	-	-	-	-	731
Provision for (reversal of) loan losses	4,399	18,990	9,388	16	318	85	6	(1)	796	33,997
CECL Adjustment-Allowance	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2025	$ 18,412	$ 10,232	$ 15,906	$ 77	$ 613	$ 562	$ 6	$ 5	$ 2,159	$ 47,972
Allowance for credit losses on unfunded commitments:										
Balance at March 31, 2026	$ 23	$ 225	$ 157	$ -	$ 17	$ 17	$ 2	$ -	$ -	$ 441
Provision for (reversal of) loan losses	(4)	23	5	-	(4)	(5)	(1)	-	-	14
Balance at June 30, 2026	$ 19	$ 248	$ 162	$ -	$ 13	$ 12	$ 1	$ -	$ -	$ 455
Balance at December 31, 2025	$ 16	$ 254	$ 145	$ -	$ 19	$ 19	$ 2	$ -	$ -	$ 455
Provision for (reversal of) loan losses	3	(6)	17	-	(6)	(7)	(1)	-	-	-
Balance at June 30, 2026	$ 19	$ 248	$ 162	$ -	$ 13	$ 12	$ 1	$ -	$ -	$ 455
Balance at March 31, 2025	$ 19	$ 252	$ 209	$ -	$ 24	$ 20	$ 1	$ -	$ -	$ 525
Provision for (reversal of) loan losses	-	24	(55)	-	(2)	1	-	-	-	(32)
Balance at June 30, 2025	$ 19	$ 276	$ 154	$ -	$ 22	$ 21	$ 1	$ -	$ -	$ 493
Balance at December 31, 2024	$ 18	$ 242	$ 208	$ -	$ 11	$ 20	$ -	$ -	$ -	$ 499
Provision for (reversal of) loan losses	1	34	(54)	-	11	1	1	-	-	(6)
Balance at June 30, 2025	$ 19	$ 276	$ 154	$ -	$ 22	$ 21	$ 1	$ -	$ -	$ 493

Discussion of Changes in Allowance for Credit Losses

The ACL increased $10,952 to $53,942 at June 30, 2026, as compared to $42,990 at December 31, 2025. This is primarily attributable to a slight deterioration in the loan portfolio credit quality, as well as increases in the specific reserves. The association’s specific reserves increased by $9,581 to $19,632 at June 30, 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 June 30, 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. The association's second quarter dividend payment was $4,116 and was paid on June 15, 2026.

Regulatory Capital Ratios

	Regulatory Minimums with Buffer	As of June 30, 2026	As of December 31, 2025
Risk-adjusted:			
Common equity tier 1 ratio	7.0%	**10.8%**	10.5%
Tier 1 capital ratio	8.5%	**12.2%**	11.9%
Total capital ratio	10.5%	**12.5%**	12.3%
Permanent capital ratio	7.0%	**12.2%**	12.0%
Non-risk-adjusted:			
Tier 1 leverage ratio	5.0%	**13.2%**	12.9%
UREE leverage ratio	1.5%	**3.8%**	4.1%

The details for the amounts used in the calculation of the regulatory capital ratios as of June 30, 2026:

90 Day Average Balances (dollars in thousands)	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 814,449	$ 814,449	$ 814,449	$ 814,449
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	28,032	28,032	28,032	28,032
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	-	-	52,002	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(303,595)	(303,595)	(303,595)	(303,595)
Other regulatory required deductions	(12,409)	(12,409)	(12,409)	(12,409)
	$ 1,558,714	$ 1,758,714	$ 1,810,716	$ 1,758,714
Denominator:				
Risk-adjusted assets excluding allowance	$ 14,759,948	$ 14,759,948	$ 14,759,948	$ 14,759,948
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(316,004)	(316,004)	(316,004)	(316,004)
Allowance for loan losses	-	-	-	(51,561)
	$ 14,443,944	$ 14,443,944	$ 14,443,944	$ 14,392,383

Non-risk-adjusted Capital Ratios

90 Day Average Balances (dollars in thousands)	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	$ 814,449	$ 814,449
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	28,032	-
Allocated equities held ≥7 years	1,032,237	-
Non-cumulative perpetual preferred stock	200,000	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(303,595)	(303,595)
Other regulatory required deductions	(12,409)	(12,409)
	$ 1,758,714	$ 498,445
Denominator:		
Total Assets	$ 13,613,393	$ 13,613,393
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(323,919)	(323,919)
	$ 13,289,474	$ 13,289,474

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 six months ended June 30:

	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	**(126)**	-
Other comprehensive (loss), net of tax	**(126)**	-
Accumulated other comprehensive income at June 30	**$ 3,514**	$ 1,189

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.

June 30, 2026	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in nonqualified benefit trusts	**$ 10,886**	**$ -**	**$ -**	**$ 10,886**
Total assets	**$ 10,886**	**$ -**	**$ -**	**$ 10,886**

December 31, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
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.

June 30, 2026	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$ 20,884**	**$ 20,884**
Other property owned	**-**	**-**	**6,120**	**6,120**

December 31, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
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 association's current interest rates at which similar loans would be made to borrowers with similar credit risk. The discount rates are based on the 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 six and three months ended June 30:

	For the six months ended Other Benefits June 30,		For the three months ended Other Benefits June 30,	
	2026	2025	**2026**	2025
Service Cost	**$ 88**	$ 113	**$ 44**	$ 57
Interest Cost	**603**	627	**301**	313
Expected return on plan assets	**-**	-	**-**	-
Amortization of prior service (credits)	**-**	-	**-**	-
Amortization of net actuarial (gain)	**(126)**	-	**(63)**	-
Net periodic benefit cost	**$ 565**	$ 740	**$ 282**	$ 370

The association's liability for the unfunded accumulated obligation for these benefits at June 30, 2026, was $22,226 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 Accounting 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 six months ended June 30, 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 the performance of the association and in establishing recommendations regarding 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 August 7, 2026, which is the date the financial statements were issued and there are no other significant events requiring disclosure as of this date.