



2025 Annual Report

FARM CREDIT OF NORTHWEST FLORIDA, ACA

2025 ANNUAL REPORT

Contents

Message from the President.....	2
Report of Management	3
Consolidated Five-Year Summary of Selected Financial Data	4
Management’s Discussion & Analysis of Financial Condition & Results of Operations	5-20
Disclosure Required by FCA Regulations	21-28
Report of the Audit Committee	29
Report of Independent Auditors	30-31
Consolidated Financial Statements.....	32-35
Notes to the Consolidated Financial Statements	36-56

Management

W. Stacy Sikes	President & Chief Executive Officer
Abby Todd	Chief Financial Officer
Emily Lowe.....	Chief Lending Officer
Braden Scott.....	Chief Credit Officer
DeAndrea Barber	Chief Growth Officer
Dorislynn White-Padgett	Chief Human Resources Officer
Lori Naker	Director of Compliance and Loan Operations

Board of Directors

R. Douglas Walker.....	Chairman
Damon Boutwell	Vice Chairman
Joshua Churchwell.....	Director
Levi Findley	Director
D. Mark Fletcher	Director
Ernest C. Fulford.....	Director
Dana Powell	Director
R. Allen Scheffer.....	Director
Glen Strange.....	Director
Michael Thompson	Director
David Yoder.....	Director

Message from the President

Serving as Chief Executive Officer of Farm Credit of Northwest Florida since April 1, 2025, has been both a privilege and an honor. I have taken the opportunity to learn more about the members, employees, and communities that make this Association strong by spending time listening and gaining a deeper appreciation of the agriculture and rural life across Northwest Florida. One of the most important responsibilities of leading this member-owned cooperative is the long-term commitment to the people and communities we serve.

Agriculture in our territory continues to operate in a dynamic environment shaped by market pressures, weather variability, and rising input costs, to name a few. Our Association has endured headwinds as well with the ever-increasing cost of new and existing technologies. Despite these challenges, the Association experienced a strong year in 2025. Gross accruing loan volume reached \$561.1 million, representing year-over-year growth of more than 14%. These results reflect continued demand for credit and confidence in Farm Credit of Northwest Florida as a reliable financial partner.

Just as important as growth, the Association maintained a disciplined approach to risk management. Credit quality remained very strong, ending the year at 98.38% acceptable assets, which topped the entire AgFirst District, allowing us to remain focused on long-term stability while continuing to serve our members through both favorable and challenging conditions.

Farm Credit of Northwest Florida's cooperative structure remains central to who we are. Our members are not just customers; they are owners. This ownership model ensures decisions are made locally, with a clear understanding of our territory and the needs of the people who live and work here. When the Association performs well, our members share in that success, reinforcing the value of doing business with a cooperative focused on relationships rather than short-term results. The Association will return 52.79 percent (\$3.5 million) of its net profits back to our members in cash during the Spring of 2026.

Beyond lending, Farm Credit of Northwest Florida remains committed to the communities we serve. Throughout the year, we have supported initiatives that invest in agriculture, our youth, and rural quality of life across our footprint. These efforts, along with the time and involvement of our employees, reflect our belief that strong communities are essential to a strong agricultural economy.

As we look ahead, our focus is on ensuring the Association continues to make disciplined decisions that support our members today while protecting the long-term strength of the cooperative for years to come. On behalf of myself, our Board of Directors and the entire staff at Farm Credit of Northwest Florida, thank you for your continued trust in us to be your lender.

/s/ W. Stacy Sikes
President and Chief Executive Officer

March 10, 2026

Report of Management

The accompanying consolidated financial statements and related financial information appearing throughout this Annual Report have been prepared by management of Farm Credit of Northwest Florida, ACA (Association) in accordance with accounting principles generally accepted in the United States and are 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 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/ R. Douglas Walker
Chairman of the Board

/s/ W. Stacy Sikes
Chief Executive Officer

/s/ Abby Todd
Chief Financial Officer

March 10, 2026

Consolidated Five - Year Summary of Selected Financial Data

<i>(dollars in thousands)</i>	December 31,				
	2025	2024	2023	2022	2021
Balance Sheet Data					
Loans	\$ 483,144	\$ 417,254	\$ 390,933	\$ 354,384	\$ 318,613
Allowance for credit losses on loans	(1,748)	(1,475)	(1,174)	(4,980)	(4,968)
Net loans	481,396	415,779	389,759	349,404	313,645
Equity investments in other Farm Credit institutions	8,385	6,541	5,974	4,268	2,932
Other property owned	—	—	—	14	45
Other assets	10,416	9,427	9,475	7,413	10,392
Total assets	\$ 500,197	\$ 431,747	\$ 405,208	\$ 361,099	\$ 327,014
Notes payable to AgFirst Farm Credit Bank*	\$ 391,089	\$ 325,304	\$ 300,170	\$ 264,071	\$ 230,976
Accrued interest payable and other liabilities with maturities of less than one year	8,043	8,639	9,747	7,899	9,571
Total liabilities	399,132	333,943	309,917	271,970	240,547
Capital stock and participation certificates	1,679	1,547	1,495	1,444	1,393
Retained earnings					
Allocated	36,420	36,420	36,420	36,420	36,420
Unallocated	62,966	59,837	57,376	51,265	48,654
Total members' equity	101,065	97,804	95,291	89,129	86,467
Total liabilities and members' equity	\$ 500,197	\$ 431,747	\$ 405,208	\$ 361,099	\$ 327,014
Statement of Income Data					
Net interest income	\$ 14,207	\$ 13,157	\$ 11,452	\$ 9,694	\$ 9,257
Provision for (reversal of) allowance for credit losses	247	303	(552)	(192)	—
Noninterest income (expense), net	(7,331)	(5,943)	(4,930)	(2,926)	(1,179)
Net income	\$ 6,629	\$ 6,911	\$ 7,074	\$ 6,960	\$ 8,078
Key Financial Ratios					
Rate of return on average:					
Total assets	1.43%	1.68%	1.86%	2.08%	2.56%
Total members' equity	6.55%	6.99%	7.37%	7.82%	9.25%
Net interest income as a percentage of					
average earning assets	3.15%	3.30%	3.09%	2.92%	2.96%
Net (chargeoffs) recoveries to average loans	0.012%	0.012%	0.066%	0.062%	0.018%
Total members' equity to total assets	20.21%	22.65%	23.52%	24.68%	26.44%
Debt to members' equity (:1)	3.95	3.41	3.25	3.05	2.78
Allowance for credit losses to loans	0.36%	0.35%	0.30%	1.41%	1.56%
Permanent capital ratio	19.71%	22.18%	23.06%	24.02%	26.02%
Common equity tier 1 capital ratio	19.64%	22.10%	23.00%	23.72%	25.69%
Tier 1 capital ratio	19.64%	22.10%	23.00%	23.72%	25.69%
Total regulatory capital ratio	20.04%	22.48%	23.31%	24.97%	26.95%
Tier 1 leverage ratio**	19.91%	22.40%	23.27%	24.49%	26.51%
Unallocated retained earnings (URE) and URE equivalents leverage ratio	19.57%	22.04%	22.89%	24.08%	26.21%
Net Income Distribution					
Estimated patronage refunds:					
Cash	\$ 3,500	\$ 4,450	\$ 4,400	\$ 4,000	\$ 6,369

* 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 Farm Credit of Northwest Florida, 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 Northwest Florida. 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, 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.farmcredit-fl.com, or by calling 1-850-526-4910, or writing Abby Todd, Chief Financial Officer, Farm Credit of Northwest Florida, P.O. Box 7000, Marianna, FL 32447. 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 Report 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, legal, regulatory and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural utility, international, and farm-related business sectors;
- weather-related, disease, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- 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 other government-sponsored enterprises and other financial institutions; and
- actions taken by the Federal Reserve System in implementing monetary policy.

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 percent 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 percent 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 percent 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.

The USDA's forecast projects (in nominal dollars) that farm sector equity, the difference between farm sector assets and debt, will rise 4.2 percent in 2025 to \$3.8 trillion. Farm real estate value is expected to increase 4.0 percent and non-real estate farm assets are expected to increase 5.9 percent, while farm sector debt is forecasted to increase 5.4 percent in 2025. Farm real estate debt accounts for 65.0 percent of total farm debt in 2025, as compared with 65.2 percent 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 percent in 2024 to 15.6 percent in 2025 and for the debt-to-asset ratio to increase slightly from 13.4 percent in 2024 to 13.5 percent in 2025. These ratios are well below their peak of 28.5 percent and 22.2 percent 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 is maintained at a level considered adequate by management to provide for probable and estimable losses inherent in the loan portfolio. The allowance for credit losses on loans is increased through provisions for loan losses and loan recoveries and is decreased through allowance reversals and loan charge-offs. The Association's Risk Management Committee, which is comprised of senior management and a member of the Board of Directors, evaluates the adequacy of the allowance on a quarterly basis. The evaluation considers factors which include, but are not limited to, loan loss experience, portfolio quality, loan portfolio composition, commodity prices, agricultural production conditions, and general economic conditions.

Significant individual loans are evaluated based on the borrower's overall financial condition, resources and payment record, the prospects for support from any financially responsible guarantor, and, if appropriate, the estimated net realizable value of any collateral. The allowance for credit losses encompasses various judgments, evaluations and appraisals with respect to the loans and underlying security that, by nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and borrower repayment capacity will cause these various judgments, evaluations and appraisals to change over time. Accordingly, actual circumstances could vary from the Association's expectations and predictions of those circumstances.

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 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.

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

Florida Economyⁱ

The University of Central Florida's Institute for Economic Forecasting forecasts slow growth for the U.S. economy in 2025 but a slight increase in 2026; however, Florida's economy is expected to outpace the U.S. economy through 2028. UCF projects annual Florida Real Gross State Product (GSP) to decelerate to 3.1 percent in 2025 and 2.6 percent in 2026. Florida's Real GSP is expected to grow an average of 2.4 percent during 2025-2028. Growth for Florida's economy over the next four years is expected to be higher than the forecasted real GDP growth for the U.S. economy. Florida payroll job growth is projected to be 1.2 percent in 2025, following growth of 1.8 percent in 2024. Job growth in Florida will outpace the national labor market through 2028. Florida's labor market will outperform the national economy each year through 2028. Labor force growth in Florida is projected to average 0.6 percent from 2025-2028 due to slower economic growth. The expected unemployment rate for Florida from 2025-2028 will average 0.5 points below the U.S. economy.

