



AG GEORGIA  
FARM CREDIT

# 2025 *Annual Report*

# MESSAGE FROM THE CEO



2025 was yet another trying year for many of our producers. Persistently high input costs, lower commodity prices, interest rate volatility, and geopolitical shocks made 2025 a year to remember (or in some cases, forget). Through the tumult, I am proud to say that AgGeorgia's Board of Directors and staff met these unprecedented challenges with unprecedented responses – your financial partner, AgGeorgia, was built for times like these.

Our mission at AgGeorgia has always been clear: to improve the lives of Georgia's farmers, families, and rural communities. While this report contains important financial data, we never lose sight of the fact that every figure represents something far more personal – a face, a family, an operation, a livelihood. These relationships, built over time and grounded in trust, are what distinguish AgGeorgia from other financial institutions.

2025 was another record-breaking year for the Association in terms of financial metrics. We saw all-time highs in our loan portfolio, total assets, and stockholder equity, just to name a few. But as with our stockholders, AgGeorgia also faced a few headwinds.

AgFirst Farm Credit Bank, our funding bank and largest service provider, initiated several changes designed to retain capital and enhance the bank's safety and soundness. Those changes included a 13 percent decrease in the amount of patronage dividends paid to AgGeorgia, a 24 percent increase in the cost of services provided, and a 28 percent increase in AgGeorgia's mandatory bank investment level. The result was an approximate \$3 million net income reduction and a \$7 million additional bank investment—both directly and indirectly impacting the level of funds available for distribution to you, our shareholders, through patronage dividends.

However, due to your Association's history of sound financial management and fiscal prudence, AgGeorgia has the financial resources and stability to return a solid patronage dividend to our stockholders even after this very unusual year. Our Board of Directors, always excited to share our success with you, our member-owners, approved the distribution of

nearly \$24 million of cash dividends during 2025. Since 2000 AgGeorgia has put more than \$366 million of our profits in your pockets.

Supporting the next generation of agriculture continues to be a core focus for AgGeorgia. In 2025, our Young, Beginning, and Small (YBS) Farmer programs helped facilitate more than 1,600 loans, strengthening the future of both agriculture and rural communities. Beyond financing, we extended educational opportunities through our AGAware workshops and continued to grow our YBS Mission Pool, offering qualifying producers reduced fees and more flexible underwriting options.

*"IN THIS UNCERTAIN AG ECONOMY,  
AGGEORGIA IS SINGULARLY  
FOCUSED ON WORKING DAY-IN  
AND DAY-OUT TO ACHIEVE THE BEST  
POSSIBLE OUTCOME FOR YOU, OUR  
MEMBER-OWNERS."*

*– AgGeorgia CEO Rob Crain*

Investment in our physical footprint remained a priority in 2025 as we broke ground on a new Waynesboro office, which we expect to complete Q3 2026. Next up is the replacement of our Moultrie office, which we hope to bring online in early 2027. These efforts are part of a long-term, board-approved strategy designed to enhance our facilities and ensure our branches continue to support the world-class service our stockholders expect.

We talk a lot around here about being here for agriculture through good times and bad. We understand the challenges that our members face more acutely than other lenders because agriculture is what we do and who we are. Other lenders pull-back during agricultural cycles – we double-down. In this uncertain ag economy, AgGeorgia is singularly focused on working day-in and day-out to achieve the best possible outcome for you, our member-owners.

On behalf of our Board of Directors and the entire AgGeorgia team, thank you for the trust and confidence you continue to place in us. Generations of agricultural producers have shaped this organization, and we are honored to carry that legacy forward. We look ahead with optimism as we continue serving you as your trusted financial partner.

*AgGeorgia Chief Executive Officer, Rob Crain*

# Our Mission

TO IMPROVE THE LIVES OF GEORGIA'S FARMERS, FAMILIES, AND RURAL COMMUNITIES.

## RECORD SETTERS

TOTAL ASSETS

**\$1.74 BILLION**

LOANS

**\$1.67 BILLION**

STOCKHOLDER EQUITY

**\$303.8 MILLION**

## 5 YEAR TRENDS

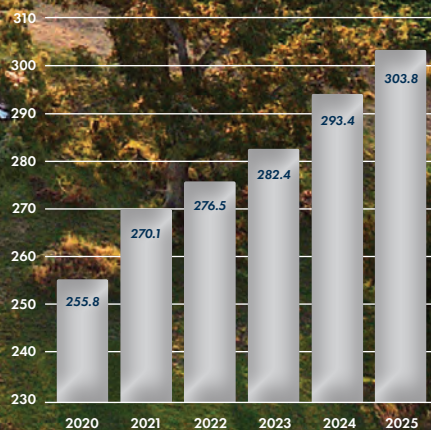
### LOANS

\$ In Millions



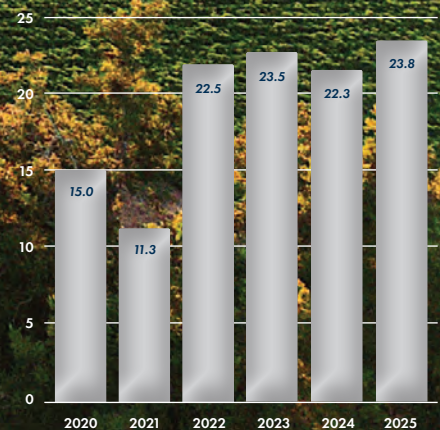
### STOCKHOLDER EQUITY

\$ In Millions



### CASH DIVIDENDS PAID

\$ In Millions



# COMMUNITY MISSION FUND



## PROGRAM AWARDS \$51,640 IN GRANTS TO STRENGTHEN RURAL GEORGIA IN 2025

AgGeorgia Farm Credit's Community Mission Fund continued to build momentum in its third year, awarding \$51,640 to eleven nonprofit organizations making a meaningful difference across rural Georgia. Established in 2023, the program provides grants of up to \$5,000 for initiatives that support the future of agriculture and enhance the quality of life throughout the cooperative's service area.

Interest in the fund remained strong in 2025, with applications representing diverse needs across communities—from agricultural education initiatives to food-access programs to rural emergency response support. 2025 recipients implemented their projects throughout the year, and AgGeorgia will share their progress and accomplishments in the coming year via features on social media and AgGeorgia's website.

"As this program continues to grow, so does the impact," said AgGeorgia CEO Rob Crain. "Through the Community Mission Fund, we're able to partner with organizations doing incredible work to improve lives in rural Georgia. We're proud to support these efforts and help raise awareness of the many deserving groups making a lasting impact."

### 2025 Community Mission Fund Grant Recipients

- **Boys and Girls Club of the Greater Cook County Area** (Cook County)

The club will renovate and upgrade its vegetable and flower garden to support student learning related to agriculture, responsibility, and nutrition.

- **Boys & Girls Clubs of North Georgia** (Chattooga County)

The club will install a garden as part of the Let It Grow initiative, giving 3rd–5th graders opportunities to learn core agricultural skills.

- **Dodge School Nutrition** (Dodge County)

The program will install nutrition tower gardens, giving students hands-on learning experiences in healthy eating, sustainability, and environmental awareness.

- **Four E Youth** (Wilkes County)

Support for the Youth Empowerment Ag Project (YEAP) will help provide underserved youth with agricultural education, mentorship, and exposure to ag-related career pathways.

- **Georgia Foundation for Agriculture** (Statewide)

Grant funding will bring the Georgia Ag Experience mobile classroom to rural schools, helping students explore STEM-based agricultural education through interactive learning.

- **Georgia Mountains Farmers Network** (Banks County)

Support for the Harvest Hands Program will mobilize volunteers to glean fresh produce and distribute it to low-income communities across the region.

"THROUGH THE COMMUNITY  
MISSION FUND, WE'RE ABLE TO  
PARTNER WITH ORGANIZATIONS  
DOING INCREDIBLE WORK  
TO IMPROVE LIVES IN  
RURAL GEORGIA."

– AgGeorgia CEO Rob Crain

- **The HALO Group of Middle Georgia** (Houston County)

Funds will expand The Farm Experience, enabling participants to grow crops year-round and supply produce to local food pantries serving families in need.

- **Paulding County Extension 4-H** (Paulding County)

Funds will expand horticulture programs benefiting seniors, youth, and adults with developmental disabilities, fostering agricultural literacy and social connection.

- **Pulaski County Fire Department** (Pulaski County)

Grant funds will equip two brush trucks with essential wildfire-response tools, strengthening the department's ability to protect rural landowners and agricultural property.



- **Shaome Cooperative (Bibb County)**  
Grant support will launch the GROW garden curriculum, teaching children how to design and sustain a food forest through experiential learning.
- **Warren County Extension (Warren County)**  
Funds will purchase an irrigation system for the 4-H Farm, where students grow fresh produce served in the school cafeteria while gaining hands-on education.

**Continuing the Mission Into 2026**

AgGeorgia encourages local nonprofits, agricultural organizations, and community-focused groups to apply and partner with the cooperative in supporting rural Georgia’s resilience and growth.

For full details or to apply, visit [www.aggeorgia.com/community-mission-fund](http://www.aggeorgia.com/community-mission-fund), or reach out to a member of the team at [marketing@aggeorgia.com](mailto:marketing@aggeorgia.com).

*Pictured Above:*  
AgGeorgia’s Corey Cottle, left, and Jessica Bassett, right, are pictured with Jon Jackson, Executive Director of STAG VETS, Inc. and Comfort Farms in Milledgeville. Comfort Farms was a 2024 recipient of a Community Mission Fund grant, utilizing the funds to launch a new perennial herb garden to benefit veterans as well as the broader community. Jackson served as an Army Ranger and now leads the 501(c)(3) which assists veterans with PTSD and other disabilities with reintegration into society.



## COMMUNITY SERVICE PROJECTS

The AgGeorgia Serves initiative continued to demonstrate the heart of our cooperative throughout 2025, strengthening our commitment to service and deepening our connection to the communities we call home. Employees across the state once again embraced the opportunity to roll up their sleeves, identify local needs, and bring meaningful projects to life. Each participating branch received up to \$5,000 and dedicated volunteer time to complete hands-on efforts designed to make a lasting impact.

Below are highlights of the projects our branches proudly completed in 2025.

### **Calhoun**

Our Calhoun staff applied their craftsmanship and care to support Arrowhead Environmental Education Center by constructing a new outdoor enclosure for the center's tortoises. The upgraded habitat replaced an aging structure, providing the resident animals with a safer, more comfortable environment for years to come.

### **Chatsworth**

The Chatsworth Branch devoted their time and energy to the annual Carters Lake Handicapped/Wheelchair Deer Hunt, a special event offering outdoor recreational opportunities for individuals with mobility impairments. Staff served lunch to participants, supporting a meaningful tradition hosted by the U.S. Army Corps of Engineers and Georgia Department of Natural Resources.

### **Cordele**

Cordele employees spent a day alongside the Wilcox County FFA and Young Farmers program assisting with cleanup at the group's new livestock facility. Staff removed old signage, cleared landscaping, and helped prepare the grounds for renovation. Their efforts contributed to the excitement surrounding the program's first livestock show in the updated facility.

### **Dublin**

The Dublin Office completed two major projects this year. First, employees partnered with East Laurens Elementary School and the Laurens County Young Farmers to install new landscaping around the school's barn. Later, they joined the Laurens County Showcase Transition Program to build ten raised garden beds and install two benches for the organization's community garden. The project supports young adults with disabilities as they learn horticulture skills and build pathways toward independent living.

### **Gainesville**

Our Gainesville staff carried on their tradition of supporting the annual Cops & Kids Christmas event with the Gainesville Fraternal Order of Police. Volunteers helped families shop for gifts and essential items,

contributing to a memorable holiday experience for 100 local children selected by area schools and outreach programs.

### **Home Mortgages Division**

Staff of the Home Mortgages Team joined the Georgia Navy USO Moms at Hartsfield-Jackson International Airport for the annual Holiday Block Leave event, supporting active and retired military traveling home for the holidays. Volunteers assembled 1,000 care bags filled with snacks, treats, and AgGeorgia chapstick before returning for multiple volunteer shifts to personally hand them out over a 48-hour period.

### **Perry**

The Perry Branch partnered with The HALO Group, a nonprofit serving adults with special needs, to enhance accessibility at their newly developed farm. When HALO expressed the need for a golf cart to support participants with mobility challenges, AgGeorgia stepped in to make it happen. Staff capped off the service project by assisting with the organization's Fall Festival, grilling burgers and spending quality time with participants and families.

### **Quitman**

Quitman employees supported Brooks County Family Connection and Heavens Sleigh, a joint effort with Toys for Tots, helping distribute toys to over 1,000 children. Staff also assisted the Brooks County Ministerial Associations in unloading, organizing, and distributing food bags for families receiving Christmas meal support, making the season brighter for households across the county.

### **Royston**

Royston staff completed an extensive outdoor transformation for Treehouse Pediatrics in Hartwell. Their work included landscaping, painting, installing river rock and picnic tables, and assembling play items such as a sandbox, seesaw, swing, and play kitchen. The project created a more inviting space for the children who rely on the center's occupational and speech therapy services.



CALHOUN BRANCH



GAINESVILLE BRANCH



ROYSTON BRANCH



TIFTON BRANCH



CHATSWORTH BRANCH



HOME MORTGAGES



ROYSTON BRANCH



TIFTON BRANCH



CORDELE BRANCH



PERRY BRANCH



SANDERSVILLE BRANCH



WASHINGTON BRANCH



DUBLIN BRANCH



QUITMAN BRANCH



TIFTON BRANCH



WAYNESBORO BRANCH

**Sandersville**

The Sandersville Branch supported local students and families by participating in the Glascock County School Open House. Staff greeted parents and students while distributing free school supplies including disinfecting wipes, paper towels, pencils, glue sticks, crayons, and more—helping families start the school year with confidence.

**Tifton**

Tifton staff took on multiple projects again this year. First, they assisted with the Turner County School System’s 4-H Peanut Promotion Contest, sponsoring awards for an elementary school coloring contest and culminating in a landscaping project at the iconic Georgia Peanut Monument. Additionally, they partnered with the Hearts to Home Humane Society in Nashville to support care for nearly 140 cats, providing food, beds, cleaning supplies, and other essentials.

**Washington**

The Washington Branch contributed to Wilkes County’s holiday “Angel Tree” program coordinated by local EMS. Staff donated funds for toy purchases, then gathered to sort gifts for approximately 150 families who qualified for assistance. Their efforts helped ensure children across the community experienced a joyful Christmas morning.

**Waynesboro**

Waynesboro employees worked alongside the local UGA Extension Office to revitalize landscaping at the facility. The initiative supports the transition of a former Master Gardeners space into a new garden area for the 4-H Garden Club. Staff cleared old plantings and prepared beds for new horticulture projects that will be enjoyed by future generations of young growers.



# AGGEORGIA FARMERS MARKET GRANT

## AGGEORGIA FARMERS MARKET GRANTS TOTAL \$10,000 IN 2025

Now in its fifth year, AgGeorgia Farm Credit's Farmers Market Grant Program continues to strengthen rural communities by helping local markets expand their visibility and reach. In 2025, AgGeorgia awarded \$10,000 in grants, distributing five \$2,000 awards to farmers markets across the cooperative's 79-county service area.

"Georgia is blessed to have so many vibrant farmers markets, but many of them operate with limited resources for marketing and outreach," said Corey Cottle, Chief Marketing Officer for AgGeorgia Farm Credit. "This program is designed to help increase visibility, drive traffic to the markets, and ultimately support the hardworking farmers who keep them going."

The 2025 recipients were Habersham County Locally Grown Farmers Market, Irwin County Farmers Market, Marigold Farmers Market, Rabbit Valley Farmers Market, and Veggie Park.

### **Habersham County Locally Grown Farmers Market**

Serving Habersham, White, Stephens, Banks, and Franklin Counties since 2010, Habersham County Locally Grown Farmers Market continues to serve as a trusted mid-week destination for fresh, locally produced foods. Open Wednesday evenings, the market focuses on strengthening connections between farmers and consumers through education and engagement. With its grant, the market created digital and printed recipe cards that highlight lesser-known seasonal vegetables—such as kohlrabi, sunchoke, ground cherries, and swiss chard—while featuring local farmers and community contributors who supply the recipes.

### **Irwin County Farmers Market**

A long-standing community fixture in South Georgia, the Irwin County Farmers Market currently hosts two markets each month and is working toward a long-term goal of operating daily. Funds supported new signage, an on-site attendant, and increased advertising to help more residents discover and access the market's fresh local offerings. In addition, restoring the market's water supply was a key improvement made possible through the grant, ensuring a fully functioning space for farmers and shoppers alike.

### **Marigold Farmers Market**

Located in the heart of Winterville's Historic District, this market operates from April through mid-December. With more than 40 vendors from across six counties, the market also runs a cooperative booth model that empowers small farmers through shared resources, coordinated planning, and collaborative sales. Funds awarded in 2025 supported improvements to community garden infrastructure, new market equipment such as baskets and tents, and promotional efforts ahead of the launch of Firefly Farmstop—a new farm-to-market store that will expand sales channels for growers.

### **Rabbit Valley Farmers Market**

Rabbit Valley Farmers Market in Ringgold serves Catoosa County with a producers-only market operating April through September, offering residents access to fresh, locally grown foods while championing community-centered initiatives. In addition to its weekly market, Rabbit Valley leads Nourish North Georgia—a food donation program—and provides scholarships for horticulture students, underscoring its role in





**"WE'RE GRATEFUL FOR AGGEORGIA'S SUPPORT—THIS SEASON HAS BEEN FANTASTIC, AND WE'RE EXCITED ABOUT THE INCREDIBLE PROJECTS WE HAVE PLANNED FOR NEXT YEAR."**

*Rabbit Valley Farmers Market Executive Director/Market Manager Samantha Leslie*

supporting both farmers and future agricultural leaders. The 2025 grant allowed the market to expand its impact through enhanced marketing tools, including new branded materials, digital content, social media advertising, and improved signage designed to boost visibility and engagement.

**Veggie Park**

Veggie Park in Augusta serves as the region's only farmers market that doubles EBT/SNAP benefits, making it a critical food-access point for low-income neighborhoods located within walking distance of the market. Operating 36 weeks each year and drawing 250–300 weekly visitors, the market connects customers with sustainably grown produce from approximately 30 local farmers representing seven nearby counties. The 2025 grant helped to keep vendor fees low, cover SNAP and credit-processing costs, and expand radio and digital advertising.

AgGeorgia encourages interested markets in the association's 79 county service area, particularly those who have applied and not yet been selected, to apply in 2026. For more information and to apply when the application period re-opens, please visit the Farmers Market Grant page at [www.aggeorgia.com/FarmersMarketGrant](http://www.aggeorgia.com/FarmersMarketGrant), or reach out to a member of the team at [marketing@aggeorgia.com](mailto:marketing@aggeorgia.com).

# BOARD OF DIRECTORS



**JACK W. BENTLEY, JR.**  
**Wilkes County**  
Dairy & Beef Cattle, Timber



**JUSTIN W. CASTLEBERRY**  
**Forsyth County**  
Pullets, Cattle, Row Crops,  
Poultry Services & Ag Hauling



**GUY A. DAUGHTREY**  
**Cook County**  
Pecans, Timber



**D. "DAN" T. KING**  
**Turner County**  
Row Crops, Produce,  
Peanut Marketing



**S. "STEVE" C. LOUGHRIDGE**  
**Murray County**  
Appointed Outside Director,  
Certified Public Accountant



**R. "BOBBY" G. MILLER**  
**Hall County**  
Cow-Calf Operation



**C. CHASE SPRINGFIELD**  
**Murray County**  
Broilers, Hay, Cattle,  
Poultry Services



**G. TEEL WARBINGTON**  
**Dooly County**  
Row Crops



**H.C. "CLINT" WORTMAN, JR.**  
**Brooks County**  
Row Crops, Beef Cattle,  
Pecans, Timber

# BOARD COMMITTEES 2025



**R.B. "BRAD" EDENFIELD**  
Burke County  
Row Crops, Dairy Cattle



**R. BRIAN GROGAN**  
Gordon County  
Broilers, Cow-Calf Operation

## BOARD CHAIRWOMAN

**Ms. Glee C. Smith**

## BOARD VICE CHAIRMAN

**Mr. R. Brian Grogan**

## AUDIT COMMITTEE

Chairman: Mr. Guy A. Daughtrey

Vice Chairman: Mr. G. Teel Warbington

Financial Expert: Mr. Guy A. Daughtrey

Members: Mr. R. Brian Grogan, Mr. S. "Steve" C. Loughridge, Mr. J.A. "Al" Rowland, Mr. H.C. "Clint" Wortman, Jr., Ms. Glee C. Smith\*

## BUDGET COMMITTEE

Chairman: Mr. Jack W. Bentley, Jr.

Vice Chairman: Mr. G. Teel Warbington

Members: Mr. Justin W. Castleberry, Mr. Guy A. Daughtrey, Ms. Glee C. Smith

## COMPENSATION COMMITTEE

Chairman: Mr. R. Brian Grogan

Vice Chairman: Mr. Jack W. Bentley, Jr.

Members: Mr. R.B. "Brad" Edenfield, Mr. D. "Dan" T. King, Mr. G. Teel Warbington, Mrs. Patti B. York, Ms. Glee C. Smith

## GOVERNANCE COMMITTEE

Chairman: Mr. R. "Bobby" G. Miller\*\*

Vice Chairman: Mr. H.C. "Clint" Wortman, Jr.

Members: Mr. R.B. "Brad" Edenfield, Mr. D. "Dan" T. King, Mr. C. Chase Springfield, Ms. Glee C. Smith

## RISK COMMITTEE

Chairman: Mr. J.A. "Al" Rowland

Vice Chairwoman: Mrs. Patti B. York

Members: Mr. Jack W. Bentley, Jr., Mr. Justin W. Castleberry, Mr. R.B. "Brad" Edenfield, Mr. R. "Bobby" G. Miller, Mr. C. Chase Springfield, Ms. Glee C. Smith.

## OUTSIDE DIRECTORS

Mr. S. "Steve" C. Loughridge and Ms. Glee C. Smith

\*As Board Chairwoman, Ms. Glee C. Smith is an ex-officio (non-voting) member of all committees.

\*\*Mr. R. "Bobby" G. Miller retired 12/31/2025.



