
Farm Credit of Northwest Florida, ACA

FIRST QUARTER 2026

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CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2026 quarterly report of Farm Credit of Northwest Florida, 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/ W. Stacy Sikes
Chief Executive Officer

/s/ Abby Todd
Chief Financial Officer

/s/ R. Douglas Walker
Chairman of the Board

May 8, 2026

Farm Credit of Northwest Florida, ACA

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

(dollars in thousands)

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

LOAN PORTFOLIO

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

The total loan volume of the Association as of March 31, 2026, was \$472,603, a decrease of \$10,541 as compared to \$483,144 at December 31, 2025. The decrease is due to a reduction in originated and participation purchased loan volumes, partially offset by a decrease in participation sold loan volume and an increase in nonaccrual loan volume.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans increased to \$3,921 at March 31, 2026 from \$54 at December 31, 2025. As a percent of total loans, nonaccrual loans were 0.83 percent and 0.01 percent at March 31, 2026 and December 31, 2025, respectively. The increase in nonaccrual loans was due to the transfer of seven loans to nonaccrual during the first quarter 2026. Loan classified under the Farm Credit Administration's Uniform Loan Classification as "acceptable" or "other assets especially mentioned" were 99.43 percent of total loans at March 31, 2026, as compared to 99.17 percent at December 31, 2025.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACL). The ACL at March 31, 2026, was \$1,726 or 0.37 percent of total loans compared to \$1,748 or 0.36 percent of total loans at December 31, 2025, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. See further detail on the Association's ACL within the Association's Annual Report and discussion of significant provision for credit loss within the *Results of Operations* below.

RESULTS OF OPERATIONS

For the three months ended March 31, 2026

Net income for the three months ended March 31, 2026, was \$1,728, an increase of \$313 as compared to net income of \$1,415 for the same period ended in 2025. The increase was primarily due to an increase in net interest income and noninterest income, partially offset by an increase in noninterest expense.

For the three months ended March 31, 2026, net interest income after provision for credit losses was \$3,636, an increase of \$448 as compared to \$3,188 for the same period in 2025. The increase was primarily due to higher net average loans outstanding, increased earnings on loanable funds and higher average net interest rates, partially offset by higher average balances and average interest rates on the Association's notes payable to AgFirst. The net interest margin was 3.14 percent, a decrease of seven basis points as compared to the same period ended in 2025.

The provision for credit losses for the three months ended March 31, 2026, was \$64, a decrease of \$109 from the provision for credit losses of \$173 for the same period ended during the prior year. The decrease is due to a decrease in the provision expense for unfunded commitments, and a shift in the outlook of macroeconomic scenarios that influence estimated losses, partially offset by an increase to the specific reserve.

Noninterest income increased \$172 to \$997 during the first three months of 2026 compared with the first three months of 2025 primarily due to an increase in patronage refunds from other Farm Credit institutions, fees for financially related services, insurance fund refunds and other noninterest income, partially offset by lower loan fees and gains on the sale of secondary mortgage market loans.

For the three months ended March 31, 2026, noninterest expense increased \$302 to \$2,904 compared with the first three months of 2025 primarily due to an increase in salaries and employee benefits, insurance fund premiums, purchased services (largely driven by the increase in operating expense from AgFirst Farm Credit Bank for technology and software services), and other operating expenses, partially offset by a decrease in occupancy and equipment expense.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at March 31, 2026, was \$377,970 as compared to \$391,089 at December 31, 2025. The Association had no lines of credit with third parties as of March 31, 2026.

CAPITAL RESOURCES

Total members' equity at March 31, 2026, was \$102,798, an increase of \$1,733 from a total of \$101,065 at December 31, 2025. The increase is due to an increase in capital stock and participation certificates and unallocated retained earnings. Total capital stock and participation certificates were \$1,684 on March 31, 2026, compared to \$1,679 on December 31, 2025. The increase is attributed to the issuance of capital stock and participation certificates in the normal course of business.

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

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	March 31, 2026	December 31, 2025	March 31, 2025
Permanent Capital Ratio	7.00%	19.14%	19.71%	21.41%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	19.03%	19.64%	21.25%
Tier 1 Capital Ratio	8.50%	19.03%	19.64%	21.25%
Total Regulatory Capital Ratio	10.50%	19.42%	20.04%	21.62%
Tier 1 Leverage Ratio**	5.00%	19.36%	19.91%	21.44%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	19.01%	19.57%	21.07%

*Include full capital conservation buffers.