Additional key factors for the Florida economy include:

- Sectors expected to have the strongest average job growth during 2025-2028 are Education & Health Services, Financial Services, Leisure & Hospitality, and State & Local Government, and Trade, Transportation & Utilities.
- Housing starts have declined due to higher mortgage rates and a slowing economy. Total housing starts are forecasted at 161,635 in 2025, and decreasing to 151,471 in 2028.
- Real personal income growth is expected to average 3.1 percent during 2025-2028. Florida's average real personal income growth is projected to be 0.5 percent higher than the national rate over 2025-2028.
- Retail sales are forecasted to grow at an average pace of 3.9 percent during 2025-2028, with 2028 hitting a growth rate of 3.7 percent.

The Florida housing market shows a desire for existing housing with a rising level of inventories shrinking the shortage that was responsible for triggering a rapid price appreciation during 2021 – 2023. The October 2025 single-family home report released by Florida Realtors® reflects price depreciation of 0.9 percent, year-over-year. The median sales price for single-family homes decreased by almost \$4,000 from October 2024, and now stands at \$411,105. Inventories of single-family homes represent just 5.1 months of supply, indicating an inventory balance which is slightly skewed in favor of sellers in the single-family market. Distressed sales of single-family homes in the form of short sales continue to remain low, yet increased 128.6 percent year-over-year. However, foreclosure/REO sales have increased by 32.9 percent from October 2024 through October 2025; yet foreclosures remain low.

The housing market in Florida is still challenged by the burden of high prices, but receding insurance premiums and somewhat lower mortgage rates have helped sales. Economic and job growth in Florida is forecasted to slow as the U.S. economy decelerates. More baby boomers continue to reach the end of their working lives, and this bodes well for continued population growth via the in-migration of retirees as well as job seekers to Florida.

Overall, the Florida economic performance is expected to outpace the national economy through 2028, even considering the uncertainty about trade wars and tariffs. Growth is projected to be slower in 2025-2028 than compared to the prior four years due to an anticipated slowdown in the U.S. economy.

Regional Economy

The Northwest Florida/Panhandle area has an estimated population of 1.66 million as of April 2025 and an estimated workforce of over 647,000 as of June 2025. The Association's eighteen-county region includes over 25 percent of the state's counties and 20 percent of Florida's land mass. The area's economy is driven by tourism, government, service and manufacturing industries. Three research universities – Florida State University, Florida A&M University, and the University of West Florida – provide cutting-edge research in a variety of disciplines. The region's military facilities provide contract opportunities for a number of local, regional and national companies, while also providing a source of skilled and dedicated workers after they separate from the military.

Employment in the eighteen-county region is up 1.1 percent from June 2024. Florida statewide employment is up 2.9 percent over the same period. Employment growth continues to be uneven within the Association's territory, albeit mostly positive growth. There were several counties that recorded continued slower employment growth in 2025 while there were several counties that exhibited growth over 2024.

Anchored by the metro areas of Tallahassee to the east and Pensacola to the west, with local economies in between driven by agriculture, tourism and a strong military base presence, economic growth in the Panhandle is typically less cyclical than in peninsular Florida. Economic growth is forecasted to experience mixed results throughout the Florida Panhandle during 2025-2028.

Employment in the other services sector are currently leading growth in the Panhandle. During 2025-2028, the sectors that are expected to contract vary among metropolitan statistical areas in the Panhandle (some areas may see growth in a particular sector while other areas see a decline). Operations at area military bases have been expanded over the past several years and, unless there is a significant cut in defense spending, these facilities should continue to be positive economic growth engines for the foreseeable future.

The absence of a state income tax and the presence of a hospitable climate should help to attract retirees and others to the Panhandle region in the coming years.

Agricultural Economy

The Agricultural economy in Northwest Florida experienced an overall average to slightly below-average year in 2025. Growing conditions were favorable to start the year with drier weather conditions throughout the growing season. Weather conditions have been generally favorable during harvest, resulting in no significant delays. Please see below for additional information on the primary commodity groups served by the Association.

Forestry –

The southern United States continues to be a world leader in traditional and emerging timber products due to a favorable exchange rate, strong infrastructure of mills, productive forestland, and updated market strategies. The south-wide “stumpage prices” decreased for three of the five major products with pine sawtimber and pine chip-n-saw classes increasing in the Association’s territory year-over-year. However, housing starts were behind 2024 levels by 6 percent on a year-over-year basis. Remodeling and improvement expenditures decreased on a year-over-year basis. Timberland values remained steady in 2025. Bioenergy and wood pellet industries continue to develop and grow.

Row Crops –

World cotton demand is projected to decrease to 118.8 million bales in 2025/26. World consumption is expected to narrowly outpace production in 2025/26, resulting in a decrease in ending stocks to 73.1 million bales. In the U.S., the 2025 harvested area was forecasted at 7.4 million acres compared with 7.8 million acres in 2024. The national yield is estimated at 861 pounds per harvested acre compared to the three-year average of 913 pounds. Total U.S. cotton production in 2025 is projected at 12.9 million bales, a decrease of 1.3 million bales over the five-year average. Cotton prices for 2025 are anticipated to be in the mid to low \$0.60 range.

U.S. corn production is estimated at 16.7 billion bushels in 2025, an increase of 1.9 million bushels from the previous year. Yields are forecasted at 186 bushels per acre. Growers in the U.S. planted approximately 98.7 million acres in 2025, an increase of 7.8 million acres from the previous year. U.S. ending stocks are projected to increase to 2.1 billion bushels resulting in a stock-to-use ratio of 13.3 percent. The majority of corn grown in Northwest Florida is used for feed and sold locally, often receiving a positive basis, resulting in a cash price higher than reported national prices.

Livestock –

The U.S. cattle industry has a history of cycling between expansion and contraction phases that generally span ten years. The nationwide herd size in January 2025 totaled 86.7 million head, a 1.0 percent reduction from January 2024 for a total head count of 87.2 million. U.S. beef sector production is forecasted at 25.8 billion pounds in 2025 and the USDA anticipates an additional decline in 2026. With the tighter beef supply, feeder cattle and fed cattle prices were strong in 2025 and it is anticipated this will carry into 2026. Exposure to swine and poultry within the Association’s territory is very limited.

Peanuts –

Acreage for the 2025 crop was up 153,000 acres from 2024 plantings of 1.8 million acres. Harvested acres in 2025 were forecasted at 1.9 million acres, an increase of 8.1 percent from 2024. Early reports indicate the peanut crop yield will be stronger than 2024, with average yields of 3,890 pounds per acre. Production is forecasted to increase by 14.6 percent in 2025 to 7.4 billion pounds. Domestic peanut use has continued to increase, with exports increasing in 2025. Total use is projected slightly lower than total production resulting in an increase in ending stocks to 2.0 billion pounds. Peanut prices on the national level have been softened during the harvest season and the cash price was in the high \$300 to low \$400 per ton range in 2025.

Dairy –

In 2025, average milk prices decreased \$1.15 per CWT from 2024 levels. Milk prices ebbed and flowed during the year with months of increase and decline and is projected to end with a year-end average of \$23.78 per CWT. U.S. milk production in 2025 was anticipated to be 230.0 billion pounds. The national dairy herd increased in 2025 to 9.5 million head. Exports continue to remain a key driver for milk prices. Feed costs decreased in 2025, which helped to partially offset the year-over-year decrease in the average Florida milk price.

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 gross loan volume of the Association as of December 31, 2025 was \$483,144, an increase of \$65,890 or 15.79 percent compared to \$417,254 at December 31, 2024, which represented an increase of \$26,321 or 6.73 percent compared to \$390,933 at December 31, 2023. Net loans outstanding (gross loans net of the allowance for credit losses on loans) at December 31, 2025 were \$481,396, an increase of \$65,617 or 15.78 percent compared to \$415,779 at December 31, 2024, which represented an increase of \$26,020 or 6.68 percent compared to \$389,759 at December 31, 2023. Net loans accounted for 96.24 percent of total assets at December 31, 2025, compared to 96.30 percent of total assets at December 31, 2024 and 96.19 percent of total assets at December 31, 2023. The increases in gross loan volume and net loans outstanding in 2025 were due to increases in originated loans, purchased participation loans, and nonaccrual loans, partially offset by increases in sold participation loans.

The Association's loan volume by FCA loan 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	\$ 303,096	62.73%	\$ 282,268	67.65%	\$ 273,532	69.97%
Production and intermediate-term	113,831	23.56	73,368	17.58	64,553	16.51
Loans to cooperatives	2,128	0.44	2,111	0.51	2,110	0.54
Processing and marketing	31,975	6.62	24,935	5.98	15,492	3.96
Farm-related business	4,511	0.93	5,349	1.28	5,565	1.42
Communication	6,562	1.36	6,437	1.54	6,747	1.73
Power and water/waste disposal	1,752	0.36	4,107	0.98	6,388	1.63
Rural residential real estate	18,245	3.78	17,266	4.14	15,504	3.97
International	1,044	0.22	1,413	0.34	1,042	0.27
Total	\$ 483,144	100.00%	\$ 417,254	100.00%	\$ 390,933	100.00%

While the Association makes loans 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 U.S. states for the past three years ended December 31 is as follows:

State	12/31/25	12/31/24	12/31/23
Florida	72.76%	71.98%	70.35%
Alabama	1.85	1.94	2.02
Georgia	11.60	13.90	11.85
All Other States	13.79	12.18	15.78
Total	100.00%	100.00%	100.00%

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 forestry, row crops, livestock, peanuts, hunting/trapping/game, and rural homes which constitute 79 percent of the entire portfolio at December 31, 2025.

Commodity Group	December 31,					
	2025		2024		2023	
	<i>(dollars in thousands)</i>					
Forestry	\$ 217,102	45%	\$ 168,743	40%	\$ 171,151	44%
Row Crops	46,588	10	49,813	12	43,031	11
Livestock	44,898	9	38,343	9	36,287	9
Peanuts	28,460	6	27,998	7	22,904	6
Rural Homes	18,245	4	17,266	4	15,504	4
Landlords	10,476	2	11,716	3	12,759	3
Horticulture	8,165	1	8,011	2	9,436	2
Dairy	14,728	3	10,663	3	10,896	3
Hunting/Trapping/Game	22,828	5	24,150	6	17,586	5
Other	71,654	15	60,551	14	51,379	13
Total	\$ 483,144	100%	\$ 417,254	100%	\$ 390,933	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 large concentration in the forestry industry; however, due to the off-farm income of borrowers in this industry classification, sources of repayment are varied, reducing the overall risk exposure to this commodity. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor and the off-farm income in the area, somewhat reduces the level of dependency on any single commodity.