**J. A. "AL" ROWLAND**  
Johnson County  
Row Crops



**GLEE C. SMITH**  
Warren County  
Appointed Outside Director  
Private Practice Attorney



**PATTI B. YORK**  
Hart County  
Broilers, Cow-Calf Operation,  
Sheep Operation

# EXECUTIVE LEADERSHIP TEAM



**ELIZABETH BENEFIELD**  
General Counsel



**STEVE CONNELLY**  
Chief Administrative  
Officer



**JAY MURKERSON**  
Chief Risk Officer



**TAMARA SHRABLE**  
Chief Lending Officer



**COREY COTTLE**  
Chief Marketing Officer



**ROB CRAIN**  
Chief Executive Officer



**MARISSA MARTIN**  
Chief Human  
Resources Officer



**LISA STORM**  
Chief Credit Officer



**BRANDIE THOMPSON**  
Chief Financial Officer

# BRANCH LOCATIONS

## **PERRY CORPORATE OFFICE**

468 Perry Pkwy  
Perry, GA 31069  
(478) 987-8300

## **CALHOUN**

2857 Miller Ferry Rd  
Calhoun, GA 30701  
(706) 291-6340

## **CHATSWORTH**

19 Woodlake Dr  
Chatsworth, GA 30705  
(706) 695-0020

## **CLARKESVILLE**

102 Blacksnake Rd  
Mt. Airy, GA 30563  
(706) 754-4158

## **CORDELE**

1207 South Greer St  
Cordele, GA 31015  
(229) 273-3927

## **DUBLIN**

826 Bellevue Ave  
Dublin, GA 31021  
(478) 272-3255

## **GAINESVILLE**

501 Broad St  
Gainesville, GA 30501  
(770) 534-5395

## **LAFAYETTE**

700 East Villanow St  
LaFayette, GA 30728  
(706) 638-1940

## **MOULTRIE**

22 5th Ave, S.E.  
Moultrie, GA 31768  
(229) 985-3893

## **PERRY**

468 Perry Pkwy  
Perry, GA 31069  
(478) 987-1434

## **QUITMAN**

504 East Screven St  
Quitman, GA 31643  
(229) 263-7551

## **ROYSTON**

449 Franklin Springs St  
Royston, GA 30662  
(706) 245-6142

## **SANDERSVILLE**

775 Sparta Rd  
Sandersville, GA 31082  
(478) 552-6922

## **TIFTON**

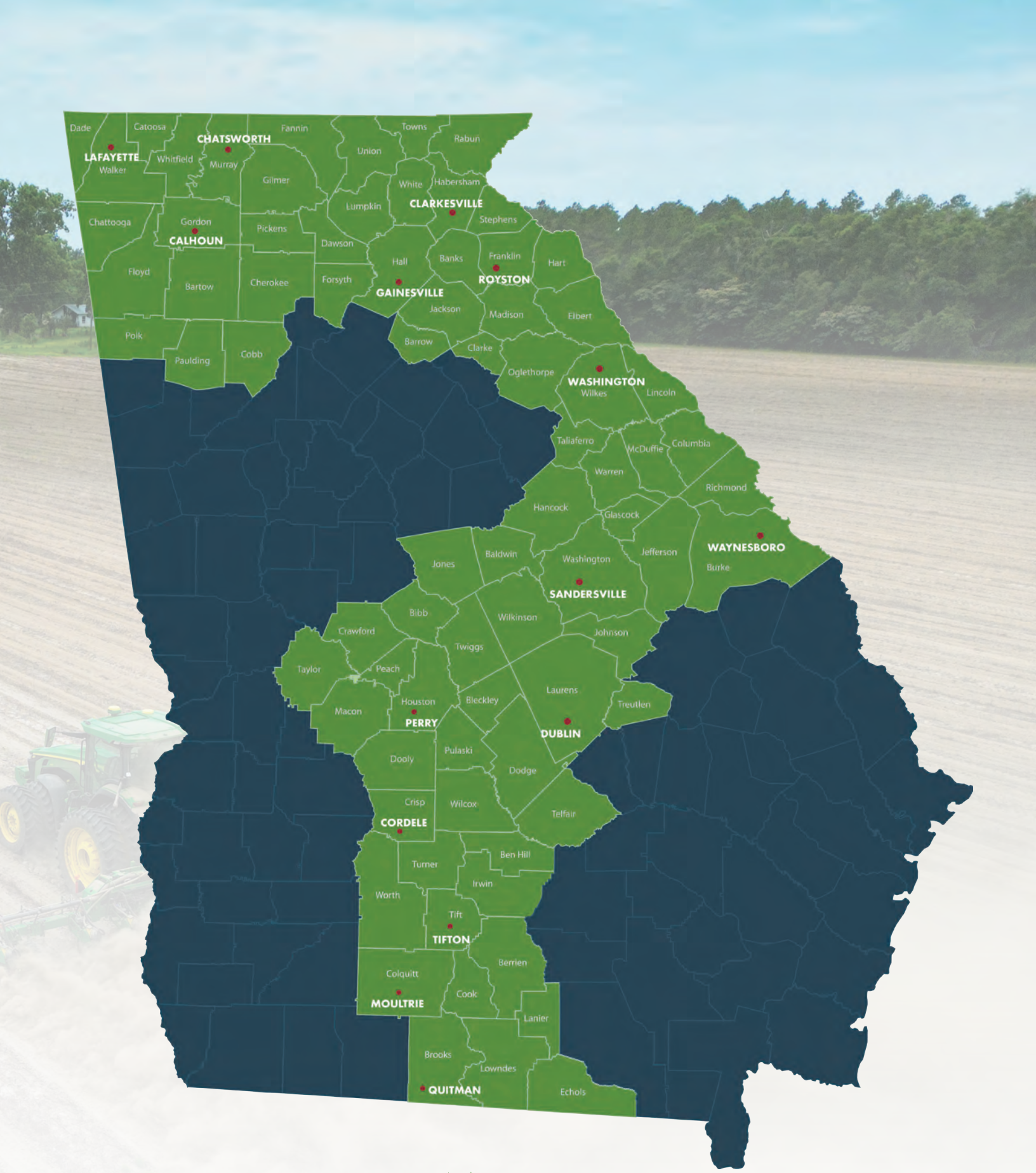
1601 King Rd  
Tifton, GA 31793  
(229) 382-4300

## **WASHINGTON**

US 78, 311 North Bypass  
Washington, GA 30673  
(706) 678-7088

## **WAYNESBORO**

176 Hwy 80 West  
Waynesboro, GA 30830  
(706) 554-2107



# TERRITORY & BRANCH LOCATIONS

*AgGeorgia Farm Credit, ACA*  
**2025 ANNUAL REPORT**

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## *Report of Management*

The accompanying Consolidated Financial Statements and related financial information appearing throughout this annual report have been prepared by management of AgGeorgia Farm Credit, ACA (Association) in accordance with generally accepted accounting principles appropriate in the circumstances. Amounts which must be based on estimates represent the best estimates and judgments of management. Management is responsible for the integrity, objectivity, consistency, and fair presentation of the consolidated financial statements and financial information contained in this report.

Management maintains and depends upon an internal accounting control system designed to provide reasonable assurance that transactions are properly authorized and recorded, that the financial records are reliable as the basis for the preparation of all financial statements, and that the assets of the Association are safeguarded. The design and implementation of all systems of internal control are based on judgments required to evaluate the costs of controls in relation to the expected benefits and to determine the appropriate balance between these costs and benefits. The Association maintains an internal audit program to monitor compliance with the systems of internal accounting control. Audits of the accounting records, accounting systems and internal controls are performed and internal audit reports, including appropriate recommendations for improvement, are submitted to the Board of Directors.

The Consolidated Financial Statements have been audited by independent auditors, whose report appears elsewhere in this annual report. The Association is also subject to examination by the Farm Credit Administration.

The consolidated financial statements, in the opinion of management, fairly present the financial condition of the Association. The undersigned certify that we have reviewed the 2025 Annual 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/ R. Brian Grogan  
Chairperson of the Board

/s/ James R. Crain  
Chief Executive Officer

/s/ Brandie L. Thompson  
Chief Financial Officer

March 10, 2026

## ***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, to provide 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 and 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 December 31, 2025. 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 December 31, 2025, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2025.

/s/ James R. Crain  
Chief Executive Officer

/s/ Brandie L. Thompson  
Chief Financial Officer

March 10, 2026

# Consolidated Five - Year Summary of Selected Financial Data

<i>(dollars in thousands)</i>	2025	2024	December 31, 2023	2022	2021
<b>Balance Sheet Data</b>					
Cash	\$ 11	\$ 8	\$ 93	\$ 10	\$ 11
Loans	1,670,047	1,553,577	1,378,546	1,242,615	1,145,944
Allowance for credit losses on loans	(9,430)	(5,404)	(4,723)	(5,767)	(6,805)
Net loans	1,660,617	1,548,173	1,373,823	1,236,848	1,139,139
Equity investments in other Farm Credit institutions	31,152	24,188	21,672	15,818	9,911
Other property owned	—	—	33	—	981
Other assets	52,117	54,372	45,816	37,730	41,865
Total assets	<b>\$ 1,743,897</b>	<b>\$ 1,626,741</b>	<b>\$ 1,441,437</b>	<b>\$ 1,290,406</b>	<b>\$ 1,191,907</b>
Notes payable to AgFirst Farm Credit Bank*	<b>\$ 1,413,763</b>	<b>\$ 1,304,710</b>	<b>\$ 1,114,204</b>	<b>\$ 981,101</b>	<b>\$ 894,593</b>
Accrued interest payable and other liabilities with maturities of less than one year	26,289	28,582	44,798	32,839	27,195
Total liabilities	<b>1,440,052</b>	<b>1,333,292</b>	<b>1,159,002</b>	<b>1,013,940</b>	<b>921,788</b>
Capital stock and participation certificates	4,963	5,071	4,912	4,730	4,653
Retained earnings					
Allocated	30,833	40,432	48,272	56,491	65,912
Unallocated	267,916	247,767	229,156	215,103	199,971
Accumulated other comprehensive income (loss)	133	179	95	142	(417)
Total members' equity	<b>303,845</b>	<b>293,449</b>	<b>282,435</b>	<b>276,466</b>	<b>270,119</b>
Total liabilities and members' equity	<b>\$ 1,743,897</b>	<b>\$ 1,626,741</b>	<b>\$ 1,441,437</b>	<b>\$ 1,290,406</b>	<b>\$ 1,191,907</b>
<b>Statement of Income Data</b>					
Net interest income	\$ 55,015	\$ 50,425	\$ 41,275	\$ 38,790	\$ 36,007
Provision for (reversal of) allowance for credit losses	4,310	920	1,448	(1,247)	597
Noninterest income (expense), net	(20,056)	(16,509)	(13,184)	(9,352)	(1,841)
Net income	<b>\$ 30,649</b>	<b>\$ 32,996</b>	<b>\$ 26,643</b>	<b>\$ 30,685</b>	<b>\$ 33,569</b>
<b>Key Financial Ratios</b>					
Rate of return on average:					
Total assets	1.83%	2.17%	1.99%	2.48%	3.01%
Total members' equity	10.07%	11.24%	9.29%	11.04%	12.74%
Net interest income as a percentage of average earning assets	3.43%	3.45%	3.20%	3.22%	3.32%
Net (chargeoffs) recoveries to average loans	(0.034)%	(0.017)%	0.004%	0.017%	(0.032)%
Total members' equity to total assets	17.42%	18.04%	19.59%	21.42%	22.66%
Debt to members' equity (:1)	4.74	4.54	4.10	3.67	3.41
Allowance for credit losses to loans	0.56%	0.35%	0.34%	0.46%	0.59%
Permanent capital ratio	16.61%	17.09%	19.02%	21.10%	21.77%
Common equity tier 1 capital ratio	16.54%	17.03%	18.95%	21.00%	21.64%
Tier 1 capital ratio	16.54%	17.03%	18.95%	21.00%	21.64%
Total regulatory capital ratio	16.95%	17.43%	19.33%	21.46%	22.25%
Tier 1 leverage ratio**	16.09%	17.01%	19.39%	21.10%	21.81%
Unallocated retained earnings (URE) and URE equivalents leverage ratio	13.98%	14.11%	15.53%	16.29%	15.86%
<b>Net Income Distribution</b>					
Estimated patronage refunds:					
Cash	\$ 10,500	\$ 14,250	\$ 14,482	\$ 15,295	\$ 13,068

\* General financing agreement is renewable on a one-year cycle. The next renewal date is December 31, 2026.

\*\* Tier 1 leverage ratio must include a minimum of 1.50% of URE and URE equivalents.

# *Management's Discussion & Analysis of Financial Condition & Results of Operations*

*(dollars in thousands, except as noted)*

## **GENERAL OVERVIEW**

The following commentary summarizes the financial condition and results of operations of AgGeorgia Farm Credit, ACA, (Association) for the year ended December 31, 2025 with comparisons to the years ended December 31, 2024 and December 31, 2023. This information should be read in conjunction with the Consolidated Financial Statements, Notes to the Consolidated Financial Statements and other sections in this Annual Report. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors. For a list of the Audit Committee members, refer to the "Report of the Audit Committee" reflected in this Annual Report. Information in any part of this Annual Report may be incorporated by reference in answer or partial answer to any other item of the Annual Report.

The Association is an institution of the Farm Credit System (System), which was created by Congress in 1916 and has served agricultural producers for over 100 years. The System's mission is to maintain and improve the income and well-being of American farmers, ranchers, and producers or harvesters of aquatic products and farm-related businesses. The System is the largest agricultural lending organization in the United States. The System is regulated by the Farm Credit Administration, (FCA), which is an independent safety and soundness regulator.

The Association is a cooperative, which is owned by the members (also referred to throughout this Annual Report as stockholders or shareholders) served. The territory of the Association extends across a diverse agricultural region of Georgia. Refer to Note 1, *Organization and Operations*, of the Notes to the Consolidated Financial Statements for counties in the Association's territory. The Association provides credit to farmers, ranchers, rural residents, and agribusinesses. Our success begins with our extensive agricultural experience and knowledge of the market.

The Association obtains funding from AgFirst Farm Credit Bank (AgFirst or Bank). The Association is materially affected and shareholder investment in the Association could be affected by the financial condition and results of operations of the Bank. Copies of the Bank's Annual and Quarterly Reports are on the AgFirst website, [www.agfirst.com](http://www.agfirst.com), or may be obtained at no charge by calling 1-800-845-1745, extension 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P. O. Box 1499, Columbia, SC 29202.

Copies of the Association's Annual and Quarterly reports are also available upon request free of charge on the Association's website, [www.aggeorgia.com](http://www.aggeorgia.com), or by calling 1-800-768-3276, or writing Brandie L. Thompson, AgGeorgia Farm Credit, P.O. Box 1820, Perry, GA 31069. The Association prepares an electronic version of the Annual Report, which is available on the website, within 75 days after the end of the fiscal year and distributes the Annual Reports to shareholders within 90 days after the end of the fiscal year. The Association prepares an electronic version of the Quarterly report, which is available on the website, within 40 days after the end of each fiscal quarter, except that no report needs to be prepared for the fiscal quarter that coincides with the end of the fiscal year of the Association.

## **FORWARD LOOKING INFORMATION**

This annual information statement contains forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Words such as "anticipates," "believes," "could," "estimates," "may," "should," "will," or other variations of these terms are intended to identify the forward-looking statements. These statements are based on assumptions and analyses made in light of experience and other historical trends, current conditions, and expected future developments. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, but are not limited to:

- political (including trade policies), legal, regulatory, financial markets and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural infrastructure, international, and farm-related business sectors, as well as the general economy that can affect the availability of off-farm sources of income;
- weather-related events, food safety, disease, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- climate change and/or measures to address climate change;
- volatile prices of agricultural commodities;
- changes in production expenses, particularly feed, fuel, and fertilizer;
- changes in demand or supply of U.S. Agricultural products in a global marketplace;

- changes in farmland and rural real estate values;
- availability of agricultural workers and changes in labor costs;
- disruption of operations or disclosure of confidential information as a result of cybersecurity incidents;
- changes in United States government support of the agricultural industry and the Farm Credit System, as a government-sponsored enterprise, as well as investor and rating-agency reactions to events involving the U.S. government, other government-sponsored enterprises and other financial institutions;
- actions taken by the Federal Reserve System in implementing monetary and fiscal policy, as well as other policies and actions of the federal government that impact the financial services industry and the debt markets;
- credit, interest rate and liquidity risk inherent in lending activities; and
- changes in the Association's assumptions for determining the allowance for credit losses and fair value measurements.

## AGRICULTURAL OUTLOOK

Production agriculture is a cyclical business that is heavily influenced by many factors, including commodity prices, input costs, weather, government policies (including, among other things, tax, trade, tariffs, immigration, crop insurance and ad hoc aid), interest rates, global agricultural production levels, pathogenic outbreaks in livestock and poultry and various other factors that affect supply and demand.

The following United States Department of Agriculture (USDA) analysis provides a general understanding of the U.S. agricultural economic outlook. However, this outlook does not take into account all aspects of the Association's business or events that occur subsequent to its issuance. References to USDA information in this section refer to the U.S. agricultural market data and are not limited to information or data for the Association.

The USDA's February 2026 forecast projects net farm income (income after expenses from production; a broader measure of profits) for 2025 at \$154.5 billion, a \$27.0 billion increase from 2024, and \$45.9 billion above the 10-year average. The forecasted increase in net farm income for 2025, as compared with 2024, is primarily due to increases in cash receipts for animals and animal products of \$22.3 billion, direct government payments of \$20.5 billion and an upward change in the value of inventory adjustment of \$13.0 billion, partially offset by an increase in cash expenses of \$19.6 billion and a decrease in cash receipts for crops of \$6.9 billion.

The USDA's outlook projects net farm income for 2026 at \$153.4 billion, a \$1.1 billion or 0.7% decrease from 2025 and \$44.8 billion above the 10-year average in nominal dollars. The forecasted decrease in net farm income for 2026 is primarily due to an expected decrease in cash receipts for animals and animal products at \$17.0 billion, a negative change in the value of inventory adjustment of \$5.6 billion and an increase in cash expenses of \$4.1 billion, mostly offset by increases in direct government payments of \$13.8 billion, cash farm-related income of \$9.2 billion and cash receipts for crops of \$2.8 billion. The decrease in animals and animal products reflects anticipated falling receipts for eggs and milk due to lower prices, while beef cattle receipts are expected to continue growing in 2026. The overall increase in direct government payments reflects higher anticipated payments from Farm Bill programs that trigger payments when commodity prices fall, while supplemental and ad hoc disaster aid payments are expected to remain high.

Working capital, a measure of liquidity, (which is defined as cash and cash convertible assets minus liabilities due to creditors within 12 months) is forecasted to increase \$8.9 billion or 6.1% in 2025 to \$154.9 billion from \$146.0 billion in 2024.

The value of farm real estate is an important measure of the farm sector's financial performance, considering that farm real estate comprises a substantial share of farm sector assets. Farm real estate accounted for roughly 83% of the total value of the U.S. farm sector assets for 2025 and 2024 according to the USDA in its February 2026 forecast. Consequently, changes in farmland values often affect the financial strength of agricultural producers as farm real estate serves as a principal source of collateral for farm loans.

USDA's forecast projects (in nominal dollars) that farm sector equity, the difference between farm sector assets and debt, will rise 4.2% in 2025 to \$3.8 trillion. Farm real estate value is expected to increase 4.0% and non-real estate farm assets are expected to increase 5.9%, while farm sector debt is forecasted to increase 5.4% in 2025. Farm real estate debt accounts for 65.0% of total farm debt in 2025, as compared with 65.2% in 2024.

Farm sector solvency ratios measure the ability of a farm to satisfy its debt obligations when due and for which lower values for these ratios are preferred. The USDA is forecasting the debt-to-equity ratio to increase slightly from 15.4% in 2024 to 15.6% in 2025 and for the debt-to-asset ratio to increase slightly from 13.4% in 2024 to 13.5% in 2025. These ratios are well below their peak of 28.5% and 22.2% in 1985.

Expected agricultural commodity prices can influence the production decisions of farmers and ranchers, including planted acreage and marketing of crops and livestock inventories, and therefore affect the supply of agricultural commodities. Actual production levels are sensitive to weather conditions that may impact production yields.

Global economic conditions, government actions (including tariffs) and weather volatility in key agricultural production regions can influence export and import flows of agricultural products between countries. U.S. exports and imports may periodically shift to reflect short-term disturbances to trade patterns and long-term trends in world population demographics. Also impacting U.S. agricultural trade are global agricultural commodity supplies and demand, changes in the value of global currencies relative to the U.S. dollar and domestic government support for agriculture.

The following table sets forth the commodity prices as reported by USDA per bushel for crops, by hundredweight for hogs, milk, and beef cattle, and by pound for broilers and turkeys from December 31, 2022 to December 31, 2025:

Commodity	12/31/25	12/31/24	12/31/23	12/31/22
Hogs	\$ 62.30	\$ 62.30	\$ 53.30	\$ 62.50
Milk	\$ 19.00	\$ 23.30	\$ 20.40	\$ 24.50
Broilers	\$ 0.64	\$ 0.75	\$ 0.72	\$ 0.73
Turkeys	\$ 1.21	\$ 0.51	\$ 0.47	\$ 1.22
Corn	\$ 4.10	\$ 4.23	\$ 4.80	\$ 6.58
Soybeans	\$ 10.40	\$ 9.79	\$ 13.10	\$ 14.40
Wheat	\$ 4.95	\$ 5.49	\$ 6.79	\$ 8.97
Beef Cattle	\$ 221.00	\$ 190.00	\$ 172.00	\$ 154.00

The AgFirst District (the District) is chartered to serve eligible borrowers in 15 states and Puerto Rico. The District consists of the AgFirst Farm Credit Bank and 16 Associations. Geographic and commodity diversification across the District coupled with existing government safety net programs, ad hoc support programs and additional government disaster aid payment for many borrowers help to mitigate the impact of challenging agricultural conditions. The District's financial performance and credit quality are expected to remain sound overall due to strong capital levels and favorable credit quality position at the end of 2025. Additionally, while the District benefits overall from diversification, individual District entities may have higher geographic, commodity, and borrower concentrations which may accentuate the negative impact on those entities' financial performance and credit quality. Non-farm income support for many borrowers also helps to mitigate the impact of periods of less favorable agricultural conditions. However, agricultural borrowers who are more reliant on non-farm income sources may be more adversely impacted by a weakened general economy.

### CRITICAL ACCOUNTING POLICIES

The Association's financial statements are reported in conformity with accounting principles generally accepted in the United States of America. Consideration of significant accounting policies is critical to the understanding of the Association's results of operations and financial position because some accounting policies require complex or subjective judgments and estimates that may affect the reported amount of certain assets or liabilities as well as the recognition of certain income and expense items. In many instances, management has to make judgments about matters that are inherently uncertain. For a complete discussion of the Association's significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, in the Notes to the Consolidated Financial Statements. The following is a summary of the Association's most significant critical accounting policies:

- *Allowance for credit losses (ACL)* — Management estimates the current expected credit losses (CECL) over the remaining contractual life for all financial assets measured at amortized cost and certain off-balance sheet credit exposures.

