
AgGeorgia Farm Credit, ACA

FIRST QUARTER 2026

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CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2026 quarterly report of AgGeorgia Farm Credit, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and 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/ James R. Crain
Chief Executive Officer

/s/ Brandie L. Thompson
Chief Financial Officer

/s/ R. Brian Grogan
Chair of the Board

May 8, 2026

AgGeorgia Farm Credit, ACA

Report on Internal Control Over Financial Reporting

The Association’s principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association’s Consolidated Financial Statements. For purposes of this report, “internal control over financial reporting” is defined as a process designed by, or under the supervision of the Association’s principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel. This process provides reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association’s assets that could have a material effect on its Consolidated Financial Statements.

The Association’s management has completed an assessment of the effectiveness of internal control over financial reporting as of March 31, 2026. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the “COSO” criteria.

Based on the assessment performed, the Association’s management concluded that as of March 31, 2026, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association’s management determined that there were no material weaknesses in the internal control over financial reporting as of March 31, 2026.

/s/ James R. Crain
Chief Executive Officer

/s/ Brandie L. Thompson
Chief Financial Officer

May 8, 2026

AgGeorgia Farm Credit, ACA

Management's Discussion and Analysis

of Financial Condition and Results of Operations

(dollars in thousands, except as noted)

The following commentary reviews the financial condition and results of operations of AgGeorgia Farm Credit, ACA, (Association) for the period ended March 31, 2026, with comparisons to prior periods. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2025 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities including poultry, cotton, timber, peanuts and livestock. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, somewhat reduces the level of dependency on any single commodity.

The total loan volume of the Association as of March 31, 2026, was \$1,715 million, an increase of \$45 million as compared to \$1,670 million at December 31, 2025. This increase in loan volume is primarily related to advances on operating loans and long-term real estate loans.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans decreased to \$17,354 thousand at March 31, 2026 from \$17,769 thousand at December 31, 2025. As a percent of total loans, nonaccrual loans were 1.01% and 1.06% at March 31, 2026 and December 31, 2025, respectively.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACLL). The ACLL at March 31, 2026, was \$9,950 thousand or 0.58% of total loans compared to \$9,430 thousand or 0.56% of total loans at December 31, 2025, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. See further detail on the Association's ACL within the Association's Annual Report and discussion of significant provision for credit loss within the *Results of Operations* below.

RESULTS OF OPERATIONS

For the three months ended March 31, 2026

Net income for the three months ended March 31, 2026, was \$8,862 thousand, an increase of \$1,745 thousand as compared to net income of \$7,117 thousand for the same period ended in 2025. The increase in net income was largely attributable to higher net interest income resulting from increased loan volume, along with growth in non-interest income from loan fees, financial services, and Farm Credit System Insurance Fund refunds. These favorable impacts were partially offset by increases in general operating expenses, including salaries and purchased services.

For the three months ended March 31, 2026, net interest income was \$14,126 thousand, an increase of \$1,178 thousand, and the net interest margin was 3.45%, an increase of two basis points as compared to the same period ended in 2025. The increase in net interest income was primarily driven by higher loan volume, which contributed to greater interest income during the period.

The provision for credit losses for the three months ended March 31, 2026, was \$677 thousand, an increase of \$371 thousand from the provision for credit losses of \$1,048 thousand for the same period ended during the prior year.

Noninterest income increased \$1,378 thousand to \$4,499 thousand during the first three months of 2026 compared with the first three months of 2025 primarily driven by strong growth in fee-based revenue and a substantial increase in FCS Insurance Corporation Refunds.

For the three months ended March 31, 2026, noninterest expense increased \$1,182 thousand to \$9,086 thousand compared with the first three months of 2025 primarily due to higher purchased services costs, driven by increased technology and software services provided by the Bank, as well as higher personnel costs associated with staffing and compensation adjustments.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at March 31, 2026, was \$1,449 million as compared to \$1,414 million at December 31, 2025.

CAPITAL RESOURCES

Total members' equity at March 31, 2026, was \$312,781 thousand, an increase of \$8,936 thousand from a total of \$303,845 thousand at December 31, 2025. This increase is primarily related to year-to-date net income. Total capital stock and participation certificates were \$5,037 thousand on March 31, 2026, compared to \$4,963 thousand on December 31, 2025. This increase is attributed to the issuance of stock on new loans being greater than the retirement of stock on loans liquidated in the normal course of business.