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

<u>Loan Participations</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<i>(dollars in thousands)</i>		
Participations Purchased			
– FCS Institutions	\$ 84,922	\$ 72,528	\$ 62,079
Participations Purchased			
– Non-FCS Institutions	–	–	–
Participations Sold	(77,046)	(74,073)	(78,006)
Total	<u>\$ 7,876</u>	<u>\$ (1,545)</u>	<u>\$ (15,927)</u>

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 \$4,973, \$12,485, and \$6,152, respectively, which were subsequently sold into the secondary market.

The Association also participates in the Farmer Mac Long Term Stand-By program. Farmer Mac was established by Congress to provide liquidity to agricultural lenders. At December 31, 2025, 2024, and 2023, the balance of these loans was \$17,195, \$17,835, and \$11,799, respectively.

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 Board of Directors, the Association has established underwriting standards and lending policies that provide direction to loan officers and credit analysts. 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 or industry implications.

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. 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.

Credit Quality	2025	2024	2023
Acceptable & OAEM	99.17%	99.00%	99.48%
Substandard	0.83	1.00	0.52
Doubtful	-	-	-
Total	100.00%	100.00%	100.00%

Nonperforming Assets

The Association's loan portfolio is divided into performing and high-risk categories. High-risk assets at December 31, are detailed in the following table:

	12/31/25	12/31/24	12/31/23
	<i>(dollars in thousands)</i>		
High-risk Assets			
Nonaccrual loans	\$ 54	\$ 42	\$ -
Accruing loans 90 days past due	-	7	-
Total high-risk loans	54	49	-
Other property owned	-	-	-
Total high-risk assets	\$ 54	\$ 49	\$ -
Ratios			
Nonaccrual loans to total loans	0.01%	0.01%	0.00%
High-risk assets to total assets	0.01%	0.01%	0.00%

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 \$54 compared to \$42 and none at December 31, 2024 and 2023, respectively. Nonaccrual loans increased \$12 or 28.57 percent during 2025 primarily due to three loans transferring to nonaccrual and with two of the transferred loans being liquidated during the year. Of the \$54 in nonaccrual volume at December 31, 2025, \$54 or 100.00 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 \$42 or 100.00 percent at December 31, 2024. The Association had no nonaccrual loans as of December 31, 2023.

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 \$1,923, \$1,623, and \$1,272 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:

Allowance for Credit Losses Activity (dollars in thousands)	December 31,		
	2025	2024	2023
Allowance for credit losses on loans – beginning balance	\$ 1,475	\$ 1,174	\$ 4,980
Cumulative effect of a change in accounting principle	–	–	(3,463)
Charge-offs:			
Real estate mortgage	(1)	(1)	–
Production and intermediate-term	(8)	(18)	(6)
Total charge-offs	(9)	(19)	(6)
Recoveries:			
Real estate mortgage	58	59	58
Production and intermediate-term	3	6	193
Agribusiness	1	2	1
Total recoveries	62	67	252
Net (charge-offs) recoveries	53	48	246
Provision for (reversal of) credit losses on loans	220	253	(589)
Allowance for credit losses on loans – ending balance	\$ 1,748	\$ 1,475	\$ 1,174
Allowance for unfunded commitments – beginning balance	\$ 148	\$ 98	\$ 35
Cumulative effect of a change in accounting principle	–	–	26
Provision for (reversal of) unfunded commitments	27	50	37
Allowance for unfunded commitments – ending balance	\$ 175	\$ 148	\$ 98
Total allowance for credit losses	\$ 1,923	\$ 1,623	\$ 1,272

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	0.36%	0.35%	0.30%
Allowance for credit losses on loans to nonaccrual loans	3,237.04%	3,511.90%	n/m
Ratio of net (charge-offs) recoveries during the period to average loans outstanding during the period	0.012%	0.012%	0.066%

Please reference Note 3, *Loans and Allowance for Credit Losses* for an explanation of the changes in the ACL.

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 \$6,629 for the year ended December 31, 2025, a decrease of \$282 from 2024. Net income of \$6,911 for the year ended December 31, 2024 was a decrease of \$163 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:	2025-2024	2024-2023
	(dollars in thousands)	
Net income prior year	\$ 6,911	\$ 7,074
Increase (decrease) in net income due to:		
Interest income	4,090	3,431
Interest expense	(3,040)	(1,726)
Net interest income	1,050	1,705
Provision for credit losses	56	(855)
Noninterest income	(421)	225
Noninterest expense	(977)	(1,245)
Provision for income taxes	10	7
Total changes in income	(282)	(163)
Net income	\$ 6,629	\$ 6,911

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 \$950 for the year ended December 31, 2023.

For 2025, the decrease in net income of \$282 is due primarily to reduced patronage and increased operating costs for technology and software services from AgFirst.

Net Interest Income

Net interest income (before provision for or reversal of allowance for credit losses) for the year ended December 31, 2025 totaled \$14,207, an increase of \$1,050 or 7.98 percent compared to net interest income of \$13,157 for 2024, which represented an increase of \$1,705 or 14.89 percent compared to net interest income of \$11,452 for 2023. 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>			
12/31/25 – 12/31/24			
Interest income	\$ 3,366	\$ 724	\$ 4,090
Interest expense	2,118	922	3,040
Change in net interest income	\$ 1,248	\$ (198)	\$ 1,050
12/31/24 – 12/31/23			
Interest income	\$ 1,703	\$ 1,728	\$ 3,431
Interest expense	1,094	632	1,726
Change in net interest income	\$ 609	\$ 1,096	\$ 1,705

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

Interest income for the year ended December 31, 2025 increased due to higher average loans outstanding and higher average interest rates on loans, partially offset by decreased interest income recognized on nonaccrual loans. Interest expense increased for 2025 due to higher average interest rates and higher average notes payable to AgFirst. Interest income for the year ended December 31, 2024 increased due to higher average loans outstanding and higher average interest rates on loans, partially offset by decreased interest income recognized on nonaccrual loans. Interest expense increased for 2024 due to higher interest rates and higher average notes payable to AgFirst.

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	
	December 31,			Increase/(Decrease)	
	2025	2024	2023	2025/ 2024	2024/ 2023
<i>(dollars in thousands)</i>					
Loan fees	\$ 121	\$ 148	\$ 111	(18.24)%	33.33 %
Patronage refunds from other Farm Credit Institutions	2,880	3,069	3,108	(6.16)	(1.25)
Other noninterest income	207	412	185	(49.76)	122.70
Total noninterest income	\$ 3,208	\$ 3,629	\$ 3,404	(11.60)%	6.61 %

Noninterest income for the year ended December 31, 2025 totaled \$3,208, a decrease of \$421 or 11.60 percent compared to \$3,629 in 2024, which represented an increase of \$225 or 6.61 percent compared to noninterest income of \$3,404 in 2023. The decrease in noninterest income for 2025 was due to reduced patronage from the Bank, a decrease in loan fees, gains on the sales of rural home loans, insurance fund refunds, and other noninterest income, partially offset by an increase in fees for financially related services and gains on other transactions. The increase in noninterest income for 2024 was due to increases in loan fees, gains on sales of rural home loans, and insurance fund refunds, partially offset by lower fees for financially related services, patronage refunds, other noninterest income, and losses on other transactions. Special patronage refunds from AgFirst totaled \$0 in 2025, \$0 in 2024, and \$170 in 2023. Special patronage distributions are not expected in future years.

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	\$ 6,246	\$ 5,701	\$ 5,572	9.56%	2.32%
Occupancy and equipment	254	246	243	3.25	1.23
Insurance Fund premiums	350	298	487	17.45	(38.81)
Purchased Services	2,052	1,698	487	20.85	248.67
(Gains) losses on OPO	(2)	(2)	2	0.00	(200.00)
Other operating expenses	1,644	1,626	1,531	1.11	6.21
Total noninterest expense	\$ 10,544	\$ 9,567	\$ 8,322	10.21 %	14.96 %

Salaries and employee benefits increased by \$545 or 9.56 percent in 2025, reflecting an increase in salaries, incentives, annual leave, and employee benefits, partially offset by an increase in deferred personnel costs. Occupancy and equipment expense increased by \$8 or 3.25 percent, primarily reflecting increases in cost of space expense, partially offset by decreases in furniture and equipment expense. Insurance fund premiums increased by \$52 or 17.45 percent due to higher average notes payable balances; there was no change to the basis points for the premium assessment from 2024. Purchased services increased by \$354 or 20.85 percent, reflecting an increase of AgFirst technology and software services, consultants and professional fees. Gains on OPO were equal to 2024. Other operating expenses increased by \$18 or 1.11 percent, reflecting an increase in other operating expenses (other expense, guarantee fees, nonproperty insurance, Farmer Mac administrative fees), partially offset by a decrease in data processing.

Income Taxes

The Association recorded a benefit for income taxes of \$5 for the year ended December 31, 2025, as compared to a provision of \$5 for 2024 and a provision of \$12 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 12/31/25	For the 12 Months Ended 12/31/24	For the 12 Months Ended 12/31/23
Return on Average Assets	1.43%	1.68%	1.86%
Return on Average Members' Equity	6.55%	6.99%	7.37%
Net Interest Income as a Percentage of Average Earning Assets	3.15%	3.30%	3.09%
Net (Charge-offs) Recoveries to Average Loans	0.012%	0.012%	0.066%

The return on average assets and return on average members' equity decreased for the year ended December 31, 2025 due primarily to the changes in net income described above and an increase in the year-to-date average daily balance of total assets. Net interest income as a percentage of average earning assets decreased in 2025 due to an increase in the year-to-date average daily balance of net accruing loan volume, partially offset by an increase in net interest income. Net recoveries to average loans remained flat for 2025 due primarily to net recoveries of \$53 in 2025 compared to net recoveries of \$48 in 2024.

The return on average assets and return on average members' equity decreased for the year ended December 31, 2024 due primarily to the changes in net income described above. Net interest income as a percentage of average earning assets increased in 2024 due to an increase in earnings provided by the loanable funds credit and an increase in net average interest spread on loans (which was increased by the change in the Direct Note rate discussed above). Net recoveries to average loans decreased in 2024 due primarily to net recoveries of \$48 in 2024 compared to net recoveries of \$246 in 2023.