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

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

REGULATORY MATTERS

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

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

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

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 850-718-5535, or writing Abby Todd, Chief Financial Officer, Farm Credit of Northwest Florida, ACA, P.O. Box 7000, Marianna, FL 32447, or accessing the website, www.farmcredit-fl.com. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Farm Credit of Northwest Florida, ACA
Consolidated Balance Sheets

<i>(dollars in thousands)</i>	March 31, 2026 <i>(unaudited)</i>	December 31, 2025 <i>(audited)</i>
Assets		
Loans	\$ 472,603	\$ 483,144
Allowance for credit losses on loans	(1,726)	(1,748)
Net loans	470,877	481,396
Accrued interest receivable	4,624	5,069
Equity investments in other Farm Credit institutions	9,037	8,385
Premises and equipment, net	2,251	2,222
Accounts receivable	849	3,048
Other assets - fair value	—	5
Other assets	171	72
Total assets	\$ 487,809	\$ 500,197
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 377,970	\$ 391,089
Accrued interest payable	1,460	1,457
Patronage refunds payable	227	3,564
Accounts payable	393	796
Advanced conditional payments	251	345
Other liabilities	4,710	1,881
Total liabilities	385,011	399,132
Commitments and contingencies (Note 5)		
Members' Equity		
Capital stock and participation certificates	1,684	1,679
Retained earnings		
Allocated	36,420	36,420
Unallocated	64,694	62,966
Total members' equity	102,798	101,065
Total liabilities and members' equity	\$ 487,809	\$ 500,197

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

Farm Credit of Northwest Florida, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

<i>(dollars in thousands)</i>	For the Three Months Ended March 31,	
	2026	2025
Interest Income		
Loans	\$ 7,943	\$ 6,818
Other	—	2
Total interest income	7,943	6,820
Interest Expense		
Notes payable to AgFirst Farm Credit Bank	4,240	3,454
Other	3	5
Total interest expense	4,243	3,459
Net interest income	3,700	3,361
Provision for credit losses	64	173
Net interest income after provision for credit losses	3,636	3,188
Noninterest Income		
Loan fees	21	28
Fees for financially related services	8	—
Patronage refunds from other Farm Credit institutions	750	688
Gains (losses) on sales of rural home loans, net	8	34
Insurance Fund refunds	195	61
Other noninterest income	15	14
Total noninterest income	997	825
Noninterest Expense		
Salaries and employee benefits	1,618	1,534
Occupancy and equipment	56	61
Insurance Fund premiums	95	80
Purchased services	690	538
Data processing	47	47
Other operating expenses	398	342
Total noninterest expense	2,904	2,602
Income before income taxes	1,729	1,411
Provision (benefit) for income taxes	1	(4)
Net income	\$ 1,728	\$ 1,415
Other comprehensive income	—	—
Comprehensive income	\$ 1,728	\$ 1,415

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

Farm Credit of Northwest Florida, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)

	Capital Stock and Participation Certificates	Retained Earnings		Total Members' Equity
		Allocated	Unallocated	
Balance at December 31, 2024	\$ 1,547	\$ 36,420	\$ 59,837	\$ 97,804
Comprehensive income			1,415	1,415
Capital stock/participation certificates issued/(retired), net	56			56
Balance at March 31, 2025	\$ 1,603	\$ 36,420	\$ 61,252	\$ 99,275
Balance at December 31, 2025	\$ 1,679	\$ 36,420	\$ 62,966	\$ 101,065
Comprehensive income			1,728	1,728
Capital stock/participation certificates issued/(retired), net	5			5
Balance at March 31, 2026	\$ 1,684	\$ 36,420	\$ 64,694	\$ 102,798

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

Farm Credit of Northwest Florida, ACA

Notes to the Consolidated Financial Statements

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

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

Organization

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

Basis of Presentation

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

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

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

Significant Accounting Policies

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

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*) and financial instruments (Note 4, *Fair Value Measurement*). Actual results could differ from those estimates.

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

Recently Issued or Adopted Accounting Pronouncements

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

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

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide all entities with a practical expedient which would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The amendments were effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. The impact of adoption did not have a significant impact on the Association’s financial condition, results of operations, and cash flows.

In December 2023, the FASB issued ASU 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association’s financial condition, results of operations or cash flows but will impact the income tax disclosures.

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	March 31, 2026	December 31, 2025
Real estate mortgage	\$ 296,958	\$ 303,096
Production and intermediate-term	108,905	113,831
Agribusiness:		
Loans to cooperatives	1,932	2,128
Processing and marketing	31,130	31,975
Farm-related business	4,821	4,511
Rural infrastructure:		
Communication	7,018	6,562
Power and water/waste disposal	1,828	1,752
Rural residential real estate	18,968	18,245
Other:		
International	1,043	1,044
Total loans	<u>\$ 472,603</u>	<u>\$ 483,144</u>

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

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

	March 31, 2026	December 31, 2025
Real estate mortgage:		
Acceptable	98.88%	99.11%
OAEM	0.91	0.50
Substandard/doubtful/loss	0.21	0.39
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	97.24%	97.52%
OAEM	0.91	0.03
Substandard/doubtful/loss	1.85	2.45
	100.00%	100.00%
Agribusiness:		
Acceptable	96.21%	94.37%
OAEM	3.76	5.53
Substandard/doubtful/loss	0.03	0.10
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	-	-
Substandard/doubtful/loss	-	-
	100.00%	100.00%
Rural residential real estate:		
Acceptable	99.33%	99.27%
OAEM	0.50	0.53
Substandard/doubtful/loss	0.17	0.20
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	-	-
Substandard/doubtful/loss	-	-
	100.00%	100.00%
Total loans:		
Acceptable	98.33%	98.38%
OAEM	1.10	0.79
Substandard/doubtful/loss	0.57	0.83
	100.00%	100.00%