The ACL comprises:

- the allowance for credit losses on loans (ACLL), which covers the Association's loan portfolio and is presented separately on the Consolidated Balance Sheets,
- the ACL on unfunded commitments, which is presented on the Consolidated Balance Sheets in other liabilities, and

The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. Management also considers the imprecision inherent in their process and methodology, which may lead to a management adjustment to the modeled ACL results. See Note 2 for additional information on the Association's policies and methodologies for determining the ACL. Changes in any of the above factors considered by management in the evaluation of losses in its loan portfolio, unfunded commitments and investment securities could result in a change in the ACL and have a direct impact on its provision for credit losses and results of operations.

- *Valuation methodologies* — Management applies various valuation methodologies to assets and liabilities that often involve a significant degree of judgment, particularly when active markets do not exist for the particular items being valued. Quoted market prices are referred to when estimating fair values for certain assets for which an observable active market exists, such as most investment securities. Management also utilizes significant estimates and assumptions to value items for which an observable active market does not exist. Examples of these items include: nonaccrual loans, other property owned, pension obligations, and certain other financial instruments. These valuations require the use of various assumptions, including, among others, discount rates, rates of return on assets, repayment rates, cash flows, default rates, costs of servicing, and liquidation values. The use of different assumptions could produce significantly different asset or liability values, which could have material positive or negative effects on the Association's results of operations.

## ECONOMIC CONDITIONS

The following section summarizes the University of Georgia College of Agriculture & Environmental Sciences' 2026 *Georgia AgForecast* report, which provides a general understanding of the Georgia agriculture economic outlook. However, this outlook does not take into all aspects of the Association's business. Information in this section refers to Georgia agricultural market data and is not limited to information/data for the Association.

Georgia's economy is expected to see a second year of slow growth in 2026, driven by high tariffs, restrictive immigration policies, and a generally weak U.S. economy. The risk of recession is elevated at nearly 50%, as job growth stagnates, population gains slow, and key sectors like real estate remain in recession despite support from lower interest rates. Even so, Georgia is forecast to roughly match U.S. GDP and job growth, supported by strength in industries like manufacturing, defense, logistics, and data centers, along with continued (though slower) economic development activity.

U.S. agriculture in 2026 faces flat crop prices, rising production costs, and continued policy uncertainty, despite modest overall economic growth and easing inflation. Farm income increased in 2025, supported largely by direct government payments, but many major crops, including cotton and peanuts, are expected to see negative net returns in 2026, while livestock, particularly beef and poultry, should perform relatively well. Agriculture is a driving force for local economies across Georgia. Georgia's 2025 agricultural economic forecast anticipates Georgia producers continuing to face cost and price pressures, making recent federal program updates in the One Big Beautiful Bill Act an important source of support amid ongoing trade and immigration uncertainties.

Georgia is a uniquely diversified agricultural state with production of the following commodities in order of total farm gate value: Broilers, Eggs, Beef, Cotton, Peanuts, Timber, Greenhouse, Blueberries, Corn, Dairy, Hay and Pecans.

The 2026 outlook for the Georgia broiler industry is moderately positive, following a year of higher 2025 production that outpaced demand and contributed to elevated cold-storage inventories and weaker prices in the second half of the year. Domestic consumption remained strong amid high competing-protein prices, while exports continued their multi-year decline. For 2026, USDA projections indicate relatively stable supply and demand, with slight increases in production, exports, and per-capita disappearance, supporting expectations for generally steady wholesale prices as inventories normalize. Key uncertainties include potential impacts from avian influenza and increased competitive pressure in global markets, as well as upcoming regulatory changes to poultry grower contracts that may influence industry profitability beginning in mid-2026.

Beef cattle markets remained exceptionally strong in 2025, driven by robust consumer demand and historically tight cattle supplies, which supported record retail and wholesale prices despite late-year volatility. These market dynamics, combined with continued declines in national cattle inventories and early indications of gradual herd rebuilding, set the stage for another high-price environment in 2026, though further price increases may moderate. Demand uncertainty at elevated price levels remains the primary risk, while producers face higher input and financing costs that may influence expansion decisions. For operations unable to grow herd size, opportunities exist to enhance profitability through operational improvements and strategic investments.

Cotton producers faced significant financial pressure in 2025 as high input costs, elevated interest rates, and historically low prices resulted in negative margins despite strong yields. Global oversupply, weaker demand, and intensified competition—particularly from Brazil—and trade policy uncertainty further weighed on U.S. cotton prices, while domestic use remained near decade-low levels and ending stocks increased. These structural challenges, combined with rising production costs and continued market share losses, contributed to reduced acreage in Georgia and pressured supporting industries. Looking ahead to 2026, the sector is expected to continue operating in a difficult environment, with persistently weak price expectations, elevated financing costs, and ongoing trade-related risks underscoring the need for disciplined cost management and proactive marketing strategies. Budget forecasts for the 2026 crop are in the 64-70 cents per pound range.

Peanut producers faced growing market pressure in 2025 as rapidly expanding U.S. acreage, projected at 1.95 million acres, continued to outpace demand, driving ending stocks to one of the highest levels in recent years and pushing postharvest prices sharply lower. Increasing global competition and trade uncertainty further weighed on U.S. export competitiveness, even as yields and crop quality remained strong. Georgia acreage rose to 920,000 acres, reinforcing the state's dominant role but adding to national supply burdens. Entering 2026, elevated input and financing costs, historically high stock levels, and subdued price expectations, ranging from \$350 to \$550 per ton depending on trade conditions, underscore the need for disciplined cost management, strengthened export opportunities, and market diversification to support producer profitability.

Georgia timber markets experienced mixed conditions in 2025, with South Georgia seeing modest gains in pine sawtimber and chip-n-saw prices due in part to inventory disruptions following Hurricane Helene, while pulpwood prices fell sharply amid ongoing salvage activity and multiple regional mill closures. North Georgia prices declined across all major products as weaker lumber demand and lower mill utilization weighed on markets. The closure of several major pulp and paper facilities further reduced regional wood-using capacity, intensifying pressure on pulpwood prices. Looking ahead to 2026, sawtimber prices are expected to remain generally stable, with some localized strengthening in South Georgia where inventories are tight, while pulpwood prices are projected to continue trending downward, though at a slower pace.

In summary, Georgia's economy is expected to experience slower growth in 2026, with GDP increasing by roughly 1.3% to 1.6%, reflecting softening momentum and elevated recession risk tied to trade uncertainty, slower population growth, and labor force declines. Unemployment is projected to rise to about 4.1% as job creation moderates and businesses adjust to weaker national economic conditions.

Inflation in Georgia is expected to remain elevated near 3.5% before gradually easing alongside anticipated Federal Reserve rate cuts. The state’s economic resilience is supported in part by ongoing investment in sectors such as data centers, logistics, defense, and advanced manufacturing, which continue to provide a buffer against broader national headwinds. However, slowing migration into the state and fewer large projects in the economic development pipeline reduce Georgia’s ability to outperform national trends as it has in previous years. Overall, Georgia enters 2026 with positive but subdued growth expectations, shaped by continued policy uncertainty and structural labor pressures that require prudent financial and strategic planning.

## 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 through numerous product types.

The Association’s loan volume by type for each of the past three years ended December 31 is shown below.

Loan Type	December 31,					
	2025		2024		2023	
	<i>(dollars in thousands)</i>					
Real estate mortgage	\$ 1,270,336	76.07 %	\$ 1,226,668	78.96 %	\$ 1,098,808	79.71 %
Production and intermediate-term	277,006	16.59	238,461	15.35	203,988	14.80
Agribusiness:						
Loans to Cooperatives	1,912	0.11	948	0.06	1,818	0.13
Processing and marketing	76,533	4.58	46,241	2.98	37,900	2.75
Farm-related business	8,490	0.51	9,171	0.59	6,698	0.49
Rural Infrastructure:						
Communication	7,395	0.44	6,442	0.42	6,667	0.48
Water and waste disposal	2,400	0.14	2,398	0.15	2,756	0.20
Rural residential real estate	24,084	1.44	20,886	1.34	18,024	1.31
Other:						
International	1,891	0.12	2,362	0.15	1,887	0.13
Total	\$ 1,670,047	100.00 %	\$ 1,553,577	100.00 %	\$ 1,378,546	100.00 %

While the Association makes loans and provides financially related services to qualified borrowers in the agricultural and rural sectors and to certain related entities, the loan portfolio is diversified.

The geographic distribution of the loan volume by branch for the past three years ended December 31 is as follows:

Branch	December 31,		
	2025	2024	2023
Calhoun*	8.57%	9.97%	6.31%
Chatsworth	8.97	6.66	5.30
Clarkesville	3.20	3.42	3.46
Cordele	4.43	4.46	4.38
Dublin	3.09	3.22	3.45
Gainesville	5.07	4.87	4.90
LaFayette*	-	-	4.40
Moultrie	4.36	4.20	4.75
Perry	9.65	9.85	10.94
Quitman	2.11	1.97	2.03
Royston	19.25	19.08	18.82
Sandersville	2.86	2.81	2.87
Tifton	8.21	9.56	10.29
Washington	2.74	3.28	4.07
Waynesboro	4.20	4.06	3.78
Participations Purchased	12.50	12.00	9.76
Special Assets	0.79	0.59	0.49
	100.00%	100.00%	100.00%

\*Cartersville branch relocated to Calhoun and LaFayette reassigned as outpost of Calhoun in 2024.

Commodity and industry categories are based upon the Standard Industrial Classification (SIC) system published by the federal government. The system is used to assign commodity or industry categories based upon the largest agricultural commodity of the customer. The major commodities in the Association’s loan portfolio are shown below. The predominant commodities are Poultry, Forestry, Livestock, Row Crops and Cotton, which constitute 79 percent of the entire portfolio at December 31, 2025.

Commodity Group	December 31,					
	2025		2024		2023	
	<i>(dollars in thousands)</i>					
Poultry	\$ 570,506	34%	\$ 500,512	32%	\$ 437,237	32%
Forestry	382,872	23	367,373	24	328,237	24
Livestock	130,880	8	127,333	8	127,864	9
Row Crops	127,983	8	110,363	7	92,592	7
Cotton	101,720	6	127,915	8	117,522	8
Peanuts	57,534	3	33,376	2	29,180	2
Horticulture	56,056	3	53,120	3	51,604	4
Landlords	36,516	2	37,281	3	37,759	3
Dairy	33,169	2	27,048	2	25,084	2
Corn	24,567	2	26,016	2	24,746	2
Rural Home	22,538	1	20,135	1	16,330	1
Other	125,706	8	123,105	8	90,391	7
Total	\$1,670,047	100%	\$ 1,553,577	100%	\$ 1,378,546	100%

Repayment ability is closely related to the commodities produced by our borrowers, and increasingly, the off-farm income of borrowers. The Association’s loan portfolio contains a concentration of poultry producers. Although a large percentage of the loan portfolio is concentrated in these enterprises, many of these operations have diversified income sources that reduce overall risk exposure. Demand for poultry products, prices of feed, energy, and other inputs, as well as international trade are some of the factors affecting the income producing capacity in the poultry industry. Even though the concentration of large loans has increased over the past several years, the agricultural enterprise mix of these loans is diversified and similar to that of the overall portfolio. The risk in the portfolio associated with commodity concentration and large loans is reduced by the range of diversity of enterprises in the Association’s territory. Commodity concentration risk is also mitigated by the use of loan guarantees and standby letters of credit.

The Association’s long-term loan assets comprise approximately 78 percent of the portfolio. This reflects the increase in demand for long-term financing. The short-term portfolio, which is heavily influenced by operating-type loans, normally reaches a peak balance in August and rapidly declines in the fall months as commodities are marketed and proceeds are applied to repay operating type loans.

During 2025, the Association remained active in the buying and selling of loan participations within the System. This provides a means for the Association to spread credit concentration risk and realize non-patronage sourced interest and fee income.

Loan Participations:	December 31,		
	2025	2024	2023
	<i>(dollars in thousands)</i>		
Participations Purchased			
– FCS Institutions	\$ 137,936	\$ 102,446	\$ 69,910
Participations Sold	(174,601)	(162,869)	(199,187)
Total	\$ (36,665)	\$ (60,423)	\$ (129,277)

The Association did not have any loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interests for the period ended December 31, 2025.

The Association sells qualified long-term mortgage loans into the secondary market. For the periods ended December 31, 2025, 2024, and 2023, the Association originated loans for resale totaling \$2.44 million, \$3.33 million, and \$2.84 million, respectively, which were subsequently sold into the secondary market.

## CREDIT RISK MANAGEMENT

Credit risk arises from the potential inability of an obligor to meet its repayment obligation. As part of the process to evaluate the success of a loan, the Association continues to review the credit quality of the loan portfolio on an ongoing basis. With the approval of the Association Board of Directors, the Association establishes underwriting standards and lending policies that provide direction to loan officers. Underwriting standards include, among other things, an evaluation of:

- Character – borrower integrity and credit history
- Capacity – repayment capacity of the borrower based on cash flows from operations or other sources of income
- Collateral – protection for the lender in the event of default and a potential secondary source of repayment
- Capital – ability of the operation to survive unanticipated risks
- Conditions – intended use of the loan funds

The credit risk management process begins with an analysis of the borrower’s credit history, repayment capacity, and financial position. Repayment capacity focuses on the borrower’s ability to repay the loan based upon cash flows from operations or other sources of income, including non-farm income. Real estate loans must be collateralized by first liens on the real estate (collateral). As required by FCA regulations, each institution that makes loans on a collateralized basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be advanced in amounts up to 85 percent of the appraised value of the property taken as collateral or up to 97 percent of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Appraisals are required for loan originations of more than \$250 thousand. In addition, each loan is assigned a credit risk rating based upon the underwriting standards. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship.

The Association reviews the credit quality of the loan portfolio on an ongoing basis as part of its risk management practices. Each loan is classified according to the Combined System Uniform Classification System, which is used by all Farm Credit System institutions. Below are the classification definitions.

- 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, and/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.
- Loss – Assets are considered uncollectible.

The following table presents selected statistics related to the credit quality of loans at December 31.

<b>Credit Quality</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Acceptable & OAEM	98.29%	99.22%	99.32%
Substandard/Doubtful/Loss	1.71%	0.78%	0.68%
Total	100.00%	100.00%	100.00%

### Nonperforming Assets

The Association’s loan portfolio is divided into performing and high-risk categories. A Special Assets Management Department is responsible for servicing loans classified as high-risk. High-risk assets at December 31, are detailed in the following table:

<b>High-risk Assets</b>	<b>December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<i>(dollars in thousands)</i>		
Nonaccrual loans	\$ 17,770	\$ 8,940	\$ 6,861
Accruing loans 90 days past due	–	–	–
Total high-risk loans	17,770	8,940	6,861
Other property owned	–	–	33
Total high-risk assets	\$ 17,770	\$ 8,940	\$ 6,894
<b>Ratios</b>			
Nonaccrual loans to total loans	1.06%	0.58%	0.50%
High-risk assets to total assets	1.02%	0.55%	0.48%

Nonaccrual loans represent all loans for which there is a reasonable doubt as to the collection of principal and/or interest under the contractual terms of the loan. Nonaccrual loans at December 31, 2025 were \$17.77 million compared to \$8.94 million and \$6.86 million at December 31, 2024 and 2023, respectively. Nonaccrual loans increased \$8.83 million or 98.77 percent during 2025. Of the \$17.77 million in nonaccrual volume at December 31, 2025, \$6.46 million or 36 percent was current as to scheduled principal and interest payments, but did not meet all regulatory requirements to be transferred into accrual status, compared to \$5.07 million or 57 percent and \$4.65 million or 68 percent at December 31, 2024 and 2023, respectively.

Loan restructuring is available to financially distressed borrowers. Restructuring of loans occurs when the Association grants a concession to a borrower based on either a court order or good faith in a borrower’s ability to return to financial viability. The concessions can be in the form of a modification of terms or rates, a compromise of amounts owed, or deed in lieu of foreclosure. Other receipts of assets and/or equity to pay the loan in full or in part are also considered restructured loans. The type of alternative financing structure chosen is based on minimizing the loss incurred by both the Association and the borrower.

### Allowance for Credit Losses

The allowance for credit losses (ACL) is an estimate of expected credit losses in the Association’s portfolio. The Association determines the appropriate level of allowance for credit losses based on a disciplined process and methodology that incorporates expected probabilities of default, severity of loss based on historical portfolio performance, forecasts of future economic conditions, and management’s judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions. For further details on the methodology used to determine the ACL, see Note 2, *Summary*

of Significant Accounting Policies, and Note 3, Loans and Allowance for Credit Losses. The ACL was \$9.43 million, \$5.89 million, and \$5.23 million at December 31, 2025, 2024, and 2023, respectively.

The following table presents the activity in the allowance for credit losses for the most recent three years at December 31:

	December 31,		
	2025	2024	2023
	<i>(dollars in thousands)</i>		
<b>Allowance for Credit Losses Activity</b>			
<b>Allowance for credit losses on loans – beginning balance</b>	\$ 5,404	\$ 4,723	\$ 5,767
Cumulative effect of a change in accounting principle	–	–	(2,113)
Charge-offs:			
Real estate mortgage	(242)	(81)	(3)
Production and intermediate-term	(446)	(276)	(137)
Rural Residential Real Estate	(1)	–	–
Total charge-offs	(689)	(357)	(140)
Recoveries:			
Real estate mortgage	58	4	30
Production and intermediate-term	77	99	157
Total recoveries	135	103	187
Net (charge-offs) recoveries	(554)	(254)	47
Provision for (reversal of) credit losses on loans	4,580	935	1,022
<b>Allowance for credit losses on loans – ending balance</b>	<b>\$ 9,430</b>	<b>\$ 5,404</b>	<b>\$ 4,723</b>
<b>Allowance for unfunded commitments – beginning balance</b>	<b>\$ 490</b>	<b>\$ 505</b>	<b>\$ –</b>
Cumulative effect of a change in accounting principle	–	–	79
Provision for (reversal of) unfunded commitments	(270)	(15)	426
<b>Allowance for unfunded commitments – ending balance</b>	<b>\$ 220</b>	<b>\$ 490</b>	<b>\$ 505</b>
<b>Total allowance for credit losses</b>	<b>\$ 9,650</b>	<b>\$ 5,894</b>	<b>\$ 5,228</b>

The allowance for credit losses as a percentage of loans outstanding and certain other credit quality indicators, at December 31, is shown below:

	December 31,		
	2025	2024	2023
Allowance for credit losses on loans to loans	0.56%	0.35%	0.34%
Allowance for credit losses on loans to nonaccrual loans	53.07%	60.45%	68.84%
Ratio of net (charge-offs) recoveries during the period	(0.034)%	(0.016)%	0.003%

The allowance for credit losses increased year-over-year in 2025 by \$3.76 million, or 63.7%. The increase primarily 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, a fourth-quarter downgrade in the probability of default for a single large borrower resulted in the loan moving 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. Management believes the current reserve level appropriately reflects the credit risk profile of the portfolio based on conditions as of year-end 2025.

Periods of uncertainty in the general economic environment create the potential for prospective risks in the loan portfolio. See Note 3, Loans and Allowance for Credit Losses, in the Notes to the Consolidated Financial Statements and the Critical Accounting Policies section, above, for further information concerning the allowance for credit losses.

## RESULTS OF OPERATIONS

### Net Income

Net income totaled \$30.65 million for the year ended December 31, 2025, a decrease of \$2.35 million from 2024. Net income of \$32.99 million for the year ended December 31, 2024 was an increase of \$6.35 million from 2023. Major components of the changes in net income for the referenced periods are outlined in the following table and discussion:

Change in Net Income	Year Ended December 31,	
	2025	2024
	<i>(dollars in thousands)</i>	
Net income (for prior year)	\$ 32,996	\$ 26,643
<b>Increase (decrease) due to:</b>		
Total interest income	13,899	20,508
Total interest expense	9,309	11,358
Net interest income	4,590	9,150
Provision for credit losses	3,390	(528)
Noninterest income	(910)	1,862
Noninterest expense	2,558	5,266
[Provision for income taxes]	79	(79)
Total increase (decrease) in net income	(2,347)	6,353
<b>Net income</b>	<b>\$ 30,649</b>	<b>\$ 32,996</b>

The Association's primary source of funding is provided by the Bank in the form of notes payable. See *Liquidity and Funding Sources* section below for additional detail on this relationship. Prior to January 1, 2024, the rate applied to the notes payable to the Bank included the Association's allocation of technology and software services provided by the Bank. Effective January 1, 2024, the Bank amended the line of credit agreement to exclude the Association's allocation of costs for Bank-provided services from the Direct Note rate. The master service agreement was also amended to bill the Association for these services separately on a monthly basis. This change had a minimal effect on the Association's net income but did result in a higher net interest margin as it effectively reclassified the Association's technology and software costs paid to the Bank from interest expense to noninterest expense. If this amendment had been in effect during 2023, the Association would have had lower interest expense and corresponding higher noninterest expense of \$3.52 million for the year ended December 31, 2023.

The \$3,390 increase in provision expense from 2024 to 2025 was driven by the continued growth of the loan portfolio, which increased expected lifetime credit losses under the CECL framework. Additionally, a fourth-quarter downgrade in the probability of default for a single large borrower required the establishment of a specific reserve.

### Net Interest Income

Net interest income was \$55.01 million, \$50.42 million, and \$41.27 million in 2025, 2024, and 2023, respectively. Net interest income is the difference between interest income and interest expense. Net interest income is the principal source of earnings for the Association and is impacted by volume, yields on assets and cost of debt. The effects of changes in average volume and interest rates on net interest income over the past three years are presented in the following table:

Change in Net Interest Income	Volume *	Rate	Total
	<i>(dollars in thousands)</i>		
<b>12/31/25 – 12/31/24</b>			
Interest income	\$ 9,778	\$ 4,121	\$ 13,899
Interest expense	5,771	3,538	9,309
Change in net interest income	\$ 4,007	\$ 583	\$ 4,590
<b>12/31/24 – 12/31/23</b>			
Interest income	\$ 10,599	\$ 9,909	\$ 20,508
Interest expense	6,534	4,824	11,358
Change in net interest income	\$ 4,065	\$ 5,085	\$ 9,150

*\*Volume variances can be the result of increased/decreased loan volume or from changes in the percentage composition of assets and liabilities between periods*

Net interest income increased year-over-year primarily due to higher loan volumes and an improvement in the average yield of the loan portfolio.

