Farm Credit of Northwest Florida, ACA

SECOND QUARTER 2026

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CERTIFICATION

The undersigned certify that we have reviewed the June 30, 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

August 7, 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 June 30, 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 June 30, 2026, was $487,674, an increase of $4,530 as compared to $483,144 at December 31, 2025. The increase is due to an increase in originated and participation purchased loan volumes and nonaccrual loan volume, partially offset by an increase in participation sold 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 $3,639 at June 30, 2026 from $54 at December 31, 2025. As a percent of total loans, nonaccrual loans were 0.75 percent and 0.01 percent at June 30, 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, partially offset by a full liquidation of one loan during the second quarter 2026. Loans classified under the Farm Credit Administration's Uniform Loan Classification as "acceptable" or "other assets especially mentioned" were 99.51 percent of total loans at June 30, 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 (ACLL). The ACLL at June 30, 2026, was $1,668 or 0.34 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 June 30, 2026

Net income for the three months ended June 30, 2026, was $1,908, an increase of $555 as compared to net income of $1,353 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 June 30, 2026, net interest income after provision for credit losses was $3,818, an increase of $582 as compared to $3,236 for the same period in 2025. The increase was primarily due to higher net average loans outstanding, increased earnings on loanable funds, higher average net interest rates and a provision reversal of the ACL, partially offset by higher average balances and average interest rates on the Association's notes payable to AgFirst. The net interest margin was 3.09 percent, a decrease of six basis points as compared to the same period ended in 2025.

The reversal of credit losses for the three months ended June 30, 2026, was $135, a decrease of $369 from the provision for credit losses of $234 for the same period ended during the prior year. The decrease is due to a decrease in the provision expense for unfunded commitments, a decrease in changes for probabilities of default and loss given defaults, 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 $74 to $848 during the three months ended June 30, 2026 compared to the same period ended during the prior year primarily due to an increase in patronage refunds from other Farm Credit institutions, gains on sales of premises and equipment, partially offset by lower loan fees, fees for financially related services, and gains on the sale of secondary mortgage market loans.

For the three months ended June 30, 2026, noninterest expense increased $101 to $2,757 compared to the same period ended in 2025 primarily due to an increase in insurance fund premiums, occupancy and equipment expense, purchased services (largely driven by the increase in operating expense from AgFirst Farm Credit Bank for technology and software services), and data processing expense, partially offset by a decrease in salaries and employee benefits.

For the six months ended June 30, 2026

Net income for the six months ended June 30, 2026, was $3,636, an increase of $868 as compared to net income of $2,768 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 and provision for income taxes expense.

For the six months ended June 30, 2026, net interest income after provision for credit losses was $7,454, an increase of $1,030 as compared to $6,424 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 3.12 percent, a decrease of six basis points as compared to the same period ended in 2025.

The reversal of credit losses for the six months ended June 30, 2026, was $71, a decrease of $478 from the provision for credit losses of $407 for the same period ended during the prior year. The decrease is due to a decrease in the provision expense for unfunded commitments, a decrease in changes for probabilities of default and loss given defaults, 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 $246 to $1,845 during the six months ended June 30, 2026 compared to the same period ended during the prior year primarily due to an increase in patronage refunds from other Farm Credit institutions, fees for financially related services, insurance fund refunds, gains on sales of premises and equipment, and other noninterest income, partially offset by lower loan fees and gains on the sale of secondary mortgage market loans.

For the six months ended June 30, 2026, noninterest expense increased $403 to $5,661 compared to the same period ended in 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), data processing expense, 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 June 30, 2026, was $395,594 as compared to $391,089 at December 31, 2025. The Association had no lines of credit with third parties as of June 30, 2026.