The Farm Credit Administration (FCA) sets minimum regulatory capital requirements with a capital conservation buffer for System banks and associations. Capital adequacy is evaluated using a number of regulatory ratios.

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	March 31, 2026	December 31, 2025	March 31, 2025
Permanent Capital Ratio	7.00%	16.51%	16.61%	17.78%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	16.42%	16.54%	17.73%
Tier 1 Capital Ratio	8.50%	16.42%	16.54%	17.73%
Total Regulatory Capital Ratio	10.50%	16.99%	16.95%	18.09%
Tier 1 Leverage Ratio**	5.00%	16.19%	16.09%	17.43%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	14.08%	13.98%	14.55%

*Include full capital conservation buffers.

**The Tier 1 Leverage Ratio must include a minimum of 1.50% of URE and URE equivalents.

If the capital ratios fall below the minimum regulatory requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. For all periods presented, the Association exceeded minimum regulatory requirements for all of the ratios.

REGULATORY MATTERS

On February 27, 2026, the FCA published a proposed rule on Permanent Capital Revisions in the Federal Register. The proposed rule would reduce the role of permanent capital as a measure of capital adequacy, simplify the permanent capital ratio calculation, eliminate permanent capital disclosure requirements from shareholder and investor reporting, and make other clarifications, corrections, and updates to capital-related regulations. The comment period ended on April 28, 2026.

On December 5, 2025, the FCA published a proposed rule on loan performance categories and financial reporting in the Federal Register. The proposed rule would amend the regulations for high-risk loan performance categories due to changes in GAAP, clarify expectations for vintage disclosures and disclosures of loan modifications to borrowers experiencing financial difficulties. The comment period ended on February 3, 2026.

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk weightings for High Volatility Commercial Real Estate (HVCRE) exposures by assigning a 150% risk-weighting to such exposures, instead of the current 100%, to reflect increased risk characteristics. The rule further ensures comparability between the FCA's risk-weightings and the federal banking regulators, with deviations as appropriate to accommodate the different regulatory, operational, and credit considerations of the System. The final rule excludes certain acquisition, development and construction loans that do not present as much risk and therefore do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated with a balance for less than \$500,000. The rule became effective on January 1, 2026 and did not have a material impact on the Association's capital ratios.

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 478-987-8300 Ext. 113, writing Brandie Thompson, Chief Financial Officer, AgGeorgia Farm Credit, ACA, P.O. Box 1820, Perry, GA 31069, or accessing the website, www.aggeorgia.com. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

AgGeorgia Farm Credit, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	March 31, 2026 <i>(unaudited)</i>	December 31, 2025 <i>(audited)</i>
Assets		
Cash	\$ 10	\$ 11
Loans	1,715,429	1,670,047
Allowance for credit losses on loans	(9,950)	(9,430)
Net loans	1,705,479	1,660,617
Accrued interest receivable	18,269	18,003
Equity investments in other Farm Credit institutions	32,617	31,152
Premises and equipment, net	21,255	19,861
Accounts receivable	2,668	10,382
Other assets - fair value	2,053	1,992
Other assets	2,088	1,879
Total assets	\$ 1,784,439	\$ 1,743,897
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 1,449,097	\$ 1,413,763
Accrued interest payable	5,276	5,256
Patronage refunds payable	1,644	11,987
Accounts payable	666	1,371
Other liabilities	14,975	7,675
Total liabilities	1,471,658	1,440,052
Commitments and contingencies (Note 6)		
Members' Equity		
Capital stock and participation certificates	5,037	4,963
Retained earnings		
Allocated	30,833	30,833
Unallocated	276,778	267,916
Accumulated other comprehensive income	133	133
Total members' equity	312,781	303,845
Total liabilities and members' equity	\$ 1,784,439	\$ 1,743,897

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

AgGeorgia Farm Credit, ACA
Consolidated Statements of
Comprehensive Income

(unaudited)