Key factors in the growth of net income for future years will be quality loan growth, adequate net interest margins, operating expense control, and stabilized noninterest income. The Association's goal is to generate earnings sufficient to fund operations, adequately capitalize the Association, and achieve a desirable rate of return for members. To meet this goal, the Association must attract and maintain high quality loan volume priced at competitive rates and manage credit risk across the entire portfolio, while efficiently meeting the credit needs of members.

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 \$391,089 as compared to \$325,304 at December 31, 2024 and \$300,170 at December 31, 2023. The increase of \$65,785 or 20.22 percent compared to December 31, 2024 was primarily attributable to an increase in net loans. The increase of \$25,134 or 8.37 percent compared to December 31, 2023 was primarily attributable to an increase in net loans. The average volume of outstanding notes payable to the Bank was \$358,075, \$307,030, and \$279,281 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 Farmer Mac Long Term Stand-By program provides additional liquidity. The Association sales secondary mortgage market loans to the Bank; the earnings from these sales are considered noninterest income and are reported on the Consolidated Statements of Comprehensive Income as Gains (losses) on sales of rural home loans, net. 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 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). 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, 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 \$101,065, an increase of \$3,261 or 3.33 percent from a total of \$97,804 at December 31, 2024. The increase in members' equity for 2025 was due to net income retained in excess of distribution to members. At December 31, 2024, total members' equity increased \$2,513 or 2.64 percent from \$95,291 at December 31, 2023. The increase in members' equity for 2024 was due to net income retained in excess of distribution to members.

Total capital stock and participation certificates were \$1,679 on December 31, 2025, compared to \$1,547 on December 31, 2024 and \$1,495 on December 31, 2023. The changes are reflective of the stock and participation certificate requirements as existing loans are repaid and new loans are made.

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 December 31,		
				2025	2024	2023
Risk-adjusted ratios:						
CET1 Capital Ratio	4.5%	2.5%	7.0%	19.64%	22.10%	23.00%
Tier 1 Capital Ratio	6.0%	2.5%	8.5%	19.64%	22.10%	23.00%
Total Capital Ratio	8.0%	2.5%	10.5%	20.04%	22.48%	23.31%
Permanent Capital Ratio	7.0%	0.0%	7.0%	19.71%	22.18%	23.06%
Non-risk-adjusted:						
Tier 1 Leverage Ratio	4.0%	1.0%	5.0%	19.91%	22.40%	23.27%
UREE Leverage Ratio	1.5%	0.0%	1.5%	19.57%	22.04%	22.89%

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.

See Note 7, *Members' Equity*, of the Notes to the Consolidated Financial Statements, for further information concerning capital resources.

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. 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 \$3.50 million in 2025, \$4.45 million in 2024, and \$4.40 million in 2023.

YOUNG, BEGINNING AND SMALL FARMER AND RANCHER PROGRAM

Farm Credit of Northwest Florida is committed to supporting the next generation of agriculture by providing sound, constructive credit to Young, Beginning, and Small (YBS) farmers, ranchers and foresters. Supporting YBS farmers is an investment in the future of agriculture, and we remain committed to providing accessible credit, education, and partnership that help YBS producers grow roots. Our Board of Directors, Leadership Team and YBS Advisory Committee work to ensure the Association maintains a strong and effective YBS program that creates meaningful opportunities for producers across our region. Each year, the Board reviews and approves YBS policies and the marketing plan, which provide clear strategies for accomplishing the program's goals and measuring progress. The Association also assesses opportunities for financing underserved commodities and local food hubs within our territory. Many of these

operations are led by YBS farmers and ranchers, and our support helps them establish a solid foundation and grow within the communities they serve.

Definitions

Young Farmer: A farmer, rancher, or producer or harvester of aquatic products who is 35 years of age or less as of the date the loan is originally made.

Beginning Farmer: A farmer, rancher, or producer or harvester of aquatic products whose experience in farming or ranching as of the date the loan is originally made is 10 years or less.

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

YBS Program Strategies

The Association's YBS Farmer and Rancher Program complies with statutory and regulatory requirements which include program goals for quantitative measurements of the number and volume of YBS loans and strategies the Association will employ to meet program objectives.

The Association's YBS Farmer and Rancher Policy provides for loans in this segment to be underwritten according to normal commodity-based standards. Since these groups may have weaker credit factors, consideration has been given regarding certain financial benchmarks that are traditionally weaker for the YBS segment. The Association's policy provides pricing and fee concessions for production oriented YBS borrowers. Association staff works with otherwise qualified YBS applicants to offset weaknesses through additional obligors, additional pledges of collateral, or through obtaining Farm Service Agency (FSA) loan guarantees. The Association has a Certified Lender (CLP) status with FSA. The Association's Board of Directors and Leadership Team continue to evaluate the YBS Farmer and Rancher Policy to determine if additional lending inducements can be added in a manner that still provides safe and constructive financing.

The Farm Credit Council (FCC) created special tabulations for all 2022 AgCensus data and released it to every Association in two phases in late 2025. The tabulated data indicated that within the Association's chartered territory:

- There were 7,451 farms.
- The Small Farms count (gross cash farm income of \$350,000 or less) was 6,846.
- The Young Producer All Farms count was 617.
- The Beginning Producer All Farms count was 2,815.

Total Farms and Small Farm data was taken from the Phase I Data (released 11/12/25), while Young and Beginning Producer data was taken from the Phase II Data (released 12/3/25).

In 2025, the Association continued to place emphasis on meaningful involvement in agricultural events and affiliations in our chartered territory with a tie to Young, Beginning and Small farmers, ranchers, and foresters. The Association coordinated and worked with local extension agents/offices, the University of Florida's Institute of Food and Agricultural Sciences (UF IFAS), as well as local FFA and 4-H chapters, other organizations similarly dedicated to agriculture, and other system institutions and entities. We work to understand opportunities that might be of benefit to our YBS farmers.

In complementary initiatives, the Association formed the Core YBS Team made up of the Brand & Legislative Affairs Liaison, Ag Business Manager, and the two Marketing Strategists. The Association Brand & Legislative Affairs Liaison participates in System and district meetings and events to learn and share regarding best practices that have been successful for other System institutions. The Core YBS Team and YBS Advisory Committee collaborated to provide input to the Association's Board of Directors regarding future YBS policy development and program planning during 2025.

2025 Education and Outreach Strategies Included:

- Upgraded the YBS webpage to make resource location easier.
- Developed on-demand webinar in collaboration with AgFirst's AgBizInfo website and developed targeted campaign to share free educational resources.
- Hosted two succession planning workshops and created on-demand webinar.
- Developed materials for YBS veterans interested in agriculture.
- Supported local 4-H and FFA groups through sponsorship funds for livestock shows, local clay shoots, educational programming, and leadership events.
- Provided educational presentations on credit scores, networking and budgeting, as well as sponsored UF IFAS education events.
- Promoted and shared YBS activities throughout the territory on social media.
- Encouraged young people to choose agriculture as a profession by offering a total of \$24,000 toward higher education through the AgVocator Scholarship.
- Increased Student Agricultural Project Loan limit to \$10,000 to help make hands-on opportunities possible while teaching valuable planning, budgeting, and responsibility skills for students.

The YBS Advisory Committee will continue meeting in 2026.

2026 strategies for meeting program objectives include:

- YBS Education and Outreach –
 - Create targeted campaigns (including advertising) for YBS farmers and ranchers in the Association’s territory.
 - Increase financial education for YBS farmers through free educational resources.
- YBS Goals
 - Support an annual staff training session to continually improve team knowledge.
 - Facilitate quarterly YBS Advisory Committee meetings, strengthening stakeholder engagement and program oversight.
 - Explore creating financial education course, workshops, or webinars.
 - Share the impact of YBS initiatives with staff and the community.

YBS Program Quantitative Goals

In 2025, the Association continued to market and originate loans to YBS farmers and ranchers. Of the Association’s 1,526 YBS loans, 381 were originated in 2025, which represents 24.97 percent of the Association’s total number of YBS loans. The 2025 volume of YBS originated loans was \$95,454,661 which represents 36.55 percent of the Associations total YBS originated loan volume as of December 31, 2025. For 2026, the Association projects an increase in overall loan number and loan volume for Young, Beginning and Small farmers.

The following charts show by YBS category:

- Changes in number and volume of YBS loans during 2025
- Number and volume of YBS loans as of December 31, 2025
- 2026 quantitative YBS goals

Changes in YBS Categories during 2025:

	Increase/(Decrease) # Loans	Percent of Total	Increase/(Decrease) Loan Volume*	Percent of Total
	<i>(dollars in thousands)</i>			
Young Only	5	4.13%	\$2,490	4.67%
Beginning Only	(6)	(4.96)	\$(1,597)	(2.99)
Small Only	(7)	(5.79)	\$5,617	10.53
Young and Beginning	1	0.83	\$76	0.14
Young and Small	(6)	(4.96)	\$3	0.01
Beginning and Small	107	88.44	\$34,488	64.61
Young, Beginning and Small	27	22.31	\$12,289	23.03
Association YBS Totals	121	100.00%	\$53,366	100.00%

*Loan volume for YBS loans is specific to Association originated loans and includes unfunded commitments.

Association Number and Volume of YBS Loans as of December 31, 2025:

	# of YBS Loans	Percent of Total	Volume YBS Loans*	Percent of Total
	<i>(dollars in thousands)</i>			
Young Only	25	1.64%	\$8,993	3.44%
Beginning Only	44	2.88	\$5,756	2.20
Small Only	345	22.61	\$43,505	16.66
Young and Beginning	39	2.56	\$8,510	3.26
Young and Small	15	0.98	\$648	0.25
Beginning and Small	823	53.93	\$140,801	53.92
Young, Beginning, and Small	235	15.40	\$52,935	20.27
Association YBS Totals	1,526	100.00%	\$261,148	100.00%

*Loan volume for YBS loans is specific to Association originated loans and includes unfunded commitments.

2026 Quantitative Goals for YBS:

For 2026, the Association’s loan volume growth goal projected in the most likely scenario budget scenario is 7 percent. A meaningful percentage of this growth will be fueled by Capital Markets and Home Lending, so it is not reasonable to believe that the YBS segment will grow at the same rate. The Association’s YBS goal for 2026 in loan volume growth will be 4 percent and growth for the number of YBS loans is 3 percent. Achievement of these goals would reflect meaningful growth in the YBS sector.