*Noninterest Income*

Noninterest income for each of the three years ended December 31 is shown in the following table:

Noninterest Income	For the Year Ended			Percentage Increase/(Decrease)	
	December 31,			2025/	2024/
	2025	2024	2023	2024	2023
	<i>(dollars in thousands)</i>				
Loan fees	\$ 1,107	\$ 1,303	\$ 957	(15.04)%	36.15 %
Fees for financially related services	406	152	161	167.11	(5.59)
Patronage refund from other Farm Credit Institutions	10,322	11,344	10,104	(9.01)	12.27
Gain on sale of rural home loans, net	13	287	111	(95.47)	158.56
Gains from sales of premises and equipment, net	685	167	613	310.18	(72.76)
Other noninterest income	431	621	66	(30.60)	840.91
Total noninterest income	\$ 12,964	\$ 13,874	\$ 12,012	(6.56)%	15.50 %

Noninterest income decreased 6.56 percent from 2024 to 2025 and increased 15.50 percent from 2023 to 2024. The majority of noninterest income is derived from patronage refunds from other Farm Credit institutions, primarily AgFirst Farm Credit Bank. The Association received general patronage from AgFirst of \$8.12 million, \$9.09 million, and \$7.77 million in 2025, 2024, and 2023, respectively. The amount of patronage refunds directly correlates to loan volume, as the largest patronage refund from other institutions—patronage from AgFirst—is based on the average volume of notes payable to AgFirst, which in turn corresponds to outstanding loan volume. Noninterest income declined year-over-year primarily due to lower patronage income from AgFirst, driven by a reduction in AgFirst’s patronage rate, as well as a decrease in fee income compared to 2024. These decreases were partially offset by a gain recognized on the sale of the Clarkesville branch, which was relocated to Calhoun, Georgia, and by higher revenue from financially related services.

*Noninterest Expense*

Noninterest expense for each of the three years ended December 31 is shown in the following table:

Noninterest Expense	For the Year Ended			Percentage Increase/(Decrease)	
	December 31,			2025/	2024/
	2025	2024	2023	2024	2023
	<i>(dollars in thousands)</i>				
Salaries and employee benefits	\$ 16,301	\$ 15,393	\$ 14,178	5.90 %	8.57 %
Postretirement Benefits	959	1,317	1,573	(27.18)	(16.27)
Occupancy and equipment	1,573	1,482	1,353	6.14	9.53
Insurance Fund premiums	1,281	1,155	1,761	10.91	(34.41)
Purchased Services	6,742	5,575	1,117	20.93	399.10
Losses(Gain) on OPO, net	-	(2)	1	(100.00)	300.00
Other operating expense	6,164	5,542	5,213	11.24	6.31
Total noninterest expense	\$ 33,020	\$ 30,462	\$ 25,196	8.40 %	20.90 %

Noninterest expense increased year-over-year due to higher purchased services costs, anticipated salary increases, and a general rise in most operating expenses as the cost of goods and services continued to increase. Purchased services expense rose in 2025 after the Bank increased the cost of services provided to the Association, resulting in an additional \$1.1 million in expense for the year ended December 31, 2025. These factors, combined with broad inflationary pressures on routine operating costs, contributed to the overall increase in noninterest expense.

*Income Taxes*

The Association recorded no provision for the year ended December 31, 2025, as compared to a benefit of \$79 thousand for 2024 and no provision for 2023. Refer to Note 2, *Summary of Significant Accounting Policies, Income Taxes*, and Note 12, *Income Taxes*, of the Notes to the Consolidated Financial Statements, for more information concerning the Association’s income taxes.

*Key Results of Operations Comparisons*

Key results of operations comparisons for each of the twelve months ended December 31 are shown in the following table:

Key Results of Operations Comparisons	For the 12 Months Ended		
	2025	2024	2023
Return on average assets	1.83%	2.17%	1.99%
Return on average members’ equity	10.07%	11.24%	9.29%
Net interest income as a percentage of average earning assets	3.43%	3.45%	3.20%
Net (charge-offs) recoveries to average loans	(0.034)%	(0.017)%	0.004%

## LIQUIDITY AND FUNDING SOURCES

### *Liquidity and Funding*

The principal source of funds for the Association is the borrowing relationship established with the Bank through a General Financing Agreement (GFA). The GFA 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 the funds to the Association, creating notes payable (or direct loans) to the Bank. The Bank manages interest rate risk through direct loan pricing and asset/liability management. The notes payable are segmented into variable rate and fixed rate components. 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. Association capital levels effectively create a borrowing margin between the amount of loans outstanding and the amount of notes payable outstanding. This margin is commonly referred to as "Loanable Funds."

Total notes payable to the Bank at December 31, 2025, was \$1,414 million as compared to \$1,305 million at December 31, 2024 and \$1,114 million at December 31, 2023. The increase of \$109 million or 8.36 percent compared to December 31, 2024 was primarily attributable to growth in Association loan volume. The increase of \$191 million or 17.10 percent compared to December 31, 2023 was primarily attributable to growth in Association loan volume. The average volume of outstanding notes payable to the Bank was \$1,353 million, \$1,212 million, and \$1,036 million for the years ended December 31, 2025, 2024, and 2023 respectively. Refer to Note 6, *Debt, Notes Payable to AgFirst Farm Credit Bank*, of the Notes to the Consolidated Financial Statements, for weighted average interest rates and maturities, and additional information concerning the Association's notes payable.

Liquidity management is the process whereby funds are made available to meet all financial commitments including the extension of credit, payment of operating expenses and payment of debt obligations. The Association receives access to funds through its borrowing relationship with the Bank and from income generated by operations. The liquidity policy of the Association is to manage cash balances to maximize debt reduction and to increase loan volume. As borrower payments are received, they are applied to the Association's note payable to the Bank. The Association's participation in the Farmer Mac and secondary market programs provides additional liquidity. Sufficient liquid funds have been available to meet all financial obligations. There are no known trends likely to result in a liquidity deficiency for the Association.

The Association had no lines of credit from third party financial institutions as of December 31, 2025.

### *Funds Management*

The Bank and the Association manage assets and liabilities to provide a broad range of loan products and funding options, which are designed to allow the Association to be competitive in all interest rate environments. The primary objective of the asset/liability management process is to provide stable and rising earnings, while maintaining adequate capital levels by managing exposure to credit and interest rate risks.

Demand for loan types is a driving force in establishing a funds management strategy. The Association offers fixed, adjustable and variable rate loan products that are marginally priced according to financial market rates. Variable rate loans may be indexed to market indices such as the Prime Rate or the Secured Overnight Financing Rate (SOFR). Adjustable rate mortgages are indexed to U.S. Treasury Rates. Fixed rate loans are priced based on the current cost of System debt of similar terms to maturity.

The majority of the interest rate risk in the Association's Consolidated Balance Sheets is transferred to the Bank through the notes payable structure. The Bank, in turn, actively utilizes funds management techniques to identify, quantify, and control risk associated with the loan portfolio.

### *Relationship with the Bank*

The Association's statutory obligation to borrow only from the Bank is discussed in Note 6, *Debt, Notes Payable to AgFirst Farm Credit Bank*, of the Notes to the Consolidated Financial Statements in this Annual Report.

The Bank's ability to access capital of the Association is discussed in Note 4, *Investments, Equity Investments in Other Farm Credit Institutions*, of the Notes to the Consolidated Financial Statements.

The Bank's role in mitigating the Association's exposure to interest rate risk is described in the "Liquidity and Funding" section of this Management's Discussion and Analysis and in Note 6, *Debt, Notes Payable to AgFirst Farm Credit Bank*, included in this Annual Report.

The Association has an agreement with the Bank whereby the Bank may provide certain fiscal, personnel, accounting, marketing, communication, public relations, information management, computer and certain other services as requested by the Association. Specific services currently provided by the Bank to the Association, in which each service provided would constitute a material interdependent relationship, include information management, computer services/hosting, payroll processing and related payroll tax services.

## CAPITAL RESOURCES

Capital serves to support asset growth and provide protection against unexpected credit and interest rate risk and operating losses. Capital is also needed for future growth and investment in new products and services.

The Association's Board of Directors establishes, adopts, and maintains a formal written capital adequacy plan to ensure that adequate capital is maintained for continued financial viability, to provide for growth necessary to meet the needs of members/borrowers, and to ensure that all stockholders are treated equitably. There were no material changes to the capital plan for 2025 that would affect minimum stock purchases or would have an effect on the Association's ability to retire stock and distribute earnings.

Total members' equity at December 31, 2025, was \$303.84 million, an increase of \$10.39 million or 3.54 percent from a total of \$293.45 million at December 31, 2024. At December 31, 2024, total members' equity increased \$11.01 million or 3.90 percent from \$282.44 million at December 31, 2023. These increases are due to the amount retained as unallocated surplus being greater than that revolved and paid out.

Total capital stock and participation certificates were \$4.96 million on December 31, 2025, compared to \$5.07 million on December 31, 2024 and \$4.91 million on December 31, 2023. The period-to-period increases and decreases reflect the net effect of issuing and retiring of stock during the normal course of business.

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:

Ratio	Minimum Requirement	Capital Conservation Buffer	Minimum Requirement with Capital Conservation Buffer	Capital Ratios as of		
				2025	2024	2023
Risk-adjusted ratios:						
CET1 Capital Ratio	4.5%	2.50%	7.00%	16.54%	17.03%	18.95%
Tier 1 Capital Ratio	6.0%	2.50%	8.50%	16.54%	17.03%	18.95%
Total Capital Ratio	8.0%	2.50%	10.50%	16.95%	17.43%	19.33%
Permanent Capital Ratio	7.0%	0.00%	7.00%	16.61%	17.09%	19.02%
Non-risk-adjusted:						
Tier 1 Leverage Ratio*	4.0%	1.00%	5.00%	16.09%	17.01%	19.39%
UREE Leverage Ratio	1.5%	0.00%	1.50%	13.98%	14.11%	15.53%

\* 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.

## PATRONAGE PROGRAM

Prior to the beginning of any fiscal year, the Association's Board of Directors, by adoption of a resolution, may establish a Patronage Allocation Program to distribute its available consolidated net earnings. This resolution provides for the application of net earnings in the manner described in the Association's Bylaws. This includes the setting aside of funds to increase surplus to meet minimum capital adequacy standards established by FCA Regulations, to increase surplus to meet Association capital adequacy standards to a level necessary to support competitive pricing at targeted earnings levels, and for reasonable reserves for necessary purposes of the Association. After excluding net earnings attributable to (a) the portion of loans participated to another institution, and (b) participation loans purchased, remaining consolidated net earnings are eligible for allocation to borrowers. Refer to Note 7, *Members' Equity*, of the Notes to the Consolidated Financial Statements, for more information concerning the patronage distributions. The Association declared patronage distributions of \$ 10.50 Million in 2025, \$14.25 million in 2024, and \$14.48 million in 2023.

## YOUNG, BEGINNING AND SMALL (YBS) FARMERS AND RANCHERS PROGRAM

The Association is committed to providing sound and dependable credit to YBS farmers and ranchers. The FCA regulatory definitions for YBS farmers and ranchers are as follows:

*Young Farmer* – A farmer, rancher, or producer or harvester of aquatic products who was age 35 or younger as of the date the loan was originally made.

*Beginning Farmer* – A farmer, rancher, or producer or harvester of aquatic products who had 10 years or less of experience at farming, ranching, or producing or harvesting aquatic products as of the date the loan is originally made.

*Small Farmer* – A farmer, rancher, or producer or harvester of aquatic products who normally generates less than \$350,000 in annual gross cash farm income of agricultural or aquatic products at the date the loan is originally made.

Because of the unique needs of these individuals, and their importance to the future of agriculture, the Association has established annual marketing goals to increase market shares of loans to YBS farmers. Specific marketing plans have been developed to target these groups, and resources have been designated to help ensure YBS borrowers’ access to a stable source of credit. The Association recognizes that YBS farmers are vitally important to the future of agriculture and are committed to continue offering programs to help educate, assist, and provide quality financial services to YBS farmers. The Association fell just short of the 3 percent business plan goal for increase in number of YBS loans with a 2.98 percent overall increase in number of YBS loans. The Association exceeded the 3 percent goal for increase in volume with a 10.4 percent overall increase in volume of YBS loans in 2025.

The 2022 USDA ag census data is used as a benchmark to measure penetration of the Association’s marketing efforts, with changes in reporting methodology between the 2012, 2017, and 2022 censuses presenting challenges in establishing comparisons between noted years. The 2022 ag census data indicated that within the Association’s chartered territory (counties) there were 21,902 reported farming operations, of which by definition 2,188 or 10.0 percent had an operator qualifying as Young, 8,022 or 36.6 percent had an operator qualifying as Beginning, and 19,229 or 87.8 percent of farming operations qualifying as Small. Comparatively, as of December 31, 2025, the demographics of the Association’s agricultural portfolio are shown in the two tables below.

The following table summarizes information regarding the Association’s loans outstanding to YBS farmers and ranchers as of December 31, 2025:

<i>(dollars in thousands)</i>	<b>Number of Loans</b>	<b>Percent of Total</b>	<b>Volume Outstanding</b>	<b>Percent of Total</b>
Young only	133	1.65%	\$ 30,274	1.81%
Young & beginning	286	3.55%	113,208	6.78%
Young & small	123	1.53%	8,739	0.52%
Beginning only	330	4.09%	244,295	14.63%
Beginning & small	2,145	26.61%	382,990	22.93%
Small only	1,866	23.15%	145,165	8.69%
Young, beginning & small	923	11.45%	123,092	7.37%
Non-YBS	2,255	27.97%	622,511	37.27%
<b>Total</b>	<b>8,061</b>	<b>100.00%</b>	<b>\$ 1,670,274</b>	<b>100.00%</b>

The following table summarizes information regarding the Association’s new loans made to YBS farmers and ranchers for the year ended December 31, 2025:

<i>(dollars in thousands)</i>	<b>Number of Loans</b>	<b>Percent of Total</b>	<b>Volume Outstanding</b>	<b>Percent of Total</b>
Young only	54	2.31%	\$ 9,777	1.55%
Young & beginning	104	4.45%	51,195	8.10%
Young & small	41	1.75%	3,648	0.58%
Beginning only	145	6.20%	127,964	20.24%
Beginning & small	490	20.95%	108,204	17.11%
Small only	548	23.43%	39,383	6.23%
Young, beginning & small	274	11.71%	42,830	6.77%
Non-YBS	683	29.20%	249,285	39.42%
<b>Total</b>	<b>2,339</b>	<b>100.00%</b>	<b>\$ 632,286</b>	<b>100.00%</b>

The Association focuses on education and financial support in helping YBS farmers finance their operations. Educational programs include seminars, speaking opportunities and training sessions, which are conducted throughout the year. These educational opportunities are both in-house, in the form of events held by the Association, and external, in which case, the Association provides a speaker or provides educational materials. In particular, the Association uses its AGAware course as a way to train and educate YBS farmers in areas such as financial planning, budgeting, succession planning, risk management and other pertinent topics for YBS farmers. The Association website, [www.aggeorgia.com](http://www.aggeorgia.com), includes an entire section of information and resources for YBS visitors to the site, as well as a link to a repository of YBS resources, [www.agbizinfo.com](http://www.agbizinfo.com), made possible through collaboration of Farm Credit System entities and to which AgGeorgia was an early contributor. Educational programs also include those activities in which the Association participates in at local levels as a sponsor (such as 4-H and FFA events) or as an exhibitor (such as industry or trade shows).

The focus on financial support addresses the specific credit programs and partnerships that the Association has developed to help small farmers, young farmers, and farmers just starting out. It includes internal programs, such as a YBS Mission pool with reduced fees and underwriting concessions, as well as external programs such as those offered by the Farm Service Agency (FSA), which includes joint financing as well as guaranteed and direct loans to qualifying borrowers. The Association is a “preferred lender,” the highest status designated by FSA.

A senior executive oversees the YBS program and coordinates the efforts of other staff members. The Association includes YBS goals in the annual strategic plan, and reports on those goals and achievements to the Board of Directors on a quarterly basis.

The Association is committed to the future success of young, beginning and small farmers.

## **REGULATORY MATTERS**

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 their 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 for less than \$500,000. On October 16, 2024, the FCA extended the implementation date of this rule from January 1, 2025 to January 1, 2026.

# *Disclosure Required by Farm Credit Administration Regulations*

## **Description of Business**

Descriptions of the territory served, persons eligible to borrow, types of lending activities engaged in, financial services offered and related Farm Credit organizations are incorporated herein by reference to Note 1, *Organization and Operations*, of the Consolidated Financial Statements included in this Annual Report to shareholders.

The description of significant developments that had or could have a material impact on earnings or interest rates to borrowers, acquisitions or dispositions of material assets, material changes in the manner of conducting the business, seasonal characteristics, and concentrations of assets, if any, is incorporated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” included in this Annual Report.

## **Description of Property**

The following table sets forth certain information regarding the properties of the reporting entity, all of which are located in Georgia:

<b>Location</b>	<b>Description</b>	<b>Form of Ownership</b>
2857 Miller Ferry Road Calhoun 30701	Branch	Owned
102 Blacksnake Road Clarksville/Mt. Airy 30563	Branch	Owned
1207 South Greer Street Cordele 31015	Branch	Owned
19 Woodlake Drive Chatsworth 30705	Branch	Owned
826 Bellevue Avenue Dublin 31021	Branch	Owned
501 Broad Street Gainesville 30501	Branch	Owned
700 East Villanow Street LaFayette 30728	Outpost of Calhoun Branch	Owned
22 5th Avenue, SE Moultrie 31768	Branch	Owned
Tallokas Road Moultrie 31768	2.45 acres in 8 <sup>th</sup> Land District, Colquitt County	Owned
468 Perry Parkway Perry 31069	Corporate Office & Branch	Owned
504 East Screven Street Quitman 31643	Branch	Owned
449 Franklin Springs Street Royston 30662	Branch	Owned
775 Sparta Road Sandersville 31082	Branch	Owned
1601 King Road Tifton 31793	Branch	Owned
U.S. 78, 311 North Bypass Washington 30673	Branch	Owned
176 Highway 80 West Waynesboro 30830	Branch	Owned

*\*Branch was relocated to Calhoun. Location and is currently on market.*

## **Legal Proceedings**

Information, if any, to be disclosed in this section is incorporated herein by reference to Note 11, *Commitments and Contingencies*, of the Consolidated Financial Statements included in this Annual Report.

## Description of Capital Structure

Information to be disclosed in this section is incorporated herein by reference to Note 7, *Members' Equity*, of the Consolidated Financial Statements included in this Annual Report.

## Description of Liabilities

The description of liabilities, contingent liabilities and intrasystem financial assistance rights and obligations to be disclosed in this section is incorporated herein by reference to Notes 2, 6, 9 and 11 of the Consolidated Financial Statements included in this Annual Report.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

"*Management's Discussion and Analysis of Financial Condition and Results of Operations*," which appears in this Annual Report and is to be disclosed in this section, is incorporated herein by reference.

## Senior Officers

The following represents certain information regarding the senior officers of the Association and their business experience for the past five years:

<b>Name and Title</b>	<b>Term of Office</b>	<b>Prior Experience</b>
James R. Crain <i>President &amp; Chief Executive Officer</i>	8/1/2020-present	Carolina Farm Credit Chief Credit Officer from 2018 thru July 2020, and Chief Risk Officer and Director of Credit Administration from 2015 thru 2018
Elizabeth M. Benefield <i>Executive Vice President, General Counsel &amp; Corporate Secretary</i>	2/1/2021-present	Attorney with Husch Blackwell, LLP from 2020-2021 and Carolina Farm Credit General Counsel from 2015 thru 2020
Stephen G. Connelly <i>Executive Vice President &amp; Chief Administrative Officer</i>	6/1/2021-present	AgGeorgia Farm Credit Chief Information & Technology Officer from December 2010 thru June 2021
Corey W. Cottle <i>Executive Vice President &amp; Chief Marketing Officer</i>	5/1/2013-present	
Marissa F. Martin <i>Executive Vice President &amp; Chief Human Resource Officer</i>	9/5/2023-present	Senior Director, People and Talent, North and South America with Stellar Elements, an Amdocs Company, from 2022 thru September 2023. Director of Organizational Development with American AgCredit from 2020 thru 2022. Senior Human Resources Relationship Manager with Farm Credit Mid-America from 2017 thru 2020.
Gerald N. Murkerson, Jr. <i>Executive Vice President &amp; Chief Risk Officer</i>	11/1/2020-present	AgGeorgia Farm Credit Controller from January 2017 thru October 2020
Lisa C. Storm <i>Executive Vice President &amp; Chief Credit Officer</i>	11/1/2022-present	AgGeorgia Farm Credit Regional Credit Administrator from February 2012 thru October 2022.
Tamara L. Shrable <i>Executive Vice President &amp; Chief Lending Officer</i>	12/1/2024-present	AgGeorgia Farm Credit Regional Manager from September 2020 thru November 2024. AgGeorgia Farm Credit Relationship Manager from June 2019 thru September 2020.
Brandie L. Thompson <i>Executive Vice President, Chief Financial Officer &amp; Treasurer</i>	11/1/2020-present	AgGeorgia Farm Credit Chief Risk Officer and Risk Manager from December 2016 thru October 2020.

## Senior Officer Compensation

The Association discloses senior officer compensation information in the Association's Annual Meeting Information Statement mailed to all members. The Annual Meeting Information Statement is available for public inspection at Association offices. Disclosure information on the total compensation paid during the last fiscal year to any senior officer or to any other employee included in the total compensation paid, is available and will be disclosed to shareholders of the Association upon request.

Board policy regarding reimbursements for travel, subsistence, and other related expenses states that all employees, including senior officers, shall be reimbursed for actual reasonable travel and related expenses which are necessary and support our business interest. A copy of our travel policy is available to shareholders upon written request.