	For the Three Months	
	Ended March 31,	
	2026	2025
<i>(dollars in thousands)</i>		
Interest Income		
Loans	\$ 29,312	\$ 26,532
Interest Expense	15,186	13,584
Net interest income	14,126	12,948
Provision for credit losses	677	1,048
Net interest income after provision for credit losses	13,449	11,900
Noninterest Income		
Loan fees	599	326
Fees for financially related services	86	53
Patronage refunds from other Farm Credit institutions	2,613	2,478
Gains (losses) on sales of rural home loans, net	39	6
Gains (losses) on sales of premises and equipment, net	131	23
Gains (losses) on other transactions	117	(1)
Insurance Fund refunds	713	236
Other noninterest income	201	—
Total noninterest income	4,499	3,121
Noninterest Expense		
Salaries and employee benefits	4,840	4,211
Occupancy and equipment	376	387
Insurance Fund premiums	334	306
Purchased services	2,082	1,638
Data processing	130	121
Other operating expenses	1,324	1,241
Total noninterest expense	9,086	7,904
Net income	\$ 8,862	\$ 7,117
Other comprehensive income net of tax		
Employee benefit plans adjustments	—	(1)
Comprehensive income	\$ 8,862	\$ 7,116

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

AgGeorgia Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)

	Capital Stock and Participation Certificates	Retained Earnings		Accumulated Other Comprehensive Income	Total Members' Equity
		Allocated	Unallocated		
Balance at December 31, 2024	\$ 5,071	\$ 40,432	\$ 247,767	\$ 179	\$ 293,449
Comprehensive income			7,117	(1)	7,116
Capital stock/participation certificates issued/(retired), net	32				32
Balance at March 31, 2025	\$ 5,103	\$ 40,432	\$ 254,884	\$ 178	\$ 300,597
Balance at December 31, 2025	\$ 4,963	\$ 30,833	\$ 267,916	\$ 133	\$ 303,845
Comprehensive income			8,862		8,862
Capital stock/participation certificates issued/(retired), net	74				74
Balance at March 31, 2026	\$ 5,037	\$ 30,833	\$ 276,778	\$ 133	\$ 312,781

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

AgGeorgia Farm Credit, ACA

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)
(unaudited)

Note 1 — Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements

Organization

The accompanying financial statements include the accounts of AgGeorgia Farm Credit, ACA and its Production Credit Association (PCA) and Federal Land Credit Association (FLCA) subsidiaries (collectively, the Association). Descriptions of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2025, are contained in the 2025 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

Certain amounts in the prior period's consolidated financial statements have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The results of any interim period are not necessarily indicative of those to be expected for a full year.

Significant Accounting Policies

The Association's accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period, and the related disclosures. Although these estimates contemplate current conditions and expectations of change in the future, it is reasonably possible that actual conditions may be different than anticipated, which could materially affect results of operations and financial condition.

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*), and financial instruments (Note 5, *Fair Value Measurement*). Actual results could differ from those estimates.

For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

Recently Issued or Adopted Accounting Pronouncements

In December 2025, the 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 (ASC 270) 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 ASC 270, adding comprehensive lists of required disclosures from other Codification topics, and establishing a principle to disclose events that have a material impact on the entity since the end of the last annual reporting period. The standard 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. 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 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 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 amendments were effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. The impact of adoption did not have a significant impact on the Association’s financial condition, results of operations, and 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 amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association’s financial condition, results of operations or cash flows but will impact the income tax disclosures.

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Real estate mortgage	\$ 1,290,349	\$ 1,270,336
Production and intermediate-term	301,539	277,006
Agribusiness:		
Loans to cooperatives	3,373	1,912
Processing and marketing	76,298	76,533
Farm-related business	8,295	8,490
Rural infrastructure:		
Communication	7,387	7,395
Power and water/waste disposal	2,400	2,400
Rural residential real estate	23,898	24,084
Other:		
International	1,890	1,891
Total loans	<u>\$ 1,715,429</u>	<u>\$ 1,670,047</u>

A substantial portion of the Association’s lending activities is collateralized, and exposure to credit loss associated with lending activities is reduced accordingly. The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume, and comply with FCA regulations.