Accrued interest receivable on loans of \$4,624 and \$5,069 at March 31, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

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

	March 31, 2026						
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due	
Real estate mortgage	\$ 811	\$ -	\$ 811	\$ 296,147	\$ 296,958	\$ -	
Production and intermediate-term	127	98	225	108,680	108,905	-	
Agribusiness	-	-	-	37,883	37,883	-	
Rural infrastructure	-	-	-	8,846	8,846	-	
Rural residential real estate	-	-	-	18,968	18,968	-	
Other	-	-	-	1,043	1,043	-	
Total	\$ 938	\$ 98	\$ 1,036	\$ 471,567	\$ 472,603	\$ -	

	December 31, 2025					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
Real estate mortgage	\$ 2,184	\$ –	\$ 2,184	\$ 300,912	\$ 303,096	\$ –
Production and intermediate-term Agribusiness	2,282	–	2,282	111,549	113,831	–
Rural infrastructure	–	–	–	38,614	38,614	–
Rural residential real estate	–	–	–	8,314	8,314	–
Other	65	–	65	18,180	18,245	–
Total	\$ 4,531	\$ –	\$ 4,531	\$ 478,613	\$ 483,144	\$ –

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

	March 31, 2026		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	\$ –	\$ 1,682	\$ 1,682
Production and intermediate-term	391	1,848	2,239
Total	\$ 391	\$ 3,530	\$ 3,921

	December 31, 2025		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	\$ –	\$ 28	\$ 28
Production and intermediate-term	–	26	26
Total	\$ –	\$ 54	\$ 54

The Association recognized \$51 of interest income on nonaccrual loans during the three months ended March 31, 2026. No interest income was recognized on nonaccrual loans during the three months ended March 31, 2025.

Reversals of interest income on loans that moved to nonaccrual status were \$44 for the three months ended March 31, 2026 and not material for the three months ended March 31, 2025.

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

	Three Months Ended March 31,	
	2026	2025
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 1,748	\$ 1,475
Charge-offs	(93)	(8)
Recoveries	–	1
Provision for credit losses on loans	71	151
Balance at end of period	\$ 1,726	\$ 1,619
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 175	\$ 148
Provision for unfunded commitments	(7)	22
Balance at end of period	\$ 168	\$ 170
Total allowance for credit losses	\$ 1,894	\$ 1,789

The Allowance for Credit Losses increased \$105 or 5.87 percent due to loan growth, changes in probability of default and loss given default, partially offset by payoffs.

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

Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the three months ended March 31, 2026 and 2025. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have

been modified at March 31, 2026 and 2025. There were no material modifications to distressed borrowers that occurred during the previous twelve months and for which there was a subsequent payment default during the period.

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

Note 3 — Investments

Equity Investments in Other Farm Credit System Institutions

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

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 1.18% of the issued stock and allocated retained earnings of the Bank as of March 31, 2026, net of any reciprocal investment. As of that date, the Bank's assets totaled \$50.5 billion and shareholders' equity totaled \$2.3 billion. The Bank's earnings were \$117 million for the first three months of 2026. In addition, the Association held investments of \$647 related to other Farm Credit institutions.

Note 4 — Fair Value Measurement

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

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

	March 31, 2026				Total Fair Value
	Fair Value Measurement Using				
	Level 1	Level 2	Level 3		
Recurring assets					
Assets held in trust funds	\$ —	\$ —	\$ —	\$ —	\$ —
Nonrecurring assets					
Nonaccrual loans	\$ —	\$ —	\$ 278	\$ —	\$ 278
Other property owned	\$ —	\$ —	\$ —	\$ —	\$ —
	December 31, 2025				Total Fair Value
	Fair Value Measurement Using				
	Level 1	Level 2	Level 3		
Recurring assets					
Assets held in trust funds	\$ 5	\$ —	\$ —	\$ —	\$ 5
Nonrecurring assets					
Nonaccrual loans	\$ —	\$ —	\$ —	\$ —	\$ —
Other property owned	\$ —	\$ —	\$ —	\$ —	\$ —

Valuation Techniques

As more fully discussed in Note 2, *Summary of Significant Accounting Policies* of the most recent Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, certain of the estimated fair values may not be

indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction. The following represent a brief summary of the valuation techniques used by the System institution for assets and liabilities:

Assets held in trust funds

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

Nonaccrual loans

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

Other property owned

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

Note 5 — Commitments and Contingent Liabilities

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

Note 6 — Subsequent Events

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