**Directors**

The following section represents the Board of Directors as of December 31, 2025. The below chart details the year the director began serving on the board and the current term of expiration:

<b>DIRECTOR</b>	<b>ORIGINAL YEAR OF ELECTION OR APPOINTMENT</b>	<b>CURRENT TERM EXPIRATION</b>
Glee C. Smith, Outside Director, <b>Chairperson</b>	2013	2/2027
R. Brian Grogan, <b>Vice-Chairperson</b>	2018	2027
Jack W. Bentley, Jr.	1985	2026
Justin W. Castleberry	2025	2028
Guy A. Daughtrey	2001	2028
Robert Bradham “Brad” Edenfield	2023	2026
Daniel “Dan” King	2025	2028
Stephen “Steve” C. Loughridge	2025	2028
Robert “Bobby” G. Miller,	1991	2025
Joe A. “Al” Rowland	2018	2026
C. Chase Springfield	2024	2027
George Teel Warbington	2021	2028
Henry C. “Clint” Wortman, Jr.	2022	2027
Patti B. York	2021	2025*

*\*Director re-elected to a four (4) year term expiring 12/31/2029.*

The following represents certain information regarding the directors of the Association, including their principal occupation and employment for the past five years. Unless specifically listed, the principal occupation of the board member for the past five years has been as a self-employed farmer.

**Glee C. Smith, Outside Director, Chairperson** is a private practice attorney, and owner/president of GCS Enterprises, Inc. (rental property). Ms. Smith also serves on the board of WorkSource Georgia (workforce training) and Randolph-Macon College.

**R. Brian Grogan, Vice-Chairperson**, is a broiler producer, has a cow/calf operation, and grows feed corn, hay, and forage. Mr. Grogan is owner/operator of Haven Farm, Corner Post Farm, Tall Grass Farm and Brookhave Farm Rental Property. Mr. Grogan serves on the board of Gordan County Farm Bureau (insurance broker, ag promotion and development).

**Jack W. Bentley, Jr.**, is owner/operator of A & J Dairy. He also serves on the boards of AgFirst Farm Credit Bank (cooperative banking services); the American Dairy Association of Georgia (trade association and milk promotion); the Wilkes County Farm Bureau (insurance sales and ag promotion and development), and Lonestar Milk Producers (milk production).

**Justin W. Castleberry** is a diversified agricultural producer and business owner. He is a pullet grower, manages a commercial cow/calf operation, and farms row crops including corn, soybeans, and hay. In addition, he owns and operates a trucking company specializing in the transport of agricultural products. Mr. Castleberry is the owner/operator of Castleberry Farms, S.E.C. Trucking, Inc., and C&C Farms South, LLC. He also serves as treasurer of the Upper Chattahoochee Soil & Water Conservation District and sits on the board of the Hall County Farm Service Agency (agricultural finance and support) and Forsyth County Farm Bureau (insurance broker, ag promotion and development).

**Guy A. Daughtrey** is a pecan and timber grower. After 38 years of service, he retired as an auditor from Southern Company (regional energy company) in 2020. He serves on the South Georgia Regional Commission Board (an 18 county, 45 city regional intergovernmental coordination and long-term planning agency). Mr. Daughtrey is the Association’s Financial Expert, appointed by the board.

**Robert Bradham “Brad” Edenfield** is a row crop farmer growing corn, cotton, and peanuts and owns/maintains a heard of registered Brown Swiss dairy replacement heifers. Mr. Edenfield is co-owner and operator of multiple business entities, to include RT Farms, Inc., Beechwood Heritage Farms, LLC, Peach Heritage Farms, LLC, and Edenfield Heritage Farms, LLC. Mr. Edenfield serves on the board of the Burke County Farm Bureau (insurance broker, ag promotion and development), as an advisory committee member of the Georgia Farm Bureau – State Commodity Advisory Committee for Peanuts (peanut industry promotion and policy development), a member of the National Brown Swiss Association (Brown Swiss cattle breed promotion and expansion), and a member of the American Farm Bureau Federation (AFBF) Technology Issue Advisory Committee.

**Daniel “Dan” King** is a row-crop farmer growing peanuts, cotton, and corn, as well as a vegetable producer specializing in snap beans, squash, cantaloupe, watermelon, and peas. He is the owner and operator of Dan King Farms and also manages Concordia Peanut, a peanut processing and marketing operation. He serves on the board of the Georgia Watermelon Association (watermelon industry promotion).

**Stephen “Steve” C. Loughridge, Outside Director**, is a poultry farmer and also operates a commercial brood cattle business. He retired as Superintendent of Murray County Schools in June 2024. He is the co-owner of Pleasant Valley Poultry (poultry broiler operation), Pleasant Valley Cattle, Inc. (commercial brood cattle operation), and Pleasant Valley Rentals (commercial real estate rental business). He is licensed by the Georgia State Board of Accountancy as a Certified Public Accountant and is a member of both the Georgia

Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Mr. Loughridge also serves as a director of the Murray County Schools Foundation (a charitable foundation), a director of the Murray AdventHealth Foundation (charitable support organization), and president of the Murray County Cattlemen’s Association.

**Robert “Bobby” G. Miller** has a cow-calf operation and manages rental properties and real estate. He serves as manager on the boards of H. R. Miller, LLC, RGM Foothills Properties, LLC, and EliEm Legacy, LLC (commercial and residential rentals and real estate).

**Joe A. “Al” Rowland** is a row crop farmer growing cotton, peanuts, rye and hay, and operates a small-scale trucking company that transports agricultural products. He serves on the board of the Johnson County Farm Bureau (insurance broker, ag promotion and development).

**C. Chase Springfield** is a poultry farmer, hay and cow/calf producer, and poultry service provider. Mr. Springfield is owner/operator of Cohutta Springs Farms, Boyds Creek, and Springfield Farm. Mr. Springfield was previously a member of the AgGeorgia Farm Credit Stockholder Advisory Council and is currently a board member of the Murray County Farm Bureau (insurance broker, ag promotion and development).

**George Teel Warbington** is a row crop farmer growing cotton, peanuts and corn and produces timber and pecans. He is the president, partner and/or member of multiple business entities to include Warbington Farms Partnership, Warbington Farms, Inc, Warbingtons GP, AgServ, Inc., Dooly Farm Mfg. Co., and Agriventures, LLC. Mr. Warbington serves on the board of Dooly County Farm Bureau (insurance broker, ag promotion and development) and as a trustee of the Georgia Farm Bureau Member Health Insurance.

**Henry C. “Clint” Wortman, Jr.** is a row crop farmer growing corn, soybeans, peanuts, cotton and grain sorghum. Mr. Wortman also has a pecan operation, commercial cow/calf operation, and grows timber. He is owner/operator of Jackson & Wortman, LLC. Mr. Wortman is a member of Georgia Farm Bureau (insurance broker, ag promotion and development) and is a stockholder/grower for Tifton Quality Peanut (processing/marketing).

**Patti B. York** is a poultry farmer, beef cattle and sheep producer, and is owner/operator of JSK Farms, Inc. She serves as vice chair on the Hart County Water and Sewer Authority Board (water and sewer planning).

#### **Director Compensation**

Directors are paid a monthly retainer fee of \$2,400. The Board Chairperson receives an additional monthly retainer fee of \$417 and directors servicing in the capacity of Committee Chairperson for the Audit Committee, Governance Committee, Risk Committee and Compensations committees receive an additional monthly retainer fee of \$208. Directors of the AgGeorgia Farm Credit Board who are appointed to represent the Association on the Legislative Advisory Committee and District Advisory Committee are compensated \$650 per in person meeting, \$400 per virtual meeting and \$300 per travel day, where travel is required to occur on a separate day from the meeting. Total compensation paid to directors as a group was \$424,000 for 2025, compared to \$382,500 for 2024. No director received more than \$5,000 in non-cash compensation during the year.

The following chart details the number of meetings, other activities and additional compensation paid for other activities (if applicable) for each director:

Name of Director	Days Served		2025 Committee Assignments	Comp. Paid for other Activities*	Monthly Retainer and Regular Meeting Compensation	Total Compensation for 2025
	Regular Board Meetings	Other Official Activities*				
Glee C. Smith <i>Outside Director</i> <b>Board Chairperson</b>	6	34	Credit Review, Audit, Compensation, Risk, Governance, Ad Hoc Budget, Ad Hoc Building, Legislative Advisory Committee	\$ 2,700	\$ 33,800	\$ 36,500
R. Brian Grogan <b>Board Vice-Chairperson</b>	7	19	Credit Review, Audit, Compensation	–	31,300	31,300
Jack W. Bentley, Jr.	7	15	Credit Review, Compensation, Risk, Ad Hoc Budget	–	28,800	28,800
Justin W. Castleberry	6	36	Credit Review, Risk, Ad Hoc Budget	–	28,800	28,800
Guy A. Daughtrey	7	28	Credit Review, Audit (Financial Expert), Ad Hoc Budget, Ad Hoc Building	–	31,300	31,300
Robert Bradham “Brad” Edenfield	7	34	Credit Review, Compensation, Governance, Risk	400	28,800	29,200
Daniel “Dan” King	7	11	Credit Review, Compensation, Governance	–	28,800	28,800
Stephen “Steve” C. Loughridge <i>Outside Director</i>	6	29	Credit Review, Audit, Ad Hoc Building	–	28,800	28,800
Robert “Bobby” G. Miller	7	17	Credit Review, Governance, Risk	–	31,300	31,300
Joe A. “Al” Rowland	7	30	Credit Review, Audit, Risk, Ad Hoc Building, District Advisory Committee	2,300	31,300	33,600
C. Chase Springfield	7	27	Credit Review, Governance, Risk, Ad Hoc Building	–	28,800	28,800
George Teel Warbington	7	34	Credit Review, Audit, Compensation, Ad Hoc Budget, Ad Hoc Building	400	28,800	29,200
Henry C. “Clint” Wortman, Jr.	7	28	Credit Review, Audit, Governance, Ad Hoc Building	–	28,800	28,800
Patti B. York	7	33	Credit Review, Compensation, Risk	–	28,800	28,800
				<b>\$ 5,800</b>	<b>\$ 418,200</b>	<b>\$ 424,000</b>

\*Includes board committee meetings and other board activities other than regular board meetings.

Board policy regarding reimbursements for travel, subsistence, and other related expenses states that all employees, including senior officers, and directors, shall be reimbursed for actual reasonable travel and related expenses which are necessary and support our business interest. A copy of our travel policy is available to shareholders upon written request.

The aggregate amount of reimbursement for travel, subsistence and other related expenses for all directors as a group was \$277,216 for 2025, \$196,554 for 2024, and \$337,519 for 2023.

### Transactions with Senior Officers and Directors

The reporting entity’s policies on loans to and transactions with its officers and directors, to be disclosed in this section are incorporated herein by reference to Note 10, *Related Party Transactions*, of the Consolidated Financial Statements included in this Annual Report. There have been no transactions between the Association and senior officers or directors which require reporting per FCA regulations.

### Involvement in Certain Legal Proceedings

There were no matters which came to the attention of management or the board of directors regarding involvement of current directors or senior officers in specified legal proceedings which should be disclosed in this section. No directors or senior officers have been involved in any legal proceedings during the last five years which require reporting per FCA regulations.

### Relationship with Independent Auditors

There were no changes in or material disagreements with our independent auditors on any matter of accounting principles or financial statement disclosure during this period.

Aggregate fees incurred by the Association for services rendered by its independent auditors for the year ended December 31, 2025 were as follows:

	<u>2025</u>
<i>Independent Auditors</i>	
PricewaterhouseCoopers LLP	
Audit services	\$ 114,556
Total	<u>\$ 114,556</u>

Audit fees were for the annual audit of the Consolidated Financial Statements. There were no non audit services provided by the Association’s independent auditors during 2025. All nonaudio service fees incurred by the Association require approval by the Audit Committee.

### **Consolidated Financial Statements**

The Consolidated Financial Statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 10, 2026 and the report of management, which appear in this Annual Report, are incorporated herein by reference. Copies of the Association's Annual and Quarterly reports are available upon request free of charge by calling 800-768-3276, Ext. 113 or writing Brandie L. Thompson, Chief Financial Officer, P.O. Box 1820, Perry, GA 31069 or accessing the web site, [www.aggeorgia.com](http://www.aggeorgia.com). The Association prepares an electronic version of the Annual Report which is available on the Association's web site within 75 days after the end of the fiscal year and distributes the Annual Reports to shareholders within 90 days after the end of the fiscal year. The Association prepares an electronic version of the 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.

### **Borrower Information Regulations**

Since 1972, Farm Credit Administration (FCA) regulations have required that borrower information be held in strict confidence by Farm Credit System (FCS) institutions, their directors, officers and employees. These regulations provide Farm Credit institutions clear guidelines for protecting their borrowers' nonpublic personal information.

On November 10, 1999, the FCA Board adopted a policy that requires FCS institutions to formally inform new borrowers at loan closing of the FCA regulations on releasing borrower information and to address this information in the Annual Report. The implementation of these measures ensures that new and existing borrowers are aware of the privacy protections afforded them through FCA regulations and Farm Credit System institution efforts.

### **Credit and Services to Young, Beginning, and Small Farmers and Ranchers and Producers or Harvesters of Aquatic Products**

Information to be disclosed in this section is incorporated herein by reference to the similarly named section in the Management's Discussion and Analysis of Financial Condition and Results of Operations section included in this Annual Report to the shareholders.

### **Shareholder Investment**

Shareholder investment in the Association could be materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank (Bank or AgFirst). Copies of the Bank'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 by going to AgFirst's web site at [www.agfirst.com](http://www.agfirst.com). The Bank prepares an electronic version of the Annual Report, which is available on the website, within 75 days after the end of the fiscal year. The Bank prepares an electronic version of the Quarterly report within 40 days after the end of each fiscal quarter, except that no report needs to be prepared for the fiscal quarter that coincides with the end of the fiscal year of the Bank.

## *Report of the Audit Committee*

The Audit Committee of the Board of Directors (Committee) is comprised of the directors named below. None of the directors who serve on the Committee is an employee of AgGeorgia Farm Credit (Association) and in the opinion of the Board of Directors, each is free of any relationship with the Association or management that would interfere with the director's independent judgment on the Committee.

The Committee has adopted a written charter that has been approved by the Board of Directors. The Committee has reviewed and discussed the Association's audited financial statements with management, which has primary responsibility for the financial statements.

PricewaterhouseCoopers LLP (PwC), the Association's Independent Auditors for 2025, is responsible for expressing an opinion on the conformity of the Association's audited financial statements with accounting principles generally accepted in the United States of America. The Committee has discussed with PwC the matters that are required to be discussed by Statement on Auditing Standards No. 114 (*The Auditor's Communication With Those Charged With Governance*).

Based on the considerations referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Association's Annual Report for 2025. The foregoing report is provided by the following independent directors, who constitute the Committee.

/s/ Guy Daughtrey  
Chairperson of the Audit Committee

### **Members of Audit Committee**

Justin W. Castleberry  
Robert B. Edenfield  
Steve C. Loughridge  
Glee C. Smith  
Henry Clint Wortman, Jr.  
Patti B. York

March 10, 2026



## Report of Independent Auditors

To the Management and Board of Directors of AgGeorgia Farm Credit, ACA

### *Opinion*

We have audited the accompanying consolidated financial statements of AgGeorgia Farm Credit, ACA and its subsidiaries (the "Association"), which comprise the consolidated balance sheets as of December 31, 2025, 2024, and 2023 and the related consolidated statements of comprehensive income, of changes in members' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2025, 2024, and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 2 to the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

## *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2025 Annual Report, but does not include the consolidated **financial statements and our auditors' report thereon**. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*PricewaterhouseCoopers LLP*

Charlotte, North Carolina  
March 10, 2026

# Consolidated Balance Sheets

<i>(dollars in thousands)</i>	December 31,		
	2025	2024	2023
<b>Assets</b>			
Cash	\$ 11	\$ 8	\$ 93
Loans	1,670,047	1,553,577	1,378,546
Allowance for credit losses on loans	(9,430)	(5,404)	(4,723)
Net loans	1,660,617	1,548,173	1,373,823
Loans held for sale	—	—	72
Accrued interest receivable	18,003	19,280	16,634
Equity investments in other Farm Credit institutions	31,152	24,188	21,672
Premises and equipment, net	19,861	19,725	17,214
Other property owned	—	—	33
Accounts receivable	10,382	11,256	9,937
Other assets (includes \$1,992, \$1,986, and \$1,801 at fair value)	3,871	4,111	1,959
Total assets	<b>\$ 1,743,897</b>	<b>\$ 1,626,741</b>	<b>\$ 1,441,437</b>
<b>Liabilities</b>			
Notes payable to AgFirst Farm Credit Bank	\$ 1,413,763	\$ 1,304,710	\$ 1,114,204
Accrued interest payable	5,256	4,605	3,915
Patronage refunds payable	11,987	9,395	15,751
Accounts payable	1,371	3,144	2,207
Advanced conditional payments	—	697	12,298
Other liabilities	7,675	10,741	10,627
Total liabilities	<b>1,440,052</b>	<b>1,333,292</b>	<b>1,159,002</b>
Commitments and contingencies (Note 11)			
<b>Members' Equity</b>			
Capital stock and participation certificates	4,963	5,071	4,912
Retained earnings			
Allocated	30,833	40,432	48,272
Unallocated	267,916	247,767	229,156
Accumulated other comprehensive income	133	179	95
Total members' equity	<b>303,845</b>	<b>293,449</b>	<b>282,435</b>
Total liabilities and members' equity	<b>\$ 1,743,897</b>	<b>\$ 1,626,741</b>	<b>\$ 1,441,437</b>

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

# Consolidated Statements of Comprehensive Income

<i>(dollars in thousands)</i>	For the year ended December 31,		
	2025	2024	2023
<b>Interest Income</b>			
Loans	\$ 114,160	\$ 100,261	\$ 79,753
<b>Interest Expense</b>	59,145	49,836	38,478
Net interest income	55,015	50,425	41,275
Provision for credit losses	4,310	920	1,448
Net interest income after provision for credit losses	50,705	49,505	39,827
<b>Noninterest Income</b>			
Loan fees	1,107	1,303	957
Fees for financially related services	406	152	161
Patronage refunds from other Farm Credit institutions	10,322	11,344	10,104
Gains (losses) on sales of rural home loans, net	13	287	111
Gains (losses) on sales of premises and equipment, net	685	167	613
Gains (losses) on other transactions	178	261	57
Insurance Fund refunds	236	345	—
Other noninterest income	17	15	9
Total noninterest income	12,964	13,874	12,012
<b>Noninterest Expense</b>			
Salaries and employee benefits	17,260	16,710	15,751
Occupancy and equipment	1,573	1,482	1,353
Insurance Fund premiums	1,281	1,155	1,761
Purchased services	6,742	5,575	1,117
Data processing	410	333	271
Other operating expenses	5,754	5,209	4,942
(Gains) losses on other property owned, net	—	(2)	1
Total noninterest expense	33,020	30,462	25,196
Income before income taxes	30,649	32,917	26,643
Provision (benefit) for income taxes	—	(79)	—
<b>Net income</b>	\$ 30,649	\$ 32,996	\$ 26,643
<b>Other comprehensive income net of tax</b>			
Employee benefit plans adjustments	(46)	84	(47)
<b>Comprehensive income</b>	\$ 30,603	\$ 33,080	\$ 26,596

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

# Consolidated Statements of Changes in Members' Equity

<i>(dollars in thousands)</i>	Capital Stock and Participation Certificates	Retained Earnings		Accumulated Other Comprehensive Income	Total Members' Equity
		Allocated	Unallocated		
Balance at December 31, 2022	\$ 4,730	\$ 56,491	\$ 215,103	\$ 142	\$ 276,466
Cumulative effect of change in accounting principle			2,034		2,034
Comprehensive income			26,643	(47)	26,596
Capital stock/participation certificates issued/(retired), net	182				182
Patronage distribution					
Cash			(14,482)		(14,482)
Retained earnings retired		(8,219)			(8,219)
Patronage distribution adjustment			(142)		(142)
<b>Balance at December 31, 2023</b>	<b>\$ 4,912</b>	<b>\$ 48,272</b>	<b>\$ 229,156</b>	<b>\$ 95</b>	<b>\$ 282,435</b>
Comprehensive income			32,996	84	33,080
Capital stock/participation certificates issued/(retired), net	159				159
Patronage distribution					
Cash			(14,250)		(14,250)
Retained earnings retired		(7,840)			(7,840)
Patronage distribution adjustment			(135)		(135)
<b>Balance at December 31, 2024</b>	<b>\$ 5,071</b>	<b>\$ 40,432</b>	<b>\$ 247,767</b>	<b>\$ 179</b>	<b>\$ 293,449</b>
<b>Comprehensive income</b>			<b>30,649</b>	<b>(46)</b>	<b>30,603</b>
<b>Capital stock/participation certificates issued/(retired), net</b>	<b>(108)</b>				<b>(108)</b>
<b>Patronage distribution</b>					
<b>Cash</b>			<b>(10,500)</b>		<b>(10,500)</b>
<b>Retained earnings retired</b>		<b>(9,598)</b>			<b>(9,598)</b>
<b>Patronage distribution adjustment</b>			<b>(1)</b>		<b>(1)</b>
<b>Balance at December 31, 2025</b>	<b>\$ 4,963</b>	<b>\$ 30,833</b>	<b>\$ 267,916</b>	<b>\$ 133</b>	<b>\$ 303,845</b>

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

# Consolidated Statements of Cash Flows

<i>(dollars in thousands)</i>	For the year ended December 31,		
	2025	2024	2023
<b>Cash flows from operating activities:</b>			
Net income	\$ 30,649	\$ 32,996	\$ 26,643
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation on premises and equipment	1,330	994	796
Amortization (accretion) of net deferred loan costs (fees)	(1,847)	(1,123)	(662)
Provision for credit losses	4,310	920	1,448
(Gains) losses on other property owned	—	(3)	(9)
(Gains) losses on sales of premises and equipment, net	(685)	(167)	(613)
(Gains) losses on sales of rural home loans, net	(13)	(287)	(111)
(Gains) losses on other transactions	(178)	(261)	(57)
Changes in operating assets and liabilities:			
Origination of loans held for sale	(2,438)	(3,327)	(2,839)
Proceeds from sales of loans held for sale, net	2,451	3,686	2,878
(Increase) decrease in accrued interest receivable	1,277	(2,646)	(2,512)
(Increase) decrease in accounts receivable	874	(1,319)	(970)
(Increase) decrease in other assets	240	(2,152)	(26)
Increase (decrease) in accrued interest payable	651	690	1,246
Increase (decrease) in accounts payable	(1,773)	937	184
Increase (decrease) in other liabilities	(2,664)	475	(1,443)
Total adjustments	<u>1,535</u>	<u>(3,583)</u>	<u>(2,690)</u>
Net cash provided by (used in) operating activities	<u>32,184</u>	<u>29,413</u>	<u>23,953</u>
<b>Cash flows from investing activities:</b>			
Net (increase) decrease in loans	(115,177)	(174,164)	(135,254)
(Increase) decrease in equity investments in other Farm Credit institutions	(6,964)	(2,516)	(5,854)
Purchases of premises and equipment	(2,205)	(3,509)	(5,823)
Proceeds from sales of premises and equipment	1,424	172	1,133
Proceeds from sales of other property owned	—	36	9
Net cash provided by (used in) investing activities	<u>(122,922)</u>	<u>(179,981)</u>	<u>(145,789)</u>
<b>Cash flows from financing activities:</b>			
Advances on (repayment of) notes payable to AgFirst Farm Credit Bank, net	109,053	190,506	133,103
Net increase (decrease) in advanced conditional payments	(697)	(11,601)	12,298
Capital stock and participation certificates issued/(retired), net	(108)	159	182
Patronage refunds and dividends paid	(7,909)	(20,741)	(15,445)
Retained earnings retired	(9,598)	(7,840)	(8,219)
Net cash provided by (used in) financing activities	<u>90,741</u>	<u>150,483</u>	<u>121,919</u>
Net increase (decrease) in cash	3	(85)	83
Cash, beginning of period	8	93	10
Cash, end of period	<u>\$ 11</u>	<u>\$ 8</u>	<u>\$ 93</u>
<b>Supplemental schedule of non-cash activities:</b>			
Receipt of property in settlement of loans	\$ —	\$ —	\$ 33
Estimated cash dividends or patronage distributions declared or payable	10,500	14,250	14,482
Cumulative effect of change in accounting principle	—	—	2,034
Employee benefit plans adjustments (Note 9)	46	(84)	47
<b>Supplemental information:</b>			
Interest paid	\$ 58,494	\$ 49,146	\$ 37,233

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

# Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)

## Note 1 — Organization and Operations

A. **Organization:** AgGeorgia Farm Credit, ACA (Association or AgGeorgia) is a member-owned cooperative that provides credit and credit-related services to qualified borrowers in the counties of Baldwin, Banks, Barrow, Bartow, Ben Hill, Berrien, Bibb, Bleckley, Brooks, Burke, Catoosa, Chattooga, Cherokee, Clarke, Cobb, Colquitt, Columbia, Cook, Crawford, Crisp, Dade, Dawson, Dodge, Dooley, Echols, Elbert, Fannin, Floyd, Forsyth, Franklin, Gilmer, Glascock, Gordon, Habersham, Hall, Hancock, Hart, Houston, Irwin, Jackson, Jefferson, Johnson, Jones, Lanier, Laurens, Lincoln, Lowndes, Lumpkin, Macon, Madison, McDuffie, Murray, Oglethorpe, Paulding, Peach, Pickens, Polk, Pulaski, Rabun, Richmond, Stephens, Taliaferro, Taylor, Telfair, Tift, Towns, Treutlen, Turner, Twiggs, Union, Walker, Warren, Washington, White, Whitfield, Wilcox, Wilkes, Wilkinson and Worth in the state of Georgia.