The following table shows loans, classified under the FCA Uniform Loan Classification System, as a percentage of total loans by loan type as of:

	March 31, 2026	December 31, 2025
Real estate mortgage:		
Acceptable	97.21%	97.02%
OAEM	1.61	1.86
Substandard/doubtful/loss	1.18	1.12
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	92.91%	95.62%
OAEM	3.21	2.84
Substandard/doubtful/loss	3.88	1.54
	100.00%	100.00%
Agribusiness:		
Acceptable	79.32%	82.04%
OAEM	9.40	6.48
Substandard/doubtful/loss	11.28	11.48
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	-	-
Substandard/doubtful/loss	-	-
	100.00%	100.00%
Rural residential real estate:		
Acceptable	99.28%	98.34%
OAEM	0.53	1.41
Substandard/doubtful/loss	0.19	0.25
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	-	-
Substandard/doubtful/loss	-	-
	100.00%	100.00%
Total loans:		
Acceptable	95.58%	96.04%
OAEM	2.27	2.25
Substandard/doubtful/loss	2.15	1.71
	100.00%	100.00%

Accrued interest receivable on loans of \$18,269 and \$18,003 at March 31, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

The following tables provide an aging analysis of past due loans as of:

	March 31, 2026					
	30 Through 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	\$ 8,520	\$ 4,492	\$ 13,012	\$ 1,277,337	\$ 1,290,349	\$ -
Production and intermediate-term	3,853	856	4,709	296,830	301,539	-
Agribusiness	610	5,128	5,738	82,228	87,966	-
Rural infrastructure	-	-	-	9,787	9,787	-
Rural residential real estate	213	-	213	23,685	23,898	-
Other	-	-	-	1,890	1,890	-
Total	\$ 13,196	\$ 10,476	\$ 23,672	\$ 1,691,757	\$ 1,715,429	\$ -

	December 31, 2025					
	30 Through 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	\$ 6,419	\$ 1,010	\$ 7,429	\$ 1,262,907	\$ 1,270,336	\$ –
Production and intermediate-term	328	1,258	1,586	275,420	277,006	–
Agribusiness	5,184	–	5,184	81,751	86,935	–
Rural infrastructure	–	–	–	9,795	9,795	–
Rural residential real estate	325	30	355	23,729	24,084	–
Other	–	–	–	1,891	1,891	–
Total	\$ 12,256	\$ 2,298	\$ 14,554	\$ 1,655,493	\$ 1,670,047	\$ –

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for credit losses on loans as of:

Nonaccrual loans:	March 31, 2026		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	\$ 226	\$ 6,326	\$ 6,552
Production and intermediate-term	752	2,068	2,820
Agribusiness	5,128	2,810	7,938
Rural residential real estate	–	44	44
Total	\$ 6,106	\$ 11,248	\$ 17,354

Nonaccrual loans:	December 31, 2025		
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	\$ 318	\$ 5,917	\$ 6,235
Production and intermediate-term	911	2,497	3,408
Agribusiness	5,128	2,947	8,075
Rural residential real estate	–	51	51
Total	\$ 6,357	\$ 11,412	\$ 17,769

The Association recognized \$115 and \$113 of interest income on nonaccrual loans during the three months ended March 31, 2026 and 2025, respectively.

Reversals of interest income on loans that moved to nonaccrual status were not material for the three months ended March 31, 2026 and 2025.

A summary of changes in the allowance for credit losses is as follows:

	Three Months Ended March 31,	
	2026	2025
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 9,430	\$ 5,404
Charge-offs	(23)	(389)
Recoveries	16	29
Provision for credit losses on loans	527	999
Balance at end of period	\$ 9,950	\$ 6,043
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 220	\$ 490
Provision for unfunded commitments	150	49
Balance at end of period	\$ 370	\$ 539
Total allowance for credit losses	\$ 10,320	\$ 6,582

The increase year-over-year reflects the impact of continued loan portfolio expansion, which elevated the level of expected lifetime credit losses under the current expected credit loss (CECL) framework. In addition, in fourth-quarter 2025, a single large borrower was downgraded in the probability of default which caused the loan to move to non-accrual status and the recognition of a specific reserve. This borrower-specific action, together with overall portfolio growth, materially contributed to the overall increase in the allowance.