Category	September 2025	Percent of Projection Goal September 2026	Projection Goal September 2026
		<i>(dollars in thousands)</i>	
Number of YBS Borrowers	1,505	3.00%	1,550
Loan Volume of YBS Borrowers	\$249,732	4.00%	\$259,721

YBS Program Summary

In summary, the Association is committed to implementing an effective program, helping YBS farmers and ranchers receive sound and constructive credit, and working diligently to achieve our YBS mission of “*Helping Young, Beginning, and Small Farmers Begin, Grow, or Remain in Agriculture.*”

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 percent risk-weighting to such exposures, instead of the current 100 percent 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.

Changes in Senior Management

Charles Thiele retired as Chief Credit Officer effective December 31, 2025. Effective January 1, 2026, Braden Scott became the Chief Credit Officer.

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 Notes to 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.

The Association wholly owns one unincorporated business entity (UBE). East Wing Ranch, LLC is a Florida limited liability company, which was organized for the purpose of holding acquired property owned by the Association and at December 31, 2025 held zero acquired property.

Description of Property

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

<u>Location</u>	<u>Description</u>	<u>Form of Ownership</u>
5052 Highway 90 East Marianna	Administrative/ Branch	Owned
5336 Stewart Street, SE Milton	Branch	Owned
925 W. Washington Street Monticello	Branch	Owned
3323 Thomasville Road Tallahassee	Branch	Owned
3927 Highway 4, Suite 103 Jay	Branch	Leased

Legal Proceedings

Information, if any, to be disclosed in this section is incorporated herein by reference to Note 11, *Commitments and Contingencies*, of the Notes to 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 Notes to 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 Notes to 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 executive officers of the Association as of December 31, 2025:

Senior Officers	Position & Other Business Interests
W. Stacy Sikes	<i>President & Chief Executive Officer</i> since April 1, 2025. <i>Program Director for Farm Credit Express</i> with Horizon Farm Credit from January 2020 thru March 2025.
Abby Todd	<i>Chief Financial Officer</i> since April 2023. <i>Controller</i> from January 2022 thru March 2023. <i>Assistant Controller</i> from March 2017 thru December 2021.
Chuck Thiele	<i>Chief Credit Officer</i> from March 2013 through December 2025.
DeAndrea Barber	<i>Chief Growth Officer</i> since October 2025. <i>Chief Operations Officer</i> from March 2013 to September 2025.
Dorislynn White-Padgett	<i>Chief Human Resources Officer</i> since March 2025. <i>Director of Human Resources</i> from March 2022 thru February 2025. <i>Manager of Human Capital</i> from March 2014 thru February 2022.
Emily Lowe	<i>Chief Lending Officer</i> since October 2025. <i>Chief Lending Officer Designate</i> from February 2025 thru September 2025. <i>Director of Home, Commercial & Lifestyle Lending</i> from May 2023 thru January 2025. <i>Director of Home & Lifestyle Lending</i> from April 2022 through April 2023. <i>Principal Loan Officer</i> from March 2013 through March 2022. Mrs. Lowe also serves as a Director of the Florida Forestry Association.
Braden Scott	<i>Chief Credit Officer Designate</i> from February 2025 thru December 2025. <i>Credit Administrator and Risk Manager</i> from July 2016 to January 2025.
Lori Naker	<i>Director of Compliance and Loan Operations</i> since October 2025. <i>Loan Operations Manager</i> from July 2024 thru September 2025. <i>Documentation & Compliance Supervisor</i> from November 2020 thru June 2024.

The total amount of compensation earned by the CEO, senior officers and other highly compensated individuals as a group during the years ended December 31, 2025, 2024 and 2023, is as follows:

Name	Individual or				Deferred	Change in	Perquisites/	
Number in Group	Year	Salary	Bonus	Comp.	Pension Value*	Other**	Total	
CEO								
W. Stacy Sikes	2025	\$ 206,250	\$ 60,937	\$ -	\$ -	\$ 7,451	\$ 274,638	
Past CEO								
John Gregory	2025	\$ 21,859	\$ -	\$ -	\$ -	\$ 1,791	\$ 23,650	
John Gregory	2024	\$ 271,667	\$ 50,750	\$ -	\$ -	\$ 6,387	\$ 328,804	
John Gregory	2023	\$ 251,668	\$ 37,750	\$ -	\$ -	\$ 4,450	\$ 293,868	
9***	2025	\$ 1,219,394	\$ 353,770	\$ -	\$ 210,510	\$ 28,709	\$ 1,812,383	
8***	2024	\$ 905,451	\$ 455,609	\$ -	\$ (17,986)	\$ 34,353	\$ 1,377,427	
9***	2023	\$ 875,721	\$ 525,687	\$ -	\$ 87,477	\$ 24,030	\$ 1,512,915	

* Change in Pension Value as reflected in the table above resulted primarily from changes in the actuarial assumptions for mortality and discount rate. The discount rate increased in 2024, leading to a decrease in pension values. See further discussion under Retirement and Deferred Compensation Plans below and in Note 9, Employee Benefit Plans, of the Consolidated Financial Statements included in this Annual Report.

** Perquisites/Other amounts disclosed in the above table include group life insurance premiums, automobile compensation and spousal travel.

***2025 includes eight senior officers, 2024 includes five senior officers, and 2023 includes six senior officers. Highly compensated individuals included in the table above are compensated via salary (including paid annual leave), commissions, and production incentives. Commissions and production incentives are included in the Bonus column above.

The disclosure of information on the total compensation paid during 2025 to any senior officer or to any other employee included in the aggregate group total as reported in the table above is available and will be disclosed to the shareholders of the institution upon request.

On February 4, 2015, the FCA Board approved the final rule, “Disclosure to Shareholders; Pension Benefit Disclosures.” The rule amends FCA regulations to exclude employee compensation from being reported in the Summary Compensation Table if the employee would be considered a “highly compensated employee” solely because of payments related to or change(s) in value of the employee’s qualified pension plan provided that the plan was available to all similarly situated employees on the same basis at the time the employee joined the plan. System banks and associations were required to comply with the rule for compensation reported in the table for the fiscal year ending 2015 and subsequent years.

In addition to base salary, all employees (with the exception of mortgage loan officers) have the ability to earn additional compensation under an incentive plan. The Association incentive plan is designed to motivate employees to complete actions needed to achieve business plan goals during the fiscal year.

The incentive plan includes two components – the primary incentive plan (referred to hereafter as the “General Incentive Plan”) that is available to all qualifying staff members and the business development plan (referred to hereafter as the “Production Incentive Plan”)

that is available to agribusiness, lifestyle lending, and capital markets loan officers, and agribusiness relationship specialists to incent business development activity.

Mortgage loan originators are eligible for compensation under a commission plan based on loan volume production (referred to hereafter as the “MLO Compensation Plan”).

The General Incentive Plan is measured annually and is based on one performance cycle from January through December. To participate in the General Incentive Plan, an employee must not have terminated employment prior to, nor be on probation at, the end of the performance cycle, and the employee must have satisfactory performance as measured by their most recent performance evaluation. Qualified retirees who are employed on December 31 of the plan year are eligible for incentive payout.

The General Incentive Plan is measured utilizing credit quality, delinquency rate, loan volume and return on assets. Under the plan, points are awarded for meeting various benchmarks such as the percentage of loans that carry a credit quality grade of “Acceptable,” the percentage of past due loans to accruing loan volume, the amount of loan volume, and the return on assets ratio. The performance against the established benchmarks translates to a certain number of awarded points. Based upon points achieved for the performance cycle, qualifying staff members are awarded a percentage of their total compensation. The percentage awarded is based upon the total points earned during the performance cycle as well as the employee’s salary grade.

Under the General Incentive Plan, the percentage of compensation that could be awarded ranges from 3 percent to 15 percent of the employee’s total compensation during the performance cycle. Senior officers do not specifically earn higher awards under the plan by virtue of their position; however, a senior officer would be expected to have a higher salary grade based upon their increased level of responsibility and accountability for Association performance. For 2025, awards under the General Incentive Plan ranged from 10 percent to 15 percent for the performance cycle (January through December). Payment to employees covered under this plan is made as soon as practicable following the performance cycle.

Under the Production Incentive Plan, agribusiness and capital markets loan officers can earn a percentage of their salary (there is no cap on the incentive award for developing new business) for developing new business by originating loans to new and existing borrowers, based on their performance against a pre-determined business development quota. There are two performance cycles, January through June and July through December, for measuring new business development. Eligible new loans must satisfy established standards, including meeting regulatory requirements for borrower eligibility, receiving a satisfactory loan review grade to show acceptable credit administration standards, and maintaining an “Acceptable” credit classification during the plan year. For 2025, incentive awards for developing new business development ranged from 6 percent to 121 percent for the first performance cycle and 0 percent to 178 percent for the second performance cycle. If a loan officer failed to achieve a certain percentage of their predetermined quota, no percentage points were awarded and that loan officer received no incentive under the plan. The Association’s Chief Lending Officer, who is a senior officer, is eligible to participate in the Production Incentive Plan based upon actual 2025 net accruing loan volume compared to the 2025 most likely scenario net accruing loan volume budget. Payment to employees covered under this plan is made as soon as practicable following each performance cycle.

Under the Production Incentive Plan, a lifestyle lending loan officer is eligible to receive an incentive payment based on their performance against a pre-determined business development quota. The payout factor for lifestyle lending loan officers is split equally among employees who are considered to be lifestyle lending loan officers (trainees are not eligible for incentive payout). The payout factor has two components: 1) new loan volume originated during the performance cycle (the performance cycles are the same as the agribusiness and capital markets loan officers) is multiplied by a payout factor, and then divided by the number of eligible lifestyle lending loan officers; 2) the employee’s semi-annual salary is multiplied by a base payout percentage. The employee’s total incentive payment equals the total from both components described above. For 2025, incentive awards for developing new business development were 7 percent for the lifestyle lending loan officer team for the first performance cycle and 3 percent for the second performance cycle.

Under the Production Incentive Plan, a relationship specialist, who is not a trainee, is eligible to receive an incentive payment based on their performance against a pre-determined business development quota of the agribusiness loan officers (quantitative component), and a qualitative performance component, with each component equal to 50 percent of the maximum cap amount. There was only one performance period under this plan, which was July through December 2025. The incentive awards for the relationship specialists will be paid at the maximum cap amount.

Under the MLO Compensation Plan, commissions are calculated at rates ranging from 0.25 percent to 1.00 percent of monthly loans closed. Payment to employees covered under this plan is made monthly. For 2025, commissions paid ranged from 0.25 percent to 1.00 percent. Mortgage loan originators are not eligible under the General Incentive Plan and related components as described above. The CEO and senior officers are not eligible for the MLO Compensation Plan.

During 2025, under the General Incentive Plan, Production Incentive Plan, and MLO Compensation Plan as described above, the CEO earned \$30,937 and senior officers and other highly compensated individuals earned \$353,770. Those amounts are presented as a bonus in the table above. Bonuses are shown in the year earned, which may be different from the year of payment.

Senior officers and other Association employees are reimbursed on an actual cost basis for all expenses incurred in the performance of official duties. Such expenses may include transportation, lodging, meals, tips, tolls, parking, registration fees and other expenses associated with travel on official business. Some senior officers and other Association employees are assigned an automobile to be utilized in the performance of Association duties. Personal usage of the assigned automobile is allowed. Any personal usage is

considered a benefit to the officer or employee and is included as income to the individual in accordance with IRS regulations. Total benefit to senior officers and other highly compensated individuals for the personal usage of Association automobiles during 2025 was \$26,676.

Copies of the Association’s expense and incentive plan policies are available to shareholders upon request. Disclosure of information on the total compensation earned in 2025 by any senior officer, or by any individual included in the total, is available to shareholders upon request.

**Pension Benefits Table
As of December 31, 2025**

Name of Individual or Number in Group	Year	Plan Name	Number of Years Credited Service	Actuarial Present Value of Accumulated Benefits	Payments During 2025
Senior Officers and Highly Compensated Employees:					
9 employees, excluding CEO	2025	AgFirst Retirement Plan	*27.42	\$ 1,474,857	\$ –
				\$ 1,474,857	\$ –

**Represents the average years of credited service for the group. Only two employees in the group above participate in the AgFirst Retirement Plan.*

Retirement and Deferred Compensation Plans

The Association’s compensation programs include retirement and deferred compensation plans designed to provide income following an employee’s retirement. Although retirement benefits are paid following an employee’s retirement, the benefits are earned while employed. The objective of the Association is to offer benefit plans that are market competitive and aligned with the Association’s strategic objectives. The plans are designed to enable the Association to proactively attract, retain, recognize, and reward a highly skilled, motivated and diverse staff that supports the Association’s mission and that allows the Association to align the human capital needs with the Association’s overall strategic plan.

Employees hired prior to January 1, 2003, participate in the AgFirst Farm Credit Retirement Plan. Employees are eligible to retire and begin drawing unreduced pension benefits at age 65 or when years of credited service plus age equal “85.” Upon retirement, annual payout is equal to 2 percent of the highest three years’ average compensation times years of credited service, subject to the Internal Revenue Code limitations. For purposes of determining the payout, “average compensation” is defined as regular salary (i.e., does not include incentive awards compensation). At the election of the retiree, benefits are paid based upon various annuity terms or on a lump sum basis. Benefits under the plan are not subject to an offset for Social Security.

The present value of pension benefits is the value at a specific date of the expected future benefit payment stream based on actuarial assumptions, chiefly the discount rate. Other assumptions are also used, such as expected retirement age and life expectancy. Changes in the actuarial assumptions can increase or decrease the pension values.

All employees participate in the Farm Credit Benefits Alliance 401(k) Plan, a qualified 401(k) defined contribution plan, which has an employer matching contribution determined by the employee’s date of hire. Employees hired prior to January 1, 2003, receive a maximum employer matching contribution equal to \$0.50 for each \$1.00 of employee compensation contributed up to 6 percent, subject to the Internal Revenue Code limitation on compensation. Employees hired on or after January 1, 2003, receive a maximum employer matching contribution equal to \$1.00 for each \$1.00 of employee compensation contributed up to 6 percent, subject to the Internal Revenue Code limitation on compensation. Beginning in 2015, employees hired on or after January 1, 2003, receive an additional employer contribution of 3 percent of eligible compensation.

Participation in the Farm Credit Benefits Alliance Nonqualified Supplemental 401(k) Plan, a nonqualified deferred compensation plan, is available to certain key employees to defer compensation and restore benefits limited in the qualified 401(k) plan as a result of restrictions in the Internal Revenue Code. The plan also includes a provision for discretionary contributions to be made by the Association. No employees participated in this plan during 2025.

Please see Note 9, *Employee Benefit Plans*, for further information on benefit plans.

Directors

The following chart details the directors serving in 2025, their current term of service and total cash compensation paid:

Name of Director	Current Term	Total Compensation
R. Douglas Walker, <i>Chairman</i>	2024-2027	\$ 21,850
Damon Boutwell, <i>Vice Chairman</i>	2025-2028	23,550
Joshua Churchwell	2023-2026	16,600
Levi Findley	2024-2027	19,100
D. Mark Fletcher, <i>Outside Director, Financial Expert</i>	2023-2026	26,050
Ernest C. Fulford	2025-2028	17,350
Dana Powell, <i>Outside Director</i>	2025-2028	23,300
R. Allen Scheffer	2023-2026	20,200
Glen Strange	2023-2026	20,350
Michael Thompson	2025-2028	24,350
David Yoder	2024-2027	23,300
Total		<u>\$ 236,000</u>

The following represents certain information regarding the directors of the Association, including their principal occupation and employment for the past five years.

R. Douglas Walker, Chairman, has been a self-employed farmer and president of Walker and Sons Farms, Inc. for over thirty years. This has been his principal occupation for the past five years. His farm operation consists of two family-owned dairy farms. The operation also produces corn, oats, and rye grass for feed. He also has a pecan grove and a beef cattle cow/calf operation. Mr. Walker is also the manager for Walker and Sons Land Company and serves on the board of Southeast Milk, Inc. (dairy cooperative) and United Dairy Farmers of Florida. Mr. Walker serves as Chairman of the Board of Farm Credit of Northwest Florida.

Damon Boutwell, Vice Chairman, is the General Manager of the Pace Water System, Inc. This has been his principal occupation for the past five years. Mr. Boutwell owns and manages a 225-acre farm consisting of a 50-brood cow cattle operation on 95 acres of pastureland, 90 acres of timberland and wildlife habitat, and 40 acres of hay that is leased to a hay contractor/producer. He is also the Managing Partner for 600 acres of family trust lands. He is an alumnus of Leadership Santa Rosa and a past member of the Executive Board of Leadership Santa Rosa. Mr. Boutwell serves on the advisory board of Mueller Technologies. He is a past member of the advisory board of United Bank. Mr. Boutwell is Vice Chairman of the Board of Farm Credit of Northwest Florida and Chairman of the Audit Committee.

Joshua Churchwell is a farmer from Madison, Florida, and works with Merck Animal Health, where he is the territory manager for animal health needs in Florida, Georgia, and Alabama. This has been his primary occupation for the past five years. Mr. Churchwell has been the owner/operator of Churchwell Farms, where he has a 200-head cow-calf operation on 600 acres in Madison County, Florida. He is a graduate of the University of Florida with a Bachelor's Degree in Animal Science and a graduate of the Cornell Dairy Executive Program. He serves as the Vice Chairman of the Madison County Cattlemen's Association, a State Director of the Florida Cattlemen's Association, the Beef Chairman of the North Florida Livestock Show, a member of the Dairy Field Advisory Board for Merck Animal Health, and prior to being elected as a Board member, he served as a member of the Association's Young, Beginning, and Small Farmer Advisory Committee.

Levi Findley is an owner-operator of a 550-acre row crop operation located in Santa Rosa County, Florida. This has been his primary occupation for the past five years. In addition to his farming operation, Mr. Findley serves as the Assistant Chief of the Jay Volunteer Fire Department, and as a County Committee Member for the Farm Service Agency. Mr. Findley has lived in Santa Rosa County, Florida his entire life, graduated from Jay High School, and attended Pensacola State College.

D. Mark Fletcher, CPA, is an outside director with over thirty years of experience in public accounting and is the senior partner in charge of the Tallahassee, Florida office of Lanigan and Associates, P.C. This has been his principal occupation for the past five years. Mr. Fletcher is past Chairman of the Farm Credit of Northwest Florida board, current Chairman of the Executive Committee, is designated as the Association's financial expert, and serves as a member of the AgFirst District Advisory Committee.

Ernest C. Fulford is the owner/operator of a row crop farming operation located near Monticello, Florida. He has farmed in the Monticello area for over thirty years, and farming has been his principal occupation for the past five years. His farming operation consists of 1,200 acres of cotton, peanuts, and green peanuts. He is a partner in Boston Peanut Company. Mr. Fulford is a member of the board of the Jefferson County Farm Bureau where he currently serves as President. Mr. Fulford is a director of the Florida Peanut Producers Association and Chairman of the Farm Service Agency County Committee for Jefferson County.

Dana Powell, CPA, is an outside director with over twenty years of experience in public accounting. She has practiced with Law, Redd, Crona & Munroe, P.A. in Tallahassee, Florida since 2003, providing auditing, consulting and tax services to government, non-profit organizations, and private sector industries. This has been her principal occupation for the past five years.

R. Allen Scheffer is a beekeeper from Graceville, Florida. From 2007 until 2022, Mr. Scheffer worked with the Florida Farm Bureau as a District Field Representative. In 2022, he left Farm Bureau to pursue farming full time. Since 2022, agriculture has been his primary

occupation, preceded by his employment with Florida Farm Bureau. Mr. Scheffer owns and operates Smiley B. Farms, LLC, where he has 500 bee hives, a 50-head cattle operation, and 80 acres of perennial peanuts. Mr. Scheffer is a graduate of Troy University with a Bachelor’s Degree in Business/Marketing. He serves as a Board Member for the Washington County Farm Bureau.

Glen Strange is the owner/operator of Panhandle Growers, Inc., a 300-acre nursery operation serving landscapers and developers in southeastern states. This has been his principal occupation for the past five years. He is also the owner of North Florida Palms, a 100-acre family-operated palm tree farm, and prior owner of Coldwater Transport, a trucking company that delivered landscaping materials for Panhandle Growers, Inc. Mr. Strange is a member of the Florida Nursery, Growers and Landscape Association and the Alabama Nursery and Landscape Association. Mr. Strange is Chairman of the Compensation Committee.

Michael Thompson is the as President of Thompson Brothers Angus Farm, Inc. This has been his principal occupation for the past five years. His farm operation includes 2,000 acres where he produces registered Angus cattle breeding stock as well as 1,000 acres of hay and 900 acres of soybeans, peanuts, and oats. He also provides custom farm-made feed to the livestock industry. Mr. Thompson serves as a director on the Board of the Jackson County Farm Bureau. Mr. Thompson is Chairman of the Director Loan Committee and Farm Credit of Northwest Florida’s serves as a member of the AgFirst District Nominating Committee.

David Yoder is the Territory Sales Manager for Valent, USA, a crop production firm. This has been his principal occupation for the past five years. His farm operation includes the ownership of Double Oaks Farm where he produces 400 acres of peanuts, corn, and small grains, and maintains a 100-cow beef cattle herd. He is also the past managing partner for Blue Bird Farms, a 1,600-acre family farm that produces peanuts, Bahia grass, cattle and timber. He is a Class XI member of the Wedgworth Leadership Institute that focuses on developing leaders for Florida agriculture and natural resources. He is also a member of the Florida Farm Bureau and the Florida Cattlemen’s Association. Mr. Yoder serves as a member of the AgFirst Legislative Affairs Committee.

Subject to approval by the Board, the Association currently may allow directors \$1,250 monthly retainer honoraria, with the exception of the outside directors and Board Chairman who are allowed \$1,500 monthly retainer honoraria. Total compensation paid to directors as a group was \$236,000 for 2025. Directors are paid \$250 for Board of Directors Committee meetings and \$100 for an Association related telephone conference. The Association’s designated financial expert may be paid \$750 for each board meeting attended. No director received more than \$5,000 in non-cash compensation during the year.

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

DIRECTOR	Regular Board Meeting	
	Days Served	Compensation
R. Douglas Walker, <i>Chairman</i>	10	\$ 16,000
Damon Boutwell, <i>Vice Chairman</i>	10	15,000
Joshua Churchwell	10	15,000
Levi Findley	9	15,000
D. Mark Fletcher, <i>Outside Director, Financial Expert</i>	10	18,000
Ernest C. Fulford	8	15,000
Dana Powell, <i>Outside Director</i>	10	18,000
R. Allen Scheffer	10	15,000
Glen Strange	9	15,000
Michael Thompson	10	15,000
David Yoder	10	15,000
Total		\$ 172,000

DIRECTOR	Other Official Activities	
	Days Served	Compensation
R. Douglas Walker, <i>Chairman</i>	17	\$ 5,850
Damon Boutwell, <i>Vice Chairman</i>	25	8,550
Joshua Churchwell	7	1,600
Levi Findley	13	4,100
D. Mark Fletcher, <i>Outside Director, Financial Expert</i>	23	8,050
Ernest C. Fulford	10	2,350
Dana Powell, <i>Outside Director</i>	19	5,300
R. Allen Scheffer	14	5,200
Glen Strange	14	5,350
Michael Thompson	23	9,350
David Yoder	24	8,300
Total		\$ 64,000

The following tables report the compensation that directors received for serving on committees. These amounts are included in the table above reporting Other Official Activities.

DIRECTOR	Loan Committee	
	Compensation	
Michael Thompson, <i>Chairman</i>	\$	2,500
Levi Findley		2,250
Ernest C. Fulford		2,000
W. Douglas Walker		2,500
Total	\$	9,250

DIRECTOR	Compensation Committee	
	Compensation	
Glen Strange, <i>Chairman</i>	\$	1,250
Joshua Churchwell		1,350
R. Allen Scheffer		1,350
Total	\$	3,950

DIRECTOR	Audit Committee	
	Compensation	
Damon Boutwell, <i>Chairman</i>	\$	2,950
D. Mark Fletcher, <i>Financial Expert</i>		2,700
Dana Powell		2,950
David Yoder		2,950
Total	\$	11,550

Name of Director	Committee Assignments
R. Douglas Walker, <i>Chairman</i>	Loan, Executive
Damon Boutwell, <i>Vice Chairman</i>	Audit, Executive
Joshua Churchwell	Compensation
Levi Findley	Loan
D. Mark Fletcher, <i>Outside Director</i>	Audit, Executive
<i>Financial Expert</i>	
Ernest Fulford	Loan
Dana Powell, <i>Outside Director</i>	Audit
R. Allen Scheffer	Compensation
Glen Strange	Compensation, Executive
Michael Thompson	Loan
David Yoder	Audit

Directors are reimbursed on an actual cost basis for all expenses incurred in the performance of official duties. Such expenses may include transportation, lodging, meals, tips, tolls, parking of cars, laundry, registration fees, and other expenses associated with travel on official business. A copy of the expense policy is available to shareholders of the Association upon request.

The aggregate amount of reimbursement for travel, subsistence, and other related expenses for all directors as a group was \$75,151 for 2025, \$62,554 for 2024, and \$97,428 for 2023.

Transactions with Senior Officers and Directors

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

Involvement in Certain Legal Proceedings

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

Relationship with Independent Auditors

There were no changes in or material disagreements with our independent auditors, Elliott Davis, LLC, 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>	
Elliott Davis, LLC	
Audit services	\$ 61,500
Total	<u>\$ 61,500</u>

Audit fees were for the annual audit of the consolidated financial statements.

Consolidated Financial Statements

The consolidated financial statements, together with the report thereon of Elliott Davis, LLC 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 unaudited Quarterly reports are available upon request free of charge by calling 1-850-526-4910 or writing Abby Todd, Chief Financial Officer, Farm Credit of Northwest Florida, P.O. Box 7000, Marianna, Florida 32447, or accessing the website, www.farmcredit-fl.com.

The Association prepares an electronic version of the Annual Report that is available on the Association's website within 75 days after the end of the fiscal year and distributes the Annual Report 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 shareholders.

Shareholder Investment

Shareholder investment in the Association may be materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank (AgFirst or 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 AgFirst Farm Credit Bank can also be obtained by accessing AgFirst's website at 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 and distributes the Annual Report to shareholders within 90 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 Farm Credit of Northwest Florida, ACA (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.

Elliott Davis, LLC (Elliott Davis), 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 Elliott Davis the matters that are required to be discussed in accordance with auditing standards generally accepted in the United States of America (AU-C 260, *The Auditors Communication With Those Charged With Governance*).

The Committee discussed with Elliott Davis its independence from the Association. The Committee determined there were no non-audit services provided by Elliott Davis.

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/ Damon Boutwell
Chairman of the Audit Committee

Members of Audit Committee

Damon Boutwell
D. Mark Fletcher
Dana Powell
David Yoder

March 10, 2026

Independent Auditor's Report

Audit Committee of the Board of Directors
Farm Credit of Northwest Florida, ACA

Opinion

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

In our opinion, the accompanying 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 their operations and their 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 within one year after the date that the financial statements are issued or available to be issued.

elliottdavis.com

"Elliott Davis" is the brand name under which Elliott Davis, LLC (doing business in North Carolina and D.C. as Elliott Davis, PLLC) and Elliott Davis Advisory, LLC and its subsidiary entities provide professional services. Elliott Davis, LLC and Elliott Davis Advisory, LLC and its subsidiary entities practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. Elliott Davis, LLC is a licensed independent CPA firm that provides attest services to its customers. Elliott Davis Advisory, LLC and its subsidiary entities provide tax and business consulting services to their customers. Elliott Davis Advisory, LLC and its subsidiary entities are not licensed CPA firms. The entities falling under the Elliott Davis brand are each individual firms that are separate legal and independently owned entities and are not responsible or liable for the services and/or products provided by any other entity providing services and/or products under the Elliott Davis brand. Our use of the terms "our firm" and "we" and "us" and terms of similar import, denote the alternative practice structure conducted by Elliott Davis, LLC and Elliott Davis Advisory, LLC.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.



Charleston, South Carolina
March 10, 2026

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	December 31,		
	2025	2024	2023
Assets			
Loans	\$ 483,144	\$ 417,254	\$ 390,933
Allowance for credit losses on loans	(1,748)	(1,475)	(1,174)
Net loans	481,396	415,779	389,759
Loans held for sale	—	—	131
Accrued interest receivable	5,069	4,401	4,065
Equity investments in other Farm Credit institutions	8,385	6,541	5,974
Premises and equipment, net	2,222	1,769	1,882
Accounts receivable	3,048	3,181	3,266
Other assets	77	76	131
Total assets	\$ 500,197	\$ 431,747	\$ 405,208
Liabilities			
Notes payable to AgFirst Farm Credit Bank	\$ 391,089	\$ 325,304	\$ 300,170
Accrued interest payable	1,457	1,168	1,161
Patronage refunds payable	3,564	4,491	4,443
Accounts payable	796	752	785
Advanced conditional payments	345	287	1,327
Other liabilities	1,881	1,941	2,031
Total liabilities	399,132	333,943	309,917
Commitments and contingencies (Note 11)			
Members' Equity			
Capital stock and participation certificates	1,679	1,547	1,495
Retained earnings			
Allocated	36,420	36,420	36,420
Unallocated	62,966	59,837	57,376
Total members' equity	101,065	97,804	95,291
Total liabilities and members' equity	\$ 500,197	\$ 431,747	\$ 405,208

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
Interest Income			
Loans	\$ 29,979	\$ 25,885	\$ 22,460
Other	5	9	3
Total interest income	29,984	25,894	22,463
Interest Expense			
Notes payable to AgFirst Farm Credit Bank	15,757	12,706	10,929
Other	20	31	82
Total interest expense	15,777	12,737	11,011
Net interest income	14,207	13,157	11,452
Provision for (reversal of) allowance for credit losses	247	303	(552)
Net interest income after provision for (reversal of) allowance for credit losses	13,960	12,854	12,004
Noninterest Income			
Loan fees	121	148	111
Fees for financially related services	5	1	9
Patronage refunds from other Farm Credit institutions	2,880	3,069	3,108
Gains (losses) on sales of rural home loans, net	104	275	127
Gains (losses) on sales of premises and equipment, net	—	(1)	(1)
Gains (losses) on other transactions	1	(1)	1
Insurance Fund refunds	61	96	—
Other noninterest income	36	42	49
Total noninterest income	3,208	3,629	3,404
Noninterest Expense			
Salaries and employee benefits	6,246	5,701	5,572
Occupancy and equipment	254	246	243
Insurance Fund premiums	350	298	487
Purchased services	2,052	1,698	487
Data processing	174	182	173
Other operating expenses	1,470	1,444	1,358
(Gains) losses on other property owned, net	(2)	(2)	2
Total noninterest expense	10,544	9,567	8,322
Income before income taxes	6,624	6,916	7,086
Provision (benefit) for income taxes	(5)	5	12
Net income	\$ 6,629	\$ 6,911	\$ 7,074
Other comprehensive income	—	—	—
Comprehensive income	\$ 6,629	\$ 6,911	\$ 7,074

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		Total Members' Equity
		Allocated	Unallocated	
Balance at December 31, 2022	\$ 1,444	\$ 36,420	\$ 51,265	\$ 89,129
Cumulative effect of change in accounting principle			3,437	3,437
Comprehensive income			7,074	7,074
Capital stock/participation certificates issued/(retired), net	51			51
Patronage distribution Cash			(4,400)	(4,400)
Balance at December 31, 2023	\$ 1,495	\$ 36,420	\$ 57,376	\$ 95,291
Comprehensive income			6,911	6,911
Capital stock/participation certificates issued/(retired), net	52			52
Patronage distribution Cash			(4,450)	(4,450)
Balance at December 31, 2024	\$ 1,547	\$ 36,420	\$ 59,837	\$ 97,804
Comprehensive income			6,629	6,629
Capital stock/participation certificates issued/(retired), net	132			132
Patronage distribution Cash			(3,500)	(3,500)
Balance at December 31, 2025	\$ 1,679	\$ 36,420	\$ 62,966	\$ 101,065

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
Cash flows from operating activities:			
Net income	\$ 6,629	\$ 6,911	\$ 7,074
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation on premises and equipment	130	142	167
Amortization (accretion) of net deferred loan costs (fees)	(138)	(125)	(17)
Provision for (reversal of) allowance for credit losses	247	303	(552)
(Gains) losses on other property owned	(2)	(2)	2
(Gains) losses on sales of premises and equipment, net	—	1	1
(Gains) losses on sales of rural home loans, net	(104)	(275)	(127)
(Gains) losses on other transactions	(1)	1	(1)
Changes in operating assets and liabilities:			
Origination of loans held for sale	(4,869)	(12,079)	(6,156)
Proceeds from sales of loans held for sale, net	4,973	12,485	6,152
(Increase) decrease in accrued interest receivable	(668)	(336)	(1,219)
(Increase) decrease in accounts receivable	133	85	(546)
(Increase) decrease in other assets	(1)	55	(17)
Increase (decrease) in accrued interest payable	289	7	330
Increase (decrease) in accounts payable	44	(33)	80
Increase (decrease) in other liabilities	(84)	(139)	(338)
Total adjustments	(51)	90	(2,241)
Net cash provided by (used in) operating activities	6,578	7,001	4,833
Cash flows from investing activities:			
Net (increase) decrease in loans	(65,699)	(26,149)	(36,287)
(Increase) decrease in equity investments in other Farm Credit institutions	(1,844)	(567)	(1,706)
Purchases of premises and equipment	(583)	(29)	(317)
Proceeds from sales of other property owned	—	—	11
Net cash provided by (used in) investing activities	(68,126)	(26,745)	(38,299)
Cash flows from financing activities:			
Advances on (repayment of) notes payable to AgFirst Farm Credit Bank, net	65,785	25,134	36,099
Net increase (decrease) in advanced conditional payments	58	(1,040)	1,312
Capital stock and participation certificates issued/(retired), net	132	52	51
Patronage refunds and dividends paid	(4,427)	(4,402)	(3,996)
Net cash provided by (used in) financing activities	61,548	19,744	33,466
Net increase (decrease) in cash	—	—	—
Cash, beginning of period	—	—	—
Cash, end of period	\$ —	\$ —	\$ —
Supplemental schedule of non-cash activities:			
Estimated cash dividends or patronage distributions declared or payable	\$ 3,500	\$ 4,450	\$ 4,400
Cumulative effect of change in accounting principle	—	—	3,437
Supplemental information:			
Interest paid	\$ 15,488	\$ 12,730	\$ 10,681

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:** Farm Credit of Northwest Florida, ACA (Association) is a member-owned cooperative that provides credit and credit-related services to qualified borrowers in the counties of Bay, Calhoun, Escambia, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Madison, Okaloosa, Santa Rosa, Taylor, Wakulla, Walton, and Washington in the state of Florida.

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 and service short-, intermediate- and long-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:

- reasonable and supportable timeframe for projections in calculating the ACLL;
- 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 10th percent and downside 90th 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 a 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.

- 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 creditworthiness.

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	\$ 303,096	\$ 282,268	\$ 273,532
Production and intermediate-term	113,831	73,368	64,553
Agribusiness:			
Loans to cooperatives	2,128	2,111	2,110
Processing and marketing	31,975	24,935	15,492
Farm-related business	4,511	5,349	5,565
Rural infrastructure:			
Communication	6,562	6,437	6,747
Power and water/waste disposal	1,752	4,107	6,388
Rural residential real estate	18,245	17,266	15,504
Other:			
International	1,044	1,413	1,042
Total loans	<u>\$ 483,144</u>	<u>\$ 417,254</u>	<u>\$ 390,933</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	\$ 21,933	\$ 53,817	\$ —	\$ —	\$ 21,933	\$ 53,817
Production and intermediate-term	17,088	23,229	—	—	17,088	23,229
Agribusiness	36,523	—	—	—	36,523	—
Rural infrastructure	8,333	—	—	—	8,333	—
Other	1,045	—	—	—	1,045	—
Total	<u>\$ 84,922</u>	<u>\$ 77,046</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 84,922</u>	<u>\$ 77,046</u>

	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	\$ 20,935	\$ 64,974	\$ –	\$ –	\$ 20,935	\$ 64,974
Production and intermediate-term	10,130	9,099	–	–	10,130	9,099
Agribusiness	29,482	–	–	–	29,482	–
Rural infrastructure	10,566	–	–	–	10,566	–
Other	1,415	–	–	–	1,415	–
Total	\$ 72,528	\$ 74,073	\$ –	\$ –	\$ 72,528	\$ 74,073

	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	\$ 19,257	\$ 72,562	\$ –	\$ –	\$ 19,257	\$ 72,562
Production and intermediate-term	8,627	5,444	–	–	8,627	5,444
Agribusiness	19,993	–	–	–	19,993	–
Rural infrastructure	13,157	–	–	–	13,157	–
Other	1,045	–	–	–	1,045	–
Total	\$ 62,079	\$ 78,006	\$ –	\$ –	\$ 62,079	\$ 78,006

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 credit analysts 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
Real estate mortgage:			
Acceptable	99.11%	98.82%	99.01%
OAEM	0.50	0.59	0.46
Substandard/doubtful/loss	0.39	0.59	0.53
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Production and intermediate-term:			
Acceptable	97.52%	95.04%	96.69%
OAEM	0.03	1.84	2.52
Substandard/doubtful/loss	2.45	3.12	0.79
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Agribusiness:			
Acceptable	94.37%	93.77%	100.00%
OAEM	5.53	5.76	-
Substandard/doubtful/loss	0.10	0.47	-
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Rural infrastructure:			
Acceptable	100.00%	100.00%	100.00%
OAEM	-	-	-
Substandard/doubtful/loss	-	-	-
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Rural residential real estate:			
Acceptable	99.27%	99.71%	99.59%
OAEM	0.53	-	-
Substandard/doubtful/loss	0.20	0.29	0.41
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Other:			
Acceptable	100.00%	100.00%	100.00%
OAEM	-	-	-
Substandard/doubtful/loss	-	-	-
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Total loans:			
Acceptable	98.38%	97.83%	98.74%
OAEM	0.79	1.17	0.74
Substandard/doubtful/loss	0.83	1.00	0.52
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Accrued interest receivable on loans of \$5,069, \$4,401, and \$4,065 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				
	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	<u>\$ 4,531</u>	<u>\$ -</u>	<u>\$ 4,531</u>	<u>\$ 478,613</u>	<u>\$ 483,144</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	\$ 545	\$ 7	\$ 552	\$ 281,716	\$ 282,268
Production and intermediate-term	82	-	82	73,286	73,368
Agribusiness	-	-	-	32,395	32,395
Rural infrastructure	-	-	-	10,544	10,544
Rural residential real estate	142	-	142	17,124	17,266
Other	-	-	-	1,413	1,413
Total	<u>\$ 769</u>	<u>\$ 7</u>	<u>\$ 776</u>	<u>\$ 416,478</u>	<u>\$ 417,254</u>

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	\$ 1,860	\$ –	\$ 1,860	\$ 271,672	\$ 273,532
Production and intermediate-term	4	–	4	64,549	64,553
Agribusiness	–	–	–	23,167	23,167
Rural infrastructure	–	–	–	13,135	13,135
Rural residential real estate	–	–	–	15,504	15,504
Other	–	–	–	1,042	1,042
Total	\$ 1,864	\$ –	\$ 1,864	\$ 389,069	\$ 390,933

There were no accruing loans greater than 90 days past due as of December 31, 2025 and 2023. Accruing loans greater than 90 days past due as of December 31, 2024 were \$7.

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 and 2024. There were no nonaccrual loans as of December 31, 2023. Interest income recognized on nonaccrual loans during the year ended December 31, 2023 was \$211.

	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
Nonaccrual loans:				
Real estate mortgage	\$ –	\$ 28	\$ 28	\$ –
Production and intermediate-term	–	26	26	–
Total	\$ –	\$ 54	\$ 54	\$ –

	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
Nonaccrual loans:				
Production and intermediate-term	\$ –	\$ 42	\$ 42	\$ 29
Total	\$ –	\$ 42	\$ 42	\$ 29

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
Allowance for Credit Losses on Loans:							
Balance at December 31, 2024	\$ 802	\$ 509	\$ 89	\$ 15	\$ 59	\$ 1	\$ 1,475
Charge-offs	(1)	(8)	–	–	–	–	(9)
Recoveries	58	3	1	–	–	–	62
Provision for credit losses on loans	18	77	110	4	11	–	220
Balance at December 31, 2025	\$ 877	\$ 581	\$ 200	\$ 19	\$ 70	\$ 1	\$ 1,748
Allowance for Unfunded Commitments:							
Balance at December 31, 2024	\$ 8	\$ 103	\$ 20	\$ 4	\$ 12	\$ 1	\$ 148
Provision for unfunded commitments	18	(12)	24	2	(4)	(1)	27
Balance at December 31, 2025	\$ 26	\$ 91	\$ 44	\$ 6	\$ 8	\$ –	\$ 175
Total allowance for credit losses	\$ 903	\$ 672	\$ 244	\