The Association is a lending institution in the Farm Credit System (System), a nationwide network of cooperatively owned banks and associations. It was established by Acts of Congress and is subject to the provisions of the Farm Credit Act of 1971, as amended (Farm Credit Act). The System specializes in providing financing and related services to qualified borrowers for agricultural and rural purposes.

The nation is served by three Farm Credit Banks (FCBs) and one Agricultural Credit Bank (ACB), (collectively, the System Banks) each of which has specific lending authorities within its chartered territory. The ACB also has additional specific nationwide lending authorities.

Each System Bank serves one or more Agricultural Credit Associations (ACAs) that originate long-term, short-term and intermediate-term loans, Production Credit Associations (PCAs) that originate and service short- and intermediate-term loans, and/or Federal Land Credit Associations (FLCAs) that originate and service long-term real estate mortgage loans. These associations borrow a majority of the funds for their lending activities from their related bank. System Banks are also responsible for supervising the activities of associations within their districts. AgFirst (Bank) and its related associations (Associations or District Associations) are collectively referred to as the AgFirst District. The District Associations jointly own substantially all of AgFirst's voting stock. As of year-end, the District consisted of the Bank and sixteen District Associations. All sixteen were structured as ACA holding companies, with PCA and FLCA subsidiaries. FLCAs are tax-exempt while ACAs and PCAs are taxable.

The Farm Credit Administration (FCA) is delegated authority by Congress to regulate the System banks and associations. The FCA examines the activities of the associations and certain actions by the associations are subject to the prior approval of the FCA and the supervising bank.

The Farm Credit Act also established the Farm Credit System Insurance Corporation (Insurance Corporation) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is required to be used (1) to ensure the timely payment of principal and interest on Systemwide debt obligations (Insured Debt), (2) to ensure the retirement of protected borrower capital at par or stated value, and (3) for other specified purposes. The Insurance Fund is also available for discretionary uses by the Insurance Corporation to provide assistance to certain troubled System institutions and to cover the operating expenses of the Insurance Corporation. Each System bank has been required to pay premiums, which may be passed on to the Association, into the Insurance Fund, based on its average adjusted outstanding Insured Debt until the assets in the Insurance Fund reach the "secure base amount." The secure base amount is defined in the Farm Credit Act as 2.0 percent of the aggregate insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or such other percentage of the aggregate obligations as the Insurance Corporation at its sole discretion determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the Insurance Corporation is required to reduce premiums and may return excess funds above the secure base amount to System institutions. However, it must still ensure that reduced premiums are sufficient to maintain the level of the Insurance Fund at the secure base amount.

B. **Operations:** The Farm Credit Act sets forth the types of authorized lending activity and financial services that can be offered by the Association, and the persons eligible to borrow.

The Associations borrow from the Bank and in turn may originate and service short- and intermediate-term loans to their members, as well as long-term real estate mortgage loans.

The Bank primarily lends to the District Associations in the form of a line of credit to fund the Associations' earning assets. These lines of credit (or Direct Notes) are collateralized by a pledge of substantially all of each Association's assets. The terms of the Direct Notes are governed by a General Financing Agreement (GFA) between the Bank and Association. Each advance is structured such that the principal cash flow, repricing characteristics, and underlying index (if any) of the advance match those of the assets being funded. By match-funding the Association loans, the Associations' exposure to interest rate risk is minimized.

In addition to providing funding for earning assets, the Bank provides District Associations with banking and support services such as accounting, human resources, information systems, and marketing. Prior to January 1, 2024, the costs of these support services were primarily included in the interest expense of the Direct Note. After January 1, 2024, the fees charged by the Bank for these support services are included in the Association's noninterest expense or in some cases billed directly to certain Associations that use a specific service.

The Association is authorized to provide, either directly or in participation with other lenders, credit, credit commitments, and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related businesses.

The Association may sell to any System borrowing member, on an optional basis, credit or term life insurance appropriate to protect the loan commitment in the event of death of the debtor(s). The sale of other insurance necessary to protect a member's farm or aquatic unit is permitted, but limited to hail and multi-peril crop insurance, and insurance necessary to protect the facilities and equipment of aquatic borrowers.

## **Note 2 — Summary of Significant Accounting Policies**

The accounting and reporting policies of the Association conform with accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Significant estimates are discussed in these footnotes, as applicable. Actual results may differ from these estimates.

The accompanying consolidated financial statements include the accounts of the ACA, PCA and FLCA.

Certain amounts in the prior year financial statements have been reclassified to conform to the current period presentation. Such reclassifications had no effect on net income or total members' equity of prior years.

**A. Accounting Standard Updates (ASUs) Effective During the Period:** 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 since the end of the last annual reporting period that have a material impact on the entity. 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 (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The practical expedient would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. Early adoption is permitted for interim or annual periods in which financial statements have not yet been issued. The Association is currently evaluating the potential impact of adoption on its 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. Income taxes paid will require disaggregated disclosure by federal, state, and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations or cash flows but will impact the income tax disclosures.

- B. **Cash:** Cash represents cash on hand and on deposit at banks. At the most recent year-end, the Association held no cash in excess of insured amounts.
- C. **Loans and Allowance for Credit Losses (ACL):** The Association is authorized to make long-term real estate loans with maturities of 5 to 40 years and certain short- and intermediate-term loans for agricultural production or operating purposes with maturities of not more than 10 years.

Loans are recorded at amortized cost basis, which is the principal amount outstanding adjusted for charge-offs, deferred loan fees or costs, and valuation adjustments relating to hedging activities, if any. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding. The difference in the total investment in a loan and its principal amount may be deferred as part of the carrying amount of the loan and the net difference amortized over the life of the related loan as an adjustment to interest income using the effective interest method.

#### ***Nonaccrual Loans***

A loan is considered a nonaccrual loan if there is a known risk to the collection of principal and interest according to the original contractual terms and are generally considered substandard or doubtful, which is in accordance with the loan rating model, as described below. A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan shall remain contractually past due until it is modified or until the entire amount past due, including principal, accrued interest, and penalty interest incurred as the result of past due status, is collected or otherwise discharged in full.

Consistent with prior practice, loans are generally placed in nonaccrual status when principal or interest is delinquent for 90 days (unless adequately secured and in the process of collection), circumstances indicate that collection of principal and interest is in doubt or legal action, including foreclosure or other forms of collateral conveyance, has been initiated to collect the outstanding principal and interest. At the time a loan is placed in nonaccrual status, accrued interest that is considered uncollectible is reversed (if accrued in the current year) or charged against the ACL (if accrued in prior years). Loans are charged-off at the time they are determined to be uncollectible.

When loans are in nonaccrual status, interest payments received in cash are generally recognized as interest income if the collectability of the loan principal is fully expected and certain other criteria are met. Otherwise, payments received on nonaccrual loans are applied against the amortized cost in the loan asset. Nonaccrual loans are returned to accrual status if all contractual principal and interest is current, the borrower is fully expected to fulfill the contractual repayment terms and after remaining current as to principal and interest for a sustained period or have a recent repayment pattern demonstrating future repayment capacity to make on-time payments. If previously unrecognized interest income exists at the time the loan is transferred to accrual status, cash received at the time of or subsequent to the transfer should first be recorded as interest income until such time as the recorded balance equals the contractual indebtedness of the borrower.

#### ***Accrued Interest Receivable***

The Association adopted the practical expedient to classify accrued interest on loans and investment securities in accrued interest receivable and not as part of loans or investments on the Consolidated Balance Sheets. The Association also elected to not estimate an allowance on interest receivable balances because the nonaccrual policies in place provide for the accrual of interest to cease on a timely basis when all contractual amounts are not expected.

#### ***Loan Modifications to Borrowers Experiencing Financial Difficulty***

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

#### ***Collateral Dependent Loans***

Collateral dependent loans are loans secured by collateral, including but not limited to agricultural real estate, crop inventory, equipment and livestock. An entity is required to measure the expected credit losses based on fair value of the collateral at the reporting date when the entity determines that foreclosure is probable. Additionally, the Association adopted the fair value practical expedient as a measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulties. Under the practical expedient measurement approach, the expected credit loss is based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

### ***Allowance for Credit Losses***

The Association adopted the Financial Accounting Standards Board (FASB) guidance entitled “Measurement of Credit Losses on Financial Instruments” and other subsequently issued accounting standards updates related to credit losses on January 1, 2023. This guidance replaced the current incurred loss impairment methodology with a single allowance framework for financial assets that estimates the current expected credit losses (CECL) over the remaining contractual life for all financial assets measured at amortized cost and certain off-balance sheet credit exposures. This guidance was applied on a modified retrospective basis. The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancellable. The ACL comprises:

- the allowance for credit losses on loans (ACLL), which covers the loan portfolio and is presented separately on the Consolidated Balance Sheets
- the allowance for unfunded commitments, which is presented on the Consolidated Balance Sheets in Other Liabilities, and
- the allowance for credit losses on investment securities, which covers held-to-maturity and available-for-sale securities and is recognized within each investment securities classification on the Consolidated Balance Sheets.

Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the loan portfolio, considering macroeconomic conditions, forecasts and other factors prevailing at the time, may result in significant changes in the ACL in those future periods.

### ***Allowance for Credit Losses on Loans***

The ACLL represents management’s estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums, discounts and fair value accounting adjustments.

The Association employs a disciplined process and methodology to establish its ACLL that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan’s effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with the Association’s appraisal policy, the fair value of collateral-dependent loans is based upon independent third-party appraisals or on collateral valuations prepared by in-house appraisers. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan’s expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed, or non-recoverable, the credit loss portion of the loan will be charged off against the ACL.

In estimating the component of the ACLL that relates to loans that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, commodity, credit quality rating, delinquency category or business segment or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating or delinquency buckets using historical life-of-loan analysis periods for loan types, and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool.

The credit risk rating methodology is a key component of the Association’s ACLL evaluation, and is generally incorporated into the institution’s loan underwriting standards and internal lending limit. The Association uses a two-dimensional loan rating model based on internally generated combined System risk rating guidance that incorporates a 14-point risk 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 within 12 months from the date of the determination of the risk rating. 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 is past due more than 90 days. The loss given default is management’s assumption of the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan.

The components of the ACLL that share common risk characteristics also considers factors for each loan pool to adjust for differences between the historical period used to calculate historical default and loss severity rates and expected conditions over the remaining lives of the loans in the portfolio related to:

- lending policies and procedures;
- national, regional and local economic business conditions and developments that affect the collectability of the portfolio, including the condition of various markets;
- the nature of the loan portfolio, including the terms of the loans;

- the experience, ability and depth of the lending management and other relevant staff;
- the volume and severity of past due and adversely classified or graded loans and the volume of nonaccrual loans;
- the quality of the loan review and process;
- the value of underlying collateral for collateral-dependent loans;
- the existence and effect of any concentrations of credit and changes in the level of such concentrations; and
- the effect of external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio.

The Association's macroeconomic forecast includes a weighted selection of the Moody's baseline, upside 10<sup>th</sup> percent and downside 90<sup>th</sup> percent over reasonable and supportable forecast periods of three years. Subsequent to the forecast period, the Association reverts to long run historical loss experience beyond two years gradually after the determined forecast horizon using a transition function to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts incorporate macroeconomic variables, including unemployment rates, Dow Jones Total Stock Market Index, and corporate bond spreads. Also considered are loan and borrower characteristics, such as internal risk ratings, delinquency status, collateral type, and the remaining term of the loan, adjusted for expected prepayments.

In addition to the quantitative calculation, the Association considers the imprecision inherent in the process and methodology, emerging risk assessments and other subjective factors, which may lead to a management adjustment to the modeled ACLL results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral. The economic forecasts are updated on a quarterly basis.

#### ***Allowance for Credit Losses on Unfunded Commitments***

The Association evaluates the need for an ACL on unfunded commitments and, if required, an amount is recognized and included in Other Liabilities on the Consolidated Balance Sheets. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Association and applying the loss factors used in the ACLL methodology to the results of the usage calculation. No ACL is recorded for commitments that are unconditionally cancellable.

Also adopted, effective January 1, 2023, was ASU 2022-02 - Financial Instruments: Credit Losses - Troubled Debt Restructurings and Vintage Disclosure. This guidance requires the creditor to determine whether a modification results in a new loan or a continuation of an existing loan, among other disclosures specific to modifications with borrowers that are experiencing financial difficulties. The update eliminated the accounting guidance for troubled debt restructurings by creditors. The update also requires disclosure of current period gross write-offs by year of origination for financing receivables and net investments in leases on a prospective basis.

- D. **Loans Held for Sale:** Loans are classified as held for sale when there is intent to sell the loans within a reasonable period of time. Loans intended for sale are carried at the lower of cost or fair value.
- E. **Other Property Owned (OPO):** Other property owned, consisting of real estate, personal property, and other assets acquired through a collection action, is recorded upon acquisition at fair value less estimated selling costs. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the ACLL. Revised estimates to the fair value less cost to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income, expenses, and carrying value adjustments related to other property owned are included in Gains (Losses) on Other Property Owned, Net in the Consolidated Statements of Comprehensive Income.
- F. **Premises and Equipment:** Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Gains and losses on dispositions are reflected in current earnings. Maintenance and repairs are charged to expense and improvements are capitalized. Premises and equipment are evaluated for impairment whenever events or circumstances indicate that the carrying value of the asset may not be recoverable.

From time to time, assets classified as premises and equipment are transferred to held for sale for various reasons. These assets are carried in Other Assets at the lower of the recorded investment in the asset or fair value less estimated cost to sell based upon the property's appraised value at the date of transfer. Any write-down of property held for sale is recorded as a loss in the period identified.

- G. **Investments:** The Association may hold investments as described below.

#### ***Equity Investments in Other Farm Credit System Institutions***

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.

**Other Investments**

As discussed in Note 8, *Fair Value Measurement*, certain investments, consisting primarily of mutual funds, are held in trust and investment accounts and are reported at fair value. Holding period gains and losses are included within Noninterest Income on the Consolidated Statements of Comprehensive Income and the balance of these investments is included in Other Assets on the accompanying Consolidated Balance Sheets.

**Investment Income**

Dividends from Investments in Other Farm Credit Institutions are generally recorded as patronage income and included in Noninterest Income.

- H. **Voluntary Advance Conditional Payments:** The Association is authorized under the Farm Credit Act to accept advance payments from borrowers. To the extent the borrower's access to such advance payments is restricted, the advanced conditional payments are netted against the borrower's related loan balance. Amounts in excess of the related loan balance and amounts to which the borrower has unrestricted access are presented as liabilities in the accompanying Consolidated Balance Sheets. Advanced conditional payments are not insured. Interest is generally paid by the Association on such accounts.
- I. **Employee Benefit Plans:** The Association participates in District and multi-district sponsored benefit plans. These plans may include defined benefit final average pay retirement, defined benefit cash balance retirement, defined benefit other postretirement benefits, and defined contribution plans.

**Defined Contribution Plans**

Substantially all employees are eligible to participate in the defined contribution Farm Credit Benefit Alliance (FCBA) 401(k) Plan, subsequently referred to as the 401(k) Plan, which qualifies as a 401(k) plan as defined by the Internal Revenue Code. Employee deferrals are not to exceed the maximum deferral as determined and adjusted by the Internal Revenue Service. Company contributions to the 401(k) Plan are expensed as funded.

The Association also offers a FCBA supplemental 401(k) plan for certain key employees. This plan is nonqualified. Company contributions are expensed as funded.

Additional information may be found in Note 9, *Employee Benefit Plans*.

**Multiemployer Defined Benefit Plans**

Substantially all employees hired before January 1, 2003 may participate in the AgFirst Farm Credit Retirement Plan (Plan), which is a defined benefit plan and considered multiemployer under FASB accounting guidance. The Plan is noncontributory and includes eligible Association and District employees. The "Projected Unit Credit" actuarial method is used for financial reporting purposes.

In addition to pension benefits, the Association provides certain health care and life insurance benefits for retired employees (other postretirement benefits) through a multi-district sponsored retiree healthcare plan. Substantially all employees are eligible for those benefits when they reach early retirement age while working for the Association. Authoritative accounting guidance requires the accrual of the expected cost of providing these benefits to employees, their beneficiaries and covered dependents during the years the employees render service necessary to become eligible for benefits.

Since the foregoing plans are multiemployer, the Association does not apply the provisions of FASB guidance on employers' accounting for defined benefit pension and other postretirement plans in its stand-alone financial statements. Rather, the effects of this guidance are reflected in the Annual Information Statement of the Farm Credit System.

Additional information may be found in Note 9, *Employee Benefit Plans* and in the Notes to the Annual Information Statement of the Farm Credit System.

**Single Employer Defined Benefit Plan**

The Association also sponsors a single employer defined benefit supplemental retirement plan for certain key employees. This plan is nonqualified; therefore, the associated liabilities are included in the Association's Consolidated Balance Sheets in Other Liabilities.

The foregoing defined benefit plan is considered single employer, therefore the Association applies the provisions of FASB guidance on employers' accounting for defined benefit pension and other postretirement plans in its stand-alone financial statements.

Additional information may be found in Note 9, *Employee Benefit Plans*.

- J. **Income Taxes:** The Association evaluates tax positions taken in previous and current years according to FASB guidance. A tax position can result in a permanent reduction of income taxes payable, a deferral of income taxes otherwise currently payable to future years, or a change in the expected realizability of deferred tax assets. The term tax position also encompasses, but is not limited to, an entity's status, including its status as a pass-through entity or tax-exempt entity.

The Association is generally subject to Federal and certain other income taxes. As previously described, the ACA holding company has two wholly-owned subsidiaries, a PCA and a FLCA. The FLCA subsidiary is exempt from federal and state income taxes as provided in the Farm Credit Act. The ACA holding company and the PCA subsidiary are subject to federal, state and certain other income taxes.

The Association is eligible to operate 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 refunds in the form of cash, stock or allocated surplus. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage refunds. The Association distributes patronage on the basis of book income.

The Association accounts for income taxes under the asset and liability method, recognizing deferred tax assets and liabilities for the expected future tax consequences of the temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled.

The Association records a valuation allowance at the balance sheet dates against that portion of the Association's deferred tax assets that, based on management's best estimates of future events and circumstances, more likely than not (a likelihood of more than 50 percent) will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the expected patronage program, which reduces taxable earnings.

**K. Due from AgFirst Farm Credit Bank:** The Association records patronage refunds from the Bank and certain District Associations on an accrual basis.

**L. Valuation Methodologies:** FASB guidance defines fair value 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. This guidance also 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. It prescribes three levels of inputs that may be used to measure fair value.

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and supported by little or no market activity. Valuation is determined using pricing models, discounted cash flow methodologies, or similar techniques, and could include significant management judgment or estimation. Level 3 assets and liabilities also could include instruments whose price has been adjusted based on dealer quoted pricing that is different than a third-party valuation or internal model pricing.

The Association may use the Bank, internal resources or third parties to obtain fair value prices. Quoted market prices are generally used when estimating fair values of any assets or liabilities for which observable, active markets exist.

A number of methodologies may be employed to value items for which an observable active market does not exist. Examples of these items include: nonaccrual loans, other property owned, and certain derivatives, investment securities and other financial instruments. Inputs to these valuations can involve estimates and assumptions that require a substantial degree of judgment. Some of the assumptions used include, among others, discount rates, rates of return on assets, repayment rates, cash flows, default rates, costs of servicing, and liquidation values. The use of different assumptions could produce significantly different asset or liability values, which could have material positive or negative effects on results of operations. Additional information may be found in Note 8, *Fair Value Measurement*.

**M. Off-Balance-Sheet Credit Exposures:** The credit risk associated with commitments to extend credit and letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's credit worthiness.

Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee.

Letters of credit are commitments issued to guarantee the performance of a customer to a third party. These letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and third party.