CAPITAL RESOURCES

Total members' equity at June 30, 2026, was $104,715, an increase of $3,650 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 $1,693 on June 30, 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*	June 30, 2026	December 31, 2025	June 30, 2025
Permanent Capital Ratio	7.00%	19.02%	19.71%	20.86%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	18.95%	19.64%	20.78%
Tier 1 Capital Ratio	8.50%	18.95%	19.64%	20.78%
Total Regulatory Capital Ratio	10.50%	19.34%	20.04%	21.19%
Tier 1 Leverage Ratio**	5.00%	19.41%	19.91%	20.85%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	19.07%	19.57%	20.49%

**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.

IMPORTANT NOTICE REGARDING BORROWER STOCK OWNERSHIP DISCLOSURES

As part of a recent Farm Credit Administration compliance review, the Association determined that certain borrower stock disclosures provided in connection with loan originations after December 31, 2024, did not include all language required by FCA regulations. Specifically, the disclosure omitted statements regarding the Association's compliance with minimum capital standards and its expectation of meeting those standards at the next earnings distribution date.

Farm Credit of Northwest Florida, ACA currently meets all applicable FCA minimum capital standards. Management is not aware of any reason the Association would fail to meet its minimum capital standards at the next earnings distribution date.

Borrower stock, participation certificates, and other equities issued by the Association remain at-risk investments that are subject to the provisions of the Farm Credit Act, FCA regulations, and the Association's bylaws. Retirement of stock and equities remains subject to Board action, regulatory requirements, and the Association's capital position.

The Association has updated its disclosure templates and strengthened its review controls to ensure all required regulatory disclosures are provided going forward.

REGULATORY MATTERS

On July 24, 2026, the FCA published a final rule on loan performance categories and financial reporting in the Federal Register. The rule amends the high-risk loan performance categories by removing formally restructured loans (TDRs) to ensure the regulations remain consistent with U.S. generally accepted accounting principles (GAAP). The amendment reflects changes in GAAP that eliminated the measurement guidance for TDRs and replaced it with enhanced disclosure requirements for certain loan modifications to borrowers experiencing financial difficulty. The regulation will be effective 30 days after publication during which either or both Houses of Congress are in session.

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 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.

SHAREHOLDER INVESTMENT

Shareholder investment in the Association may be materially affected by the financial condition and results of operations of the Bank. 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 the 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

(dollars in thousands)	June 30, 2026	December 31, 2025
	(unaudited)	*(audited)*
Assets		
Loans	**$ 487,674**	$ 483,144
Allowance for credit losses on loans	**(1,668)**	(1,748)
Net loans	**486,006**	481,396
Accrued interest receivable	**5,046**	5,069
Equity investments in other Farm Credit institutions	**9,041**	8,385
Premises and equipment, net	**2,294**	2,222
Accounts receivable	**1,518**	3,048
Other assets - fair value	**—**	5
Other assets	**289**	72
Total assets	**$ 504,194**	$ 500,197
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 395,594**	$ 391,089
Accrued interest payable	**1,461**	1,457
Patronage refunds payable	**34**	3,564
Accounts payable	**448**	796
Advanced conditional payments	**247**	345
Other liabilities	**1,695**	1,881
Total liabilities	**399,479**	399,132
Commitments and contingencies (Note 5)		
Members' Equity		
Capital stock and participation certificates	**1,693**	1,679
Retained earnings		
Allocated	**36,420**	36,420
Unallocated	**66,602**	62,966
Total members' equity	**104,715**	101,065
Total liabilities and members' equity	**$ 504,194**	$ 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)