Loan modifications may be granted to borrowers experiencing financial difficulty. Qualifying disclosable modifications are one, or a combination of, principal forgiveness, interest rate reduction, or an other-than-insignificant payment delay or term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Modifications of loans to borrowers experiencing financial difficulty were not material during the three months ended March 31, 2026 and 2025. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at March 31, 2026 and 2025. There were no material modifications to distressed borrowers that occurred during the previous twelve months and for which there was a subsequent payment default during the period.

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:

	March 31, 2026			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
	Real estate mortgage	\$ 1,977	\$ 756	\$ –
Production and intermediate-term	612	332	–	944
Total	\$ 2,589	\$ 1,088	\$ –	\$ 3,677

The Association had no loans held for sale at March 31, 2026 and December 31, 2025.

Note 3 — Investments

Equity Investments in Other Farm Credit System Institutions

Equity investments in other Farm Credit System institutions are generally nonmarketable investments consisting of stock and participation certificates, allocated surplus, and reciprocal investments in other institutions regulated by the FCA. These investments are carried at cost and evaluated for impairment based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value.

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 4.36% of the issued stock and allocated retained earnings of the Bank as of March 31, 2026, net of any reciprocal investment. As of that date, the Bank's assets totaled \$50.5 billion and shareholders' equity totaled \$2.3 billion. The Bank's earnings were \$117 million for the first three months of 2026. In addition, the Association held investments of \$1,494 related to other Farm Credit institutions.

Note 4 — Members' Equity

Accumulated other Comprehensive Income (AOCI)

	Changes in Accumulated Other Comprehensive Income by Component (a)	
	Three Months Ended March 31,	
	2026	2025
Employee Benefit Plans:		
Balance at beginning of period	\$ 133	\$ 179
Other comprehensive income before reclassification	–	–
Amounts reclassified from AOCI	–	(1)
Net current period other comprehensive income	–	(1)
Balance at end of period	\$ 133	\$ 178

	Reclassifications Out of Accumulated Other Comprehensive Income (b)		
	Three Months Ended March 31,		
	2026	2025	Income Statement Line Item
Defined Benefit Pension Plans:			
Periodic pension costs	\$ —	\$ 1	Salaries and employee benefits
Net amounts reclassified	\$ —	\$ 1	

(a) Amounts in parentheses indicate debits to AOCI.

(b) Amounts in parentheses indicate debits to profit/loss.

Note 5 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders for additional information.

Fair values are estimated at each period end date for assets and liabilities measured at fair value on a recurring basis. The following tables summarize assets measured at fair value at period end.

	March 31, 2026					
	Fair Value Measurement Using			Level 3	Total Fair Value	
	Level 1	Level 2				
Recurring assets						
Assets held in trust funds	\$ 2,053	\$ —	\$ —	\$ —	\$ 2,053	
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ 1,329	\$ 1,329	\$ 1,329	
Other property owned	\$ —	\$ —	\$ —	\$ —	\$ —	

	December 31, 2025					
	Fair Value Measurement Using			Level 3	Total Fair Value	
	Level 1	Level 2				
Recurring assets						
Assets held in trust funds	\$ 1,992	\$ —	\$ —	\$ —	\$ 1,992	
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ 1,662	\$ 1,662	\$ 1,662	
Other property owned	\$ —	\$ —	\$ —	\$ —	\$ —	

Valuation Techniques

As more fully discussed in Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders, accounting 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. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, certain of the estimated fair values may not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction. The following represent a brief summary of the valuation techniques used by the System institution for assets and liabilities:

Assets held in trust funds

Assets held in trust funds, related to deferred compensation plans, are classified as Level 1. The trust funds include investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

Nonaccrual loans

For certain loans evaluated for credit loss 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 other property owned involves the use of independent appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

Note 6 — Commitments and Contingent Liabilities

From time to time, legal actions may be pending against the Association in which claims for damages are asserted. At the date of these Financial Statements, the Association is not aware of any material actions. However, the Association cannot ensure that such actions or other contingencies will not arise in the future.

Note 7 — Subsequent Events

The Association evaluated subsequent events and determined there were none requiring disclosure through May 8, 2026, which was the date the financial statements were issued.