N. **Revenue Recognition:** The Association generates income from multiple sources.

***Financial Instruments***

The largest source of revenue for the Association is interest income. Interest income is recognized on an accrual basis driven by nondiscretionary formulas based on written contracts, such as loan agreements or securities contracts. Credit-related fees, including letter of credit fees, finance charges and other fees are recognized in Noninterest Income when earned. Other types of noninterest revenues, such as service charges, professional services and broker fees, are accrued and recognized into income as services are provided and the amount of fees earned is reasonably determinable.

***Contracts with Customers***

The Association maintains contracts with customers to provide support services in various areas such as accounting, lending transactions, consulting, insurance, and information technology. As most of the contracts are to provide access to expertise or system capacity that the Association maintains, there are no material incremental costs to fulfill these contracts that should be capitalized. The Association also does not generally incur costs to obtain contracts. Revenue is recognized to reflect the transfer of goods and services to customers in an amount equal to the consideration the Association receives or expects to receive.

***Gains and Losses from Nonfinancial Assets***

Any gains or losses on sales of Premises and Equipment and OPO are included as part of Noninterest Income or Noninterest Expense. These gains and losses are recognized, and the nonfinancial asset is derecognized, when the Association has entered into a valid contract with a noncustomer and transferred control of the asset. If the criteria to meet the definition of a contract have not been met, the Association does not derecognize the nonfinancial asset and any consideration received is recognized as a liability. If the criteria for a contract are subsequently met, or if the consideration received is or becomes nonrefundable, a gain or loss may be recognized at that time.

O. **Leases:** A contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is generally considered a lease.

***Lessee***

Contracts entered into are evaluated at inception to determine if they contain a lease. Assets and liabilities are recognized on the Consolidated Balance Sheets to reflect the rights and obligations created by any contracts that do. These contracts are then classified as either operating or finance leases.

In the course of normal operations, the Association may enter into leases for various business purposes. Generally, leases are for terms of three to five years and may include options to extend or terminate the arrangement. Any options are assessed individually to determine if it is reasonably certain they will be exercised.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make the payments arising from the lease. ROU assets and lease liabilities are initially recognized based on the present value of lease payments over the lease term. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for finance leases is recognized on a declining basis over the lease term.

ROU assets are included on the Consolidated Balance Sheets in Premises and Equipment for finance leases and Other Assets for operating leases. Lease liabilities are included in Other Liabilities on the Consolidated Balance Sheets. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets and lease expense is recognized over the lease term.

***Lessor***

The Association may act as lessor in certain contractual arrangements which relate to office space in an owned property and are considered operating leases. Generally, leases are for terms of three to five years and may include options to extend or terminate the arrangement.

Lease income is recognized on a straight-line basis over the lease term. Lease and nonlease components are accounted for separately in the Consolidated Statements of Comprehensive Income. Any initial direct costs are deferred and recognized as an expense over the lease term on the same basis as lease income. Any taxes assessed by a governmental authority are excluded from consideration as variable payments.

Lease receivables and income are included in Accounts Receivable on the Consolidated Balance Sheets and Other Noninterest Income in the Consolidated Statements of Comprehensive Income.

**Note 3 — Loans and Allowance for Credit Losses**

For a description of the Association’s accounting for loans, including nonaccrual loans, and the allowance for credit losses on loans, see Note 2, *Summary of Significant Accounting Policies*, subsection C, *Loans and Allowance for Credit Losses*, above.

The Association’s loan portfolio, which includes purchased interests in loans, has been segmented by the following loan types as defined by the FCA:

- Real estate mortgage loans — loans made to full-time or part-time farmers secured by first lien real estate mortgages with maturities from five to thirty years. These loans may be made only in amounts up to 85 percent of the appraised value of the property taken as security or up to 97 percent of the appraised value if guaranteed by a federal, state, or other governmental agency. The actual percentage of loan-to-appraised value when loans are made is generally lower than the statutory required percentage.
- Production and intermediate-term loans — loans to full-time or part-time farmers that are not real estate mortgage loans. These loans fund eligible financing needs including operating inputs (such as labor, feed, fertilizer, and repairs), livestock, living expenses, income taxes, machinery or equipment, farm buildings, and other business-related expenses. Production loans may be made on a secured or unsecured basis and are most often made for a period of time that matches the borrower’s normal production and marketing cycle, which is typically one year or less. Intermediate-term loans are made for a specific term, generally greater than one year and less than or equal to ten years.
- Loans to cooperatives — loans for any cooperative purpose other than for communication, power, and water and waste disposal.
- Processing and marketing loans — loans for operations to process or market the products produced by a farmer, rancher, or producer or harvester of aquatic products, or by a cooperative.
- Farm-related business loans — loans to eligible borrowers that furnish certain farm-related business services to farmers or ranchers that are directly related to their agricultural production.
- Rural residential real estate loans — loans made to individuals, who are not farmers, to purchase a single-family dwelling that will be the primary residence in open country, which may include a town or village that has a population of not more than 2,500 persons. In addition, the loan may be to remodel, improve, or repair a rural home, or to refinance existing debt. These loans are generally secured by a first lien on the property.
- Communication loans — loans primarily to finance rural communication providers.
- Power loans — loans primarily to finance electric generation, transmission and distribution systems serving rural areas.
- Water and waste disposal loans — loans primarily to finance water and waste disposal systems serving rural areas.
- International loans — primarily loans or credit enhancements to other banks to support the export of U.S. agricultural commodities or supplies. The federal government guarantees a substantial portion of these loans.
- Lease receivables — the net investment for all finance leases such as direct financing leases, leveraged leases, and sales-type leases.
- Other (including Mission Related) — additional investments in rural America approved by the FCA on a program or a case-by-case basis. Examples of such investments include partnerships with agricultural and rural community lenders, investments in rural economic development and infrastructure, and investments in obligations and mortgage securities that increase the availability of affordable housing in rural America.

A summary of loans outstanding at period end follows:

	December 31, 2025	December 31, 2024	December 31, 2023
Real estate mortgage	\$ 1,270,336	\$ 1,226,668	\$ 1,098,808
Production and intermediate-term	277,006	238,461	203,988
Agribusiness:			
Loans to cooperatives	1,912	948	1,818
Processing and marketing	76,533	46,241	37,900
Farm-related business	8,490	9,171	6,698
Rural infrastructure:			
Communication	7,395	6,442	6,667
Power and water/waste disposal	2,400	2,398	2,756
Rural residential real estate	24,084	20,886	18,024
Other:			
International	1,891	2,362	1,887
Total loans	<u>\$ 1,670,047</u>	<u>\$ 1,553,577</u>	<u>\$ 1,378,546</u>

A substantial portion of the Association’s lending activities is collateralized and the Association’s exposure to credit loss associated with lending activities is reduced accordingly.

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management’s credit evaluation of the borrower. Collateral held varies, but typically includes farmland and income-producing property, such as crops and livestock, as well as receivables. Long-term real estate loans are collateralized by the first liens on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85 percent (97 percent if guaranteed by a government agency) of the property’s appraised value. However, a decline in a property’s market value subsequent to loan origination or advances, or other actions necessary to protect the financial interest of the Association in the collateral, may result in loan to value ratios in excess of the regulatory maximum.

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 tables present the principal balance of participation loans at periods ended:

	December 31, 2025					
	Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	\$ 14,849	\$ 60,907	\$ –	\$ –	\$ 14,849	\$ 60,907
Production and intermediate-term	44,791	4,406	–	–	44,791	4,406
Agribusiness	66,584	109,288	–	–	66,584	109,288
Rural infrastructure	9,819	–	–	–	9,819	–
Other	1,893	–	–	–	1,893	–
Total	\$ 137,936	\$ 174,601	\$ –	\$ –	\$ 137,936	\$ 174,601

	December 31, 2024					
	Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	\$ 22,303	\$ 89,192	\$ –	\$ –	\$ 22,303	\$ 89,192
Production and intermediate-term	37,780	4,050	–	–	37,780	4,050
Agribusiness	31,137	69,627	–	–	31,137	69,627
Rural infrastructure	8,860	–	–	–	8,860	–
Other	2,366	–	–	–	2,366	–
Total	\$ 102,446	\$ 162,869	\$ –	\$ –	\$ 102,446	\$ 162,869

	December 31, 2023					
	Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	\$ 18,104	\$ 92,217	\$ –	\$ –	\$ 18,104	\$ 92,217
Production and intermediate-term	14,031	5,763	–	–	14,031	5,763
Agribusiness	26,432	101,207	–	–	26,432	101,207
Rural infrastructure	9,450	–	–	–	9,450	–
Other	1,893	–	–	–	1,893	–
Total	\$ 69,910	\$ 199,187	\$ –	\$ –	\$ 69,910	\$ 199,187

### Loan Quality

Credit risk arises from the potential inability of an obligor to meet its repayment obligation which exists in outstanding loans. The Association manages credit risk associated with lending activities through an assessment of the credit risk profile of an individual obligor. The Association sets its own underwriting standards and lending policies that provide direction to loan officers and are approved by the Board of Directors.

The credit risk management process begins with an analysis of the obligor’s credit history, repayment capacity and financial position. Repayment capacity focuses on the obligor’s ability to repay the obligation based on cash flows from operations or other sources of income, including non-farm income. Real estate mortgage loans must be secured by first liens on the real estate collateral. As required by FCA regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures.

The credit risk rating process for loans uses a two-dimensional structure, incorporating a 14-point probability of default scale and a separate scale addressing estimated percentage loss in the event of default. The loan rating structure incorporates borrower risk and transaction risk. Borrower risk is the risk of loss driven by factors intrinsic to the borrower. The transaction risk or facility risk is related to the structure of a credit (tenor, terms, and collateral). See further discussion in Note 2, *Summary of Significant Accounting Policies*, subsection C, *Loans and Allowance for Credit Losses*, above.

Each of the ratings carries a distinct percentage of default probability. The 14-point scale provides for granularity of the probability of default, especially in the acceptable ratings. There are nine acceptable categories that range from a borrower of the highest quality to a borrower of minimally acceptable quality. The probability of default between 1 and 9 is very narrow and would reflect almost no default to a minimal default percentage. The probability of default grows significantly as a loan moves from a 9 to 10 (other assets especially mentioned) and grows more significantly as a loan moves to a substandard viable level of 11. A substandard non-viable rating of 12 indicates that the probability of default is almost certain. Loans risk rated 13 or 14 are generally written off. These categories are defined as follows:

- Acceptable – Assets are expected to be fully collectible and represent the highest quality. In addition, these assets may include loans with properly executed and structured guarantees that might otherwise be classified less favorably.
- Other assets especially mentioned (OAEM) – Assets are currently collectible but exhibit some potential weakness.
- Substandard – Assets exhibit some serious weakness in repayment capacity, equity, and/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.
- Loss – Assets are considered uncollectible.

The following table shows loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type:

	December 31,		
	2025	2024	2023
<b>Real estate mortgage:</b>			
Acceptable	97.02%	97.86%	98.76%
OAEM	1.86	1.51	0.87
Substandard/doubtful/loss	1.12	0.63	0.37
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Production and intermediate-term:</b>			
Acceptable	95.62%	95.75%	96.39%
OAEM	2.84	2.50	1.01
Substandard/doubtful/loss	1.54	1.75	2.60
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Agribusiness:</b>			
Acceptable	82.04%	85.71%	97.46%
OAEM	6.48	14.19	2.54
Substandard/doubtful/loss	11.48	0.10	–
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Rural infrastructure:</b>			
Acceptable	100.00%	100.00%	100.00%
OAEM	–	–	–
Substandard/doubtful/loss	–	–	–
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Rural residential real estate:</b>			
Acceptable	98.34%	98.67%	98.80%
OAEM	1.41	1.02	1.20
Substandard/doubtful/loss	0.25	0.31	–
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Other:</b>			
Acceptable	100.00%	100.00%	100.00%
OAEM	–	–	–
Substandard/doubtful/loss	–	–	–
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Total loans:</b>			
Acceptable	96.04%	97.12%	98.37%
OAEM	2.25	2.10	0.95
Substandard/doubtful/loss	1.71	0.78	0.68
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Accrued interest receivable on loans of \$18,003, \$19,280, and \$16,634 at December 31, 2025, 2024, and 2023, 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:

	December 31, 2025					Total Loans
	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		
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	<u>\$ 12,256</u>	<u>\$ 2,298</u>	<u>\$ 14,554</u>	<u>\$ 1,655,493</u>	<u>\$ 1,670,047</u>	

December 31, 2024					
	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
Real estate mortgage	\$ 9,721	\$ 1,888	\$ 11,609	\$ 1,215,059	\$ 1,226,668
Production and intermediate-term	1,716	893	2,609	235,852	238,461
Agribusiness	216	–	216	56,144	56,360
Rural infrastructure	–	–	–	8,840	8,840
Rural residential real estate	285	65	350	20,536	20,886
Other	–	–	–	2,362	2,362
Total	\$ 11,938	\$ 2,846	\$ 14,784	\$ 1,538,793	\$ 1,553,577

December 31, 2023					
	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
Real estate mortgage	\$ 4,647	\$ 968	\$ 5,615	\$ 1,093,193	\$ 1,098,808
Production and intermediate-term	1,705	839	2,544	201,444	203,988
Agribusiness	92	–	92	46,324	46,416
Rural infrastructure	–	–	–	9,423	9,423
Rural residential real estate	260	–	260	17,764	18,024
Other	–	–	–	1,887	1,887
Total	\$ 6,704	\$ 1,807	\$ 8,511	\$ 1,370,035	\$ 1,378,546

There were no accruing loans greater than 90 days past due as of December 31, 2025, 2024, and 2023.

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for credit losses on loans, as well as, interest income recognized on nonaccrual loans during the periods ended December 31, 2025, 2024, and 2023:

Nonaccrual loans:	December 31, 2025			Interest Income Recognized on Nonaccrual Loans
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2025
	Real estate mortgage	\$ 318	\$ 5,917	\$ 6,235
Production and intermediate-term	911	2,497	3,408	163
Agribusiness	5,128	2,947	8,075	387
Rural residential real estate	–	51	51	2
Total	\$ 6,357	\$ 11,412	\$ 17,769	\$ 851

Nonaccrual loans:	December 31, 2024			Interest Income Recognized on Nonaccrual Loans
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2024
	Real estate mortgage	\$ 76	\$ 5,126	\$ 5,202
Production and intermediate-term	754	2,790	3,544	520
Agribusiness	–	128	128	19
Rural residential real estate	–	66	66	9
Total	\$ 830	\$ 8,110	\$ 8,940	\$ 1,311

Nonaccrual loans:	December 31, 2023			Interest Income Recognized on Nonaccrual Loans
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2023
	Real estate mortgage	\$ 337	\$ 1,558	\$ 1,895
Production and intermediate-term	440	4,526	4,966	693
Total	\$ 777	\$ 6,084	\$ 6,861	\$ 957

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

	Real Estate Mortgage	Production and Intermediate- term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
<b>Allowance for Credit Losses on Loans:</b>							
Balance at December 31, 2024	\$ 3,936	\$ 1,025	\$ 418	\$ 8	\$ 15	\$ 2	\$ 5,404
Charge-offs	(242)	(446)	–	–	(1)	–	(689)
Recoveries	58	77	–	–	–	–	135
Provision for credit losses on loans	(19)	280	4,304	7	7	1	4,580
Balance at December 31, 2025	\$ 3,733	\$ 936	\$ 4,722	\$ 15	\$ 21	\$ 3	\$ 9,430
<b>Allowance for Unfunded Commitments:</b>							
Balance at December 31, 2024	\$ 213	\$ 90	\$ 185	\$ –	\$ 1	\$ 1	\$ 490
Provision for unfunded commitments	(194)	12	(88)	2	(1)	(1)	(270)
Balance at December 31, 2025	\$ 19	\$ 102	\$ 97	\$ 2	\$ –	\$ –	\$ 220
<b>Total allowance for credit losses</b>	<b>\$ 3,752</b>	<b>\$ 1,038</b>	<b>\$ 4,819</b>	<b>\$ 17</b>	<b>\$ 21</b>	<b>\$ 3</b>	<b>\$ 9,650</b>
<b>Allowance for Credit Losses on Loans:</b>							
Balance at December 31, 2023	\$ 3,810	\$ 766	\$ 123	\$ 6	\$ 15	\$ 3	\$ 4,723
Charge-offs	(81)	(276)	–	–	–	–	(357)
Recoveries	4	99	–	–	–	–	103
Provision for credit losses on loans	203	436	295	2	–	(1)	935
Balance at December 31, 2024	\$ 3,936	\$ 1,025	\$ 418	\$ 8	\$ 15	\$ 2	\$ 5,404
<b>Allowance for Unfunded Commitments:</b>							
Balance at December 31, 2023	\$ 413	\$ 29	\$ 61	\$ –	\$ 1	\$ 1	\$ 505
Provision for unfunded commitments	(200)	61	124	–	–	–	(15)
Balance at December 31, 2024	\$ 213	\$ 90	\$ 185	\$ –	\$ 1	\$ 1	\$ 490
<b>Total allowance for credit losses</b>	<b>\$ 4,149</b>	<b>\$ 1,115</b>	<b>\$ 603</b>	<b>\$ 8</b>	<b>\$ 16</b>	<b>\$ 3</b>	<b>\$ 5,894</b>
<b>Allowance for Credit Losses on Loans:</b>							
Balance at December 31, 2022	\$ 3,708	\$ 1,868	\$ 152	\$ 3	\$ 34	\$ 2	\$ 5,767
Cumulative effect of a change in accounting principle	(1,040)	(963)	(85)	(1)	(23)	(1)	(2,113)
Balance at January 1, 2023	\$ 2,668	\$ 905	\$ 67	\$ 2	\$ 11	\$ 1	\$ 3,654
Charge-offs	(3)	(137)	–	–	–	–	(140)
Recoveries	30	157	–	–	–	–	187
Provision for credit losses on loans	1,115	(159)	56	4	4	2	1,022
Balance at December 31, 2023	\$ 3,810	\$ 766	\$ 123	\$ 6	\$ 15	\$ 3	\$ 4,723
<b>Allowance for Unfunded Commitments:</b>							
Balance at December 31, 2022	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Cumulative effect of a change in accounting principle	1	25	53	–	–	–	79
Balance at January 1, 2023	\$ 1	\$ 25	\$ 53	\$ –	\$ –	\$ –	\$ 79
Provision for unfunded commitments	412	4	8	–	1	1	426
Balance at December 31, 2023	\$ 413	\$ 29	\$ 61	\$ –	\$ 1	\$ 1	\$ 505
<b>Total allowance for credit losses</b>	<b>\$ 4,223</b>	<b>\$ 795</b>	<b>\$ 184</b>	<b>\$ 6</b>	<b>\$ 16</b>	<b>\$ 4</b>	<b>\$ 5,228</b>

The ACL increased \$3,756, or 63.7%, primarily driven by overall loan growth and the fourth-quarter downgrade in the probability of default for a single large borrower, which necessitated the establishment of a specific reserve.

**Loan Modifications to Borrowers Experiencing Financial Difficulty**

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 a term or payment extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during the year ended December 31, 2025, disaggregated by loan type and type of modification granted:

	For the Year Ended December 31, 2025				Percentage of Total by Loan Type
	Maturity Extension	Payment Deferral	Total		
Real estate mortgage	\$ 1,890	\$ 851	\$ 2,741		0.22%
Production and intermediate-term	566	332	898		0.32%
Total	\$ 2,456	\$ 1,183	\$ 3,639		0.22%

The following tables describe the financial effects of the modifications made to borrowers experiencing financial difficulty during the year ended December 31, 2025:

		<b>Maturity Extension</b>	
		<b>Financial Effect</b>	
Real estate mortgage		Provided a weighted average 8.5 years of payment deferrals	
Production and intermediate-term		Provided a weighted average 2.2 years of payment deferrals	

		<b>Payment Deferral</b>	
		<b>Financial Effect</b>	
Real estate mortgage		Provided a weighted average 1.0 year of payment deferrals	
Production and intermediate-term		Provided a weighted average 1.0 year of payment deferrals	

There were no loans to borrowers experiencing financial difficulty that had a modification in the preceding twelve months and subsequently defaulted during the year ended December 31, 2025.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the year:

		<b>December 31, 2025</b>			
		<b>Current</b>	<b>30-89 Days Past Due</b>	<b>90 Days or More Past Due</b>	<b>Total</b>
Real estate mortgage		\$ 2,741	\$ -	\$ -	\$ 2,741
Production and intermediate-term		898	-	-	898
Total		\$ 3,639	\$ -	\$ -	\$ 3,639

Accrued interest receivable at the end of the reporting period related to loan modifications granted to borrowers experiencing financial difficulty during the year ended December 31, 2025 was \$77. There were no additional commitments to lend to borrowers experiencing financial difficulties whose loans have been modified at December 31, 2025.

Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the years ended December 31, 2024 and 2023. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at December 31, 2024 and 2023. 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 Association had no loans held for sale at December 31, 2025 and 2024. Loans held for sale were \$72 at December 31, 2023. Such loans are carried at the lower of cost or fair value.

#### **Note 4 — Investments**

##### ***Equity Investments in Other Farm Credit 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.

The Association is required to maintain ownership in 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's investment in the Bank totaled \$29,787 for 2025, \$22,903 for 2024 and \$20,390 for 2023. The Association owned 4.33 percent of the issued stock and allocated retained earnings of the Bank as of December 31, 2025 net of any reciprocal investment. As of that date, the Bank's assets totaled \$50.2 billion and shareholders' equity totaled \$2.1 billion. The Bank's earnings were \$279 million for 2025. In addition, the Association had investments of \$1,365 related to other Farm Credit institutions at December 31, 2025.

**Note 5 — Premises and Equipment**

Premises and equipment consists of the following:

	December 31,		
	2025	2024	2023
Land	\$ 5,856	\$ 5,800	\$ 3,384
Buildings and improvements	16,840	16,772	16,665
Furniture and equipment	5,616	5,318	5,044
	28,312	27,890	25,093
Less: accumulated depreciation	8,451	8,165	7,879
Total	\$ 19,861	\$ 19,725	\$ 17,214

**Note 6 — Debt**

**Notes Payable to AgFirst Farm Credit Bank**

Under the Farm Credit Act, the Association is obligated to borrow only from the Bank, unless the Bank approves borrowing from other funding sources. The borrowing relationship is established with the Bank through a General Financing Agreement (GFA). The GFA utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the association may draw funds. The GFA has a one year term which expires on December 31 and is renewable each year. The Association has no reason to believe the GFA will not be renewed upon expiration. The Bank, consistent with FCA regulations, has established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2025, the Association's notes payable were within the specified limitations.

The Association's indebtedness to the Bank represents borrowings by the Association to fund its earning assets. This indebtedness is collateralized by a pledge of substantially all of the Association's assets and the terms of the revolving lines of credit are governed by the GFA. Interest rates on both variable and fixed rate advances are generally established loan-by-loan, based on the Bank's marginal cost of funds, capital position, operating costs and return objectives. In the event of prepayment of any portion of a fixed rate advance, the Association may incur a prepayment penalty in accordance with the terms of the GFA, which will be included in interest expense. The interest rate is periodically adjusted by the Bank based upon an agreement between the Bank and the Association. The following table presents additional information regarding Notes Payable to AgFirst as of:

	December 31,		
	2025	2024	2023
Line of credit	\$ 1,572,000	\$ 1,438,000	\$ 1,250,000
Outstanding principal under the line of credit	1,413,763	1,304,710	1,114,204
Interest rate	4.37%	4.11%	3.71%

**Note 7 — Members' Equity**

A description of the Association's capitalization requirements, protection mechanisms, regulatory capitalization requirements and restrictions, and equities are provided below:

- A. **Capital Stock and Participation Certificates:** In accordance with the Farm Credit Act and the Association's capitalization bylaws, each borrower is required to invest in Class C stock for agricultural loans, or participation certificates in the case of rural home and farm-related business loans, as a condition of borrowing. The initial borrower investment, through either purchase or transfer, must be in an amount equal to 2.0 percent or \$1 thousand, whichever is less. The Board of Directors may increase the amount of investment if necessary to meet the Association's capital needs. Loans designated for sale or sold into the Secondary Market on or after April 16, 1996 will have no voting stock or participation certificate purchase requirement if sold within 180 days following the date of designation.

The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made, but usually does not make a cash investment. The aggregate par value is generally added to the principal amount of the related loan obligation. The Association retains a first lien on the stock or participation certificates owned by borrowers. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding stock or participation certificates.

- B. **Regulatory Capitalization Requirements and Restrictions:** An FCA regulation empowers it to direct a transfer of funds or equities by one or more System institutions to another System institution under specified circumstances. The Association has not been called upon to initiate any transfers and is not aware of any proposed action under this regulation.

There are currently no prohibitions in place that would prevent the Association from retiring stock, distributing earnings, or paying dividends per the statutory and regulatory restrictions, and the Association has no reason to believe any such restrictions may apply in the future.

The capital regulations ensure that the System’s capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted. Regulatory ratios include common equity tier 1 (CET1) capital, tier 1 capital, and total capital risk-based ratios. The regulations also include a tier 1 leverage ratio which includes an unallocated retained earnings (URE) and URE equivalents (UREE) component. The permanent capital ratio (PCR) remains in effect.

The ratios are calculated using three-month average daily balances, in accordance with FCA regulations, as follows:

- The CET1 capital ratio is the sum of statutory minimum purchased borrower stock, other required borrower stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to revolvment, unallocated retained earnings, and paid-in capital, less certain regulatory required deductions including the amount of investments in other System institutions, divided by average risk-adjusted assets.
- The tier 1 capital ratio is CET1 capital plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- The total capital ratio is tier 1 capital plus other required borrower stock held for a minimum of 5 years, subordinated debt and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, and allowance for credit losses on loans and reserve for unfunded commitments under certain limitations less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- The permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings, paid-in capital, subordinated debt and preferred stock subject to certain limitations, less certain investments in other System institutions, divided by PCR risk-adjusted assets.
- The tier 1 leverage ratio is tier 1 capital, divided by average total assets less regulatory deductions to tier 1 capital.
- The URE and UREE component of the tier 1 leverage ratio is unallocated retained earnings, paid-in capital, and allocated surplus not subject to revolvment less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average total assets less regulatory deductions to tier 1 capital.

The following sets forth the regulatory capital ratios:

Ratio	Minimum Requirement	Capital Conservation Buffer	Minimum Requirement including Capital Conservation Buffer	Capital Ratios as of December 31,		
				2025	2024	2023
Risk-adjusted ratios:						
CET1 Capital	4.5%	2.5%	7.0%	16.54%	17.03%	18.95%
Tier 1 Capital	6.0%	2.5%	8.5%	16.54%	17.03%	18.95%
Total Capital	8.0%	2.5%	10.5%	16.95%	17.43%	19.33%
Permanent Capital	7.0%	0.0%	7.0%	16.61%	17.09%	19.02%
Non-risk-adjusted ratios:						
Tier 1 Leverage*	4.0%	1.0%	5.0%	16.09%	17.01%	19.39%
URE and UREE Leverage	1.5%	0.0%	1.5%	13.98%	14.11%	15.53%

\* 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.

C. **Description of Equities:** The Association is authorized to issue or have outstanding Class D Preferred Stock, Classes C Common Stock, and Class C Participation Certificates and such other classes of equity as may be provided for in amendments to the bylaws in such amounts as may be necessary to conduct the Association’s business. All stock and participation certificates have a par or face value of five dollars (\$5.00) per share.

The Association had the following shares outstanding at December 31, 2025:

Class	Protected	Shares Outstanding	
		Number	Aggregate Par Value
C Common/Voting	No	926,467	\$ 4,632
C Participation Certificates/Nonvoting	No	66,135	331
Total Capital Stock and Participation Certificates		992,602	\$ 4,963

Protected common stock and participation certificates are retired at par or face value in the normal course of business. At-risk common stock and participation certificates are retired at the sole discretion of the Board at book value not to exceed par or face amounts, provided the minimum capital adequacy standards established by the Board are met.

### *Retained Earnings*

The Association maintains an unallocated retained earnings account and an allocated retained earnings account. The minimum aggregate amount of these two accounts is determined by the Board. At the end of any fiscal year, if the retained earnings accounts otherwise would be less than the minimum amount determined by the Board as necessary to maintain adequate capital reserves to meet the commitments of the Association, the Association shall apply earnings for the year to the unallocated retained earnings account in such amounts as may be determined necessary by the Board. Unallocated retained earnings are maintained for each borrower to permit liquidation on a patronage basis.

The Association maintains an allocated retained earnings account consisting of earnings held and allocated to borrowers on a patronage basis. In the event of a net loss for any fiscal year, such allocated retained earnings account will be subject to full impairment in the order specified in the bylaws beginning with the most recent allocation.

The Association has a first lien and security interest on all retained earnings account allocations owned by any borrowers, and all distributions thereof, as additional collateral for their indebtedness to the Association. When the debt of a borrower is in default or is in the process of final liquidation by payment or otherwise, the Association, upon approval of the Board, may order any and all retained earnings account allocations owned by such borrower to be applied on the indebtedness.

Allocated equities shall be retired solely at the discretion of the Board, provided that minimum capital standards established by the FCA and the Board are met.

At December 31, 2025, allocated members' equity consisted of \$30,833 of qualified distributions. Nonqualified distributions are tax deductible only when redeemed.

### *Dividends*

The Association may declare non-cumulative dividends on its capital stock and participation certificates provided the dividend rate does not exceed 8 percent of the par value of the respective capital stock and participation certificates. Such dividends may be paid solely on Class D Preferred Stock or on all classes of stock and participation certificates.

The rate of dividends on Class C Common Stock and Class C participation certificates shall be at the same rate per share.

Dividends may not be declared if, after recording the liability, the Association would not meet its capital adequacy standards. No dividends were declared by the Association for any of the periods included in these Consolidated Financial Statements.

### *Patronage Distributions*

Prior to the beginning of any fiscal year, the Board, by adoption of a resolution, may obligate the Association to distribute to borrowers on a patronage basis all or any portion of available net earnings for such fiscal year or for that and subsequent fiscal years. Patronage distributions are based on the proportion of the borrower's interest to the amount of interest earned by the Association on its total loans unless another proportionate patronage basis is approved by the Board.

If the Association meets its capital adequacy standards after making the patronage distributions, the patronage distributions may be in cash, authorized stock of the Association, allocations of earnings retained in an allocated members' equity account, or any one or more of such forms of distribution. Patronage distributions of the Association's earnings may be paid on either a qualified or nonqualified basis, or a combination of both, as determined by the Board. A minimum of 20 percent of the total qualified patronage distribution to any borrower for any fiscal year shall always be paid in cash.

### *Transfer*

Class D Preferred, Class C Common Stock and Class C Participation Certificates may be transferred to persons or entities eligible to purchase or hold such equities.

### *Impairment*

Any net losses recorded by the Association shall first be applied against unallocated members' equity. To the extent that such losses would exceed unallocated members' equity, such losses would be applied consistent with the Association's bylaws and distributed pro rata to each share and/or unit outstanding in the class, in the following order:

- a) **First**, allocated surplus in its entirety, with application to most recent allocation first and then in reverse order until all allocated surplus has been exhausted;
- b) **Second**, Class C Common Stock and Class C Participation Certificates issued and outstanding, pro rata until such stock is fully impaired;
- c) **Third**, Class D Preferred Stock issued and outstanding, if any.

Impairments shall be considered as being applied pro rata to each share and/or unit outstanding in the class.

Liquidation

In the event of liquidation or dissolution of the Association, any assets of the Association remaining after payment of retirement of all liabilities should be distributed to the holders of the outstanding stock and participation certificates in the following order:

- a) **First**, to the holders of Class D Preferred Stock until an amount equal to the aggregate par value of all shares of said stock then issued and outstanding has been distributed to such holders;
- b) **Second**, pro rata to the holders of Class C Common Stock and Class C Participation Certificates, until an amount equal to the aggregate par value or face amount of all such shares or units then issued and outstanding has been distributed to such holders;
- c) **Third**, to the holders of allocated surplus pro rata, on the basis of oldest allocations first, until an amount equal to the total account has been distributed to the holders;
- d) **Fourth**, all unallocated surplus issued after May 4, 1995 (the effective date of this bylaw amendment) shall be distributed to the holders of Class C Stock and Class C Participation Certificates on a patronage basis;
- e) **Fifth**, any remaining assets of the Association after such distribution shall be distributed ratably to the holders of all classes of stock and participation certificates.

All distributions to the holders of any class of stock and/or participation certificate holders shall be made pro rata in proportion to the number of shares or units of such class of stock or participation certificates held by such holders.

D. Accumulated Other Comprehensive Income (AOCI):

	Changes in Accumulated Other Comprehensive Income by Component (a)					
	For the Year Ended December 31,					
	2025		2024		2023	
<b>Employee Benefit Plans:</b>						
Balance at beginning of period	\$	179	\$	95	\$	142
Other comprehensive income before reclassifications		(44)		84		(47)
Amounts reclassified from AOCI		(2)		—		—
Net current period OCI		(46)		84		(47)
Balance at end of period	\$	133	\$	179	\$	95

	Reclassifications Out of Accumulated Other Comprehensive Income (b)						
	For the Year Ended December 31,						
	2025	2024	2023	Income Statement Line Item			
<b>Defined Benefit Pension Plans:</b>							
Periodic pension costs	\$	2	\$	—	\$	—	See Note 9.
Amounts reclassified	\$	2	\$	—	\$	—	

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

Note 8 — 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*, 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.

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

	December 31, 2024					
	Fair Value Measurement Using					Total Fair Value
	Level 1	Level 2	Level 3			
<b>Recurring assets</b>						
Assets held in trust funds	\$ 1,986	\$ -	\$ -	\$ -	\$ -	\$ 1,986
<b>Nonrecurring assets</b>						
Nonaccrual loans	\$ -	\$ -	\$ -	\$ 415	\$ -	\$ 415
Other property owned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	December 31, 2023					
	Fair Value Measurement Using					Total Fair Value
	Level 1	Level 2	Level 3			
<b>Recurring assets</b>						
Assets held in trust funds	\$ 1,801	\$ -	\$ -	\$ -	\$ -	\$ 1,801
<b>Nonrecurring assets</b>						
Nonaccrual loans	\$ -	\$ -	\$ -	\$ 338	\$ -	\$ 338
Other property owned	\$ -	\$ -	\$ -	\$ 37	\$ -	\$ 37

### Valuation Techniques

As more fully discussed in Note 2, *Summary of Significant Accounting Policies*, 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 9 — Employee Benefit Plans

The Association participates in three District sponsored qualified benefit plans. These plans include a multiemployer defined benefit pension plan, the AgFirst Farm Credit Retirement Plan, which is a final average pay plan (FAP Plan). In addition, the Association participates in a multiemployer defined benefit other postretirement benefits plan (OPEB Plan), the Farm Credit Benefits Alliance (FCBA) Retiree and Disabled Medical and Dental Plan, and the FCBA 401(k) Plan, a defined contribution 401(k) plan (401(k) Plan). The risks of participating in these multiemployer plans are different from single employer plans in the following aspects:

1. Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Association chooses to stop participating in some of its multiemployer plans, the Association may be required to contribute to eliminate the underfunded status of the plan.

The District's multiemployer plans are not subject to ERISA and no Form 5500 is required. As such, the following information is neither available for nor applicable to the plans:

1. The Employer Identification Number (EIN) and three-digit Pension Plan Number
2. The most recent Pension Protection Act (PPA) zone status. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.
3. The "FIP/RP Status" indicating whether a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.
4. The expiration date(s) of collective-bargaining agreement(s).

The FAP Plan covers employees hired prior to January 1, 2003 and includes other District employees that are not employees of the Association. It is accounted for as a multiemployer plan. The related net benefit plan obligations are not included in the Association's Consolidated Balance Sheets but are included in the Combined Balance Sheets for the AgFirst District. FAP Plan expenses included in employee benefit costs on the Association's Consolidated Statements of Comprehensive Income were \$201 for 2025, \$540 for 2024, and \$760 for 2023. At December 31, 2025, 2024, and 2023, the total liability balance for the FAP Plan was \$8,634, \$9,765, and \$33,660, respectively. The FAP Plan was 98.69 percent, 98.52 percent, and 95.43 percent funded to the projected benefit obligation as of December 31, 2025, 2024, and 2023, respectively.

In addition to providing pension benefits, the Association provides certain medical and dental benefits for eligible retired employees through the OPEB Plan. Substantially all of the Association employees may become eligible for the benefits if they reach early retirement age while working for the Association. Early retirement age is defined as a minimum of age 55 and 10 years of service. Employees hired after December 31, 2002, and employees who separate from service between age 50 and age 55, are required to pay the full cost of their retiree health insurance coverage. Employees who retire subsequent to December 1, 2007 are no longer provided retiree life insurance benefits. The OPEB Plan includes other Farm Credit System employees that are not employees of the Association or District and is accounted for as a multiemployer plan. The related net benefit plan obligations are not included in the Association's Consolidated Balance Sheets but are included in the Combined Statement of Condition for the Farm Credit System. The OPEB Plan is unfunded with expenses paid as incurred. Postretirement benefits other than pensions included in employee benefit costs on the Association's Consolidated Statements of Comprehensive Income were \$758 for 2025, \$777 for 2024, and \$813 for 2023. The total AgFirst District liability balance for the OPEB Plan presented in the Farm Credit System Combined Statement of Condition was \$182,436, \$182,643, and \$160,980 at December 31, 2025, 2024, and 2023, respectively.

The Association also participates in the 401(k) Plan, which qualifies as a 401(k) plan as defined by the Internal Revenue Code. For employees hired on or prior to December 31, 2002, the Association contributes \$0.50 for each \$1.00 of the employee's first 6.00 percent of contribution (based on total compensation) up to the maximum employer contribution of 3.00 percent of total compensation. For employees hired on or after January 1, 2003, the Association contributes \$1.00 for each \$1.00 of the employee's first 6.00 percent of contribution up to the maximum employer contribution of 6.00 percent of total compensation. Employee deferrals are not to exceed the maximum deferral as determined and adjusted by the Internal Revenue Service. The 401(k) Plan costs are expensed as funded. Employer contributions to this plan included in salaries and employee benefit costs were \$1,134, \$987, and \$919 for the years ended December 31, 2025, 2024, and 2023, respectively. Beginning in 2015, contributions include an additional 3.00 percent of eligible compensation for employees hired after December 31, 2002.

FASB guidance further requires the determination of the fair value of plan assets and recognition of actuarial gains and losses, prior service costs or credits, and transition assets or obligations as a component of AOCI. Under the guidance, these amounts are subsequently recognized as components of net periodic benefit costs over time. For 2025, 2024, and 2023, a net debit of \$46, a net credit of \$84, and a net debit of \$47, respectively, have been recognized to AOCI to reflect these elements.

Additional information for the above may be found in the Notes to the Annual Information Statement of the Farm Credit System.

In addition to the multiemployer plans described above, the Association sponsors nonqualified supplemental retirement and 401(k) plans. The supplemental retirement plan is unfunded and had a projected benefit obligation of \$1,591 and a net under-funded status of \$1,591 at December 31, 2025. Assumptions used to determine the projected benefit obligation as of December 31, 2025 included a discount rate of 5.45 percent. The expenses of these nonqualified plans included in noninterest expenses were \$86, \$147, and \$103 for 2025, 2024, and 2023, respectively.

#### **Note 10 — Related Party Transactions**

In the ordinary course of business, the Association enters into loan transactions with officers and directors of the Association, their immediate families and other organizations with which such persons may be associated. Such loans are subject to special approval requirements contained in the FCA regulations and are made on the same terms, including interest rates, amortization schedule, and collateral, as those prevailing at the time for comparable transactions with unaffiliated borrowers.

Total loans to such persons at December 31, 2025 amounted to \$30,458. During 2025, \$16,651 of new loans and advances on existing loans were made and repayments totaled \$16,499. In addition, net loans of \$1,475 were newly classified as related party loans. In the opinion of management, none of these loans outstanding at December 31, 2025 involved more than a normal risk of collectability.

**Note 11 — Commitments and Contingencies**

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association. Because it is not probable that the Association will incur a loss or the loss is not estimable, no liability has been recorded for any claims that may be pending.

In the normal course of business, the Association may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of its borrowers. These financial instruments may include commitments to extend credit or letters of credit.

The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee.

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the Consolidated Balance Sheets until funded or drawn upon. The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers and management applies the same credit policies to these commitments. Upon fully funding a commitment, the credit risk amounts are equal to the contract amounts, assuming that borrowers fail completely to meet their obligations and the collateral or other security is of no value. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. At December 31, 2025, \$173,776 of commitments to extend credit and \$5 of commercial letters of credit were outstanding. A reserve for unfunded commitments of \$220 was included in Other Liabilities in the Consolidated Balance Sheets at December 31, 2025.

The Association also participates in standby letters of credit to satisfy the financing needs of its borrowers. These letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. At December 31, 2025, standby letters of credit outstanding totaled \$229 with expiration dates ranging from March 15, 2026 to January 17, 2030. The maximum potential amount of future payments that may be required under these guarantees was \$229.

**Note 12 — Income Taxes**

The provision (benefit) for income taxes follows:

	Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ -	\$ (61)	\$ -
State	-	(18)	-
	<u>\$ -</u>	<u>\$ (79)</u>	<u>\$ -</u>
Deferred:			
Federal	-	-	-
State	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total provision (benefit) for income taxes	<u>\$ -</u>	<u>\$ (79)</u>	<u>\$ -</u>

The provision (benefit) for income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as follows:

	December 31,		
	2025	2024	2023
Federal tax at statutory rate	\$ 6,436	\$ 6,912	\$ 5,595
State tax, net	(18)	-	(10)
Effect of non-taxable FLCA subsidiary	(5,141)	(4,141)	(2,639)
Patronage distributions	(2,205)	(2,993)	(3,041)
Change in valuation allowance	1,087	267	76
Deferred tax rate change	-	-	-
Other	(159)	(124)	19
Provision (benefit) for income taxes	<u>\$ -</u>	<u>\$ (79)</u>	<u>\$ -</u>

Deferred tax assets and liabilities are comprised of the following at:

	December 31,		
	2025	2024	2023
Deferred income tax assets:			
Allowance for loan losses	\$ 1,448	\$ 374	\$ 243
Annual leave	210	253	214
Nonaccrual loan interest	305	314	344
Pensions and other postretirement benefits	55	60	65
Loan Origination Fees	65	-	20
NOL Carry Forward	1,269	1,182	1,015
Depreciation	-	-	-
Gross deferred tax assets	3,352	2,183	1,901
Less: valuation allowance	(2,979)	(1,892)	(1,625)
Gross deferred tax assets, net of valuation allowance	373	291	276
Deferred income tax liabilities:			
Special Patronage	(248)	(248)	(248)
Fixed assets	(125)	(31)	(28)
Loan origination fees	-	(12)	-
Gross deferred tax liability	(373)	(291)	(276)
Net deferred tax asset (liability)	\$ -	\$ -	\$ -

The Association recorded a valuation allowance of \$2,979, \$1,892 and \$1,625 as of December 31, 2025, 2024 and 2023, respectively. The Association will continue to evaluate the realizability of these deferred tax assets and adjust the valuation allowance accordingly.

There were no uncertain tax positions identified related to the current year and the Association has no unrecognized tax benefits at December 31, 2025 for which liabilities have been established. The Association recognizes interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense.

The tax years that remain open for federal and major state income tax jurisdictions are 2022 and forward.

### Note 13 — Additional Financial Information

#### Quarterly Financial Information (Unaudited)

	2025				
	First	Second	Third	Fourth	Total
Net interest income	\$ 12,948	\$ 13,527	\$ 14,144	\$ 14,396	\$ 55,015
Provision for (reversal of) allowance for credit losses	1,048	1,214	(936)	2,984	4,310
Noninterest income (expense), net	(4,783)	(4,730)	(4,507)	(6,036)	(20,056)
Net income	\$ 7,117	\$ 7,583	\$ 10,573	\$ 5,376	\$ 30,649

	2024				
	First	Second	Third	Fourth	Total
Net interest income	\$ 11,450	\$ 12,166	\$ 12,785	\$ 14,024	\$ 50,425
Provision for (reversal of) allowance for credit losses	899	(7)	326	(298)	920
Noninterest income (expense), net	(3,704)	(2,574)	(4,510)	(5,721)	(16,509)
Net income	\$ 6,847	\$ 9,599	\$ 7,949	\$ 8,601	\$ 32,996

	2023				
	First	Second	Third	Fourth	Total
Net interest income	\$ 10,095	\$ 10,430	\$ 10,534	\$ 10,216	\$ 41,275
Provision for (reversal of) allowance for credit losses	636	(9)	995	(174)	1,448
Noninterest income (expense), net	(3,810)	(3,225)	(3,470)	(2,679)	(13,184)
Net income	\$ 5,649	\$ 7,214	\$ 6,069	\$ 7,711	\$ 26,643

### Note 14 — Subsequent Events

The Association evaluated subsequent events and determined there were none requiring disclosure through March 10, 2026, which was the date the financial statements were issued.



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