(dollars in thousands)	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Interest Income				
Loans	**$ 8,035**	$ 7,276	**$ 15,978**	$ 14,094
Other	**1**	1	**1**	3
Total interest income	**8,036**	7,277	**15,979**	14,097
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	**4,351**	3,797	**8,591**	7,251
Other	**2**	10	**5**	15
Total interest expense	**4,353**	3,807	**8,596**	7,266
Net interest income	**3,683**	3,470	**7,383**	6,831
Provision for (reversal of) allowance for credit losses	**(135)**	234	**(71)**	407
Net interest income after provision for (reversal of) allowance for credit losses	**3,818**	3,236	**7,454**	6,424
Noninterest Income				
Loan fees	**37**	43	**58**	71
Fees for financially related services	**—**	1	**8**	1
Patronage refunds from other Farm Credit institutions	**721**	686	**1,471**	1,374
Gains (losses) on sales of rural home loans, net	**5**	32	**13**	66
Gains (losses) on sales of premises and equipment, net	**73**	—	**73**	—
Insurance Fund refunds	**—**	—	**195**	61
Other noninterest income	**12**	12	**27**	26
Total noninterest income	**848**	774	**1,845**	1,599
Noninterest Expense				
Salaries and employee benefits	**1,508**	1,558	**3,126**	3,092
Occupancy and equipment	**63**	59	**119**	120
Insurance Fund premiums	**96**	85	**191**	165
Purchased services	**669**	534	**1,359**	1,072
Data processing	**39**	38	**86**	85
Other operating expenses	**383**	383	**781**	725
(Gains) losses on other property owned, net	**(1)**	(1)	**(1)**	(1)
Total noninterest expense	**2,757**	2,656	**5,661**	5,258
Income before income taxes	**1,909**	1,354	**3,638**	2,765
Provision (benefit) for income taxes	**1**	1	**2**	(3)
Net income	**$ 1,908**	$ 1,353	**$ 3,636**	$ 2,768
Other comprehensive income	**—**	—	**—**	—
Comprehensive income	**$ 1,908**	$ 1,353	**$ 3,636**	$ 2,768

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: Allocated	Retained Earnings: Unallocated	Total Members' Equity
Balance at December 31, 2024	$ 1,547	$ 36,420	$ 59,837	$ 97,804
Comprehensive income			2,768	2,768
Capital stock/participation certificates issued/(retired), net	86			86
Balance at June 30, 2025	$ 1,633	$ 36,420	$ 62,605	$ 100,658
Balance at December 31, 2025	**$ 1,679**	**$ 36,420**	**$ 62,966**	**$ 101,065**
Comprehensive income			**3,636**	**3,636**
Capital stock/participation certificates issued/(retired), net	**14**			**14**
Balance at June 30, 2026	**$ 1,693**	**$ 36,420**	**$ 66,602**	**$ 104,715**

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.

Accounting Standards Updates (ASUs) Issued but Not Yet Adopted

The Financial Accounting Standards Board (FASB) has issued certain accounting standards that will become effective for the Association in future periods. There were no ASUs issued, nor were there material updates to previously disclosed accounting standards, during the six months ended June 30, 2026 that are expected to have a material impact on the Association's financial statements. For a detailed description of ASUs previously issued, see the latest Annual Report.

ASUs Effective During the Period

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.

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	June 30, 2026	December 31, 2025
Real estate mortgage	$ 299,249	$ 303,096
Production and intermediate-term	121,823	113,831
Agribusiness:		
Loans to cooperatives	1,765	2,128
Processing and marketing	25,756	31,975
Farm-related business	8,926	4,511
Rural infrastructure:		
Communication	8,451	6,562
Power and water/waste disposal	1,841	1,752
Rural residential real estate	18,819	18,245
Other:		
International	1,044	1,044
Total loans	$ 487,674	$ 483,144

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 Farm Credit Administration (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:

	June 30, 2026	December 31, 2025
Real estate mortgage:		
Acceptable	99.14%	99.11%
OAEM	0.66	0.50
Substandard/doubtful/loss	0.20	0.39
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	98.18%	97.52%
OAEM	0.37	0.03
Substandard/doubtful/loss	1.45	2.45
	100.00%	100.00%
Agribusiness:		
Acceptable	96.18%	94.37%
OAEM	3.82	5.53
Substandard/doubtful/loss	–	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	99.35%	99.27%
OAEM	0.50	0.53
Substandard/doubtful/loss	0.15	0.20
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Total loans:		
Acceptable	98.71%	98.38%
OAEM	0.80	0.79
Substandard/doubtful/loss	0.49	0.83
	100.00%	100.00%

Accrued interest receivable on loans of $5,046 and $5,069 at June 30, 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:

	June 30, 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
Real estate mortgage	$ 627	$ –	$ 627	$ 298,622	$ 299,249
Production and intermediate-term	118	–	118	121,705	121,823
Agribusiness	–	–	–	36,447	36,447
Rural infrastructure	–	–	–	10,292	10,292
Rural residential real estate	79	–	79	18,740	18,819
Other	–	–	–	1,044	1,044
Total	$ 824	$ –	$ 824	$ 486,850	$ 487,674

	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
Real estate mortgage	$ 2,184	$ –	$ 2,184	$ 300,912	$ 303,096
Production and intermediate-term	2,282	–	2,282	111,549	113,831
Agribusiness	–	–	–	38,614	38,614
Rural infrastructure	–	–	–	8,314	8,314
Rural residential real estate	65	–	65	18,180	18,245
Other	–	–	–	1,044	1,044
Total	$ 4,531	$ –	$ 4,531	$ 478,613	$ 483,144

There were no accruing loans greater than 90 days past due as of June 30, 2026 and December 31, 2025.

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

	June 30, 2026		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ –	$ 1,648	$ 1,648
Production and intermediate-term	353	1,638	1,991
Total	$ 353	$ 3,286	$ 3,639

	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 $3 and $54 of interest income on nonaccrual loans during the three and six months ended June 30, 2026, respectively. No interest income was recognized on nonaccrual loans during the three and six months ended June 30, 2025.

Reversals of interest income on loans that moved to nonaccrual status were $0 and $44 for the three and six months ended June 30, 2026 and not material for the three and six months ended June 30, 2025.

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

	Three Months Ended June 30,			
	2026		2025	
Allowance for Credit Losses on Loans:				
Balance at beginning of period	$	1,726	$	1,619
Charge-offs		–		–
Recoveries		59		59
Provision for credit losses on loans		(117)		172
Balance at end of period	$	1,668	$	1,850
Allowance for Credit Losses on Unfunded Commitments:				
Balance at beginning of period	$	168	$	170
Provision for unfunded commitments		(18)		62
Balance at end of period	$	150	$	232
Total allowance for credit losses	$	1,818	$	2,082

	Six Months Ended June 30,			
	2026		2025	
Allowance for Credit Losses on Loans:				
Balance at beginning of period	$	1,748	$	1,475
Charge-offs		(93)		(8)
Recoveries		59		60
Provision for credit losses on loans		(46)		323
Balance at end of period	$	1,668	$	1,850
Allowance for Credit Losses on Unfunded Commitments:				
Balance at beginning of period	$	175	$	148
Provision for unfunded commitments		(25)		84
Balance at end of period	$	150	$	232
Total allowance for credit losses	$	1,818	$	2,082

For the six months ended June 30, 2026, the Allowance for Credit Losses decreased $264 or 12.68 percent compared to the same period ended in 2025 due to a decrease in the provision for unfunded commitments and provision for credit losses on loans, and an increase in net charge-offs.

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 and six months ended June 30, 2026 and 2025. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at June 30, 2026 and 2025. There were no material modifications to borrowers experiencing financial difficulty 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 June 30, 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 Farm Credit Bank (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 1.17 percent of the issued stock and allocated retained earnings of the Bank as of June 30, 2026, net of any reciprocal investment. As of that date, the Bank's assets totaled $51.2 billion and shareholders' equity totaled $2.4 billion. The Bank's earnings were $218 million for the six months ended June 30, 2026. In addition, the Association held investments of $651 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.

There were no changes to valuation methodologies or fair value hierarchy classifications during the periods presented. See Note 8, *Fair Value Measurement* of the most recent Annual Report to Shareholders for descriptions of the valuation methodologies used for assets and liabilities measured at fair value.

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.

	June 30, 2026			
	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Recurring assets				
Assets held in trust funds	$ –	$ –	$ –	$ –
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 240	$ 240
Other property owned	$ –	$ –	$ –	$ –

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

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. As of 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 August 7, 2026, which was the date the financial statements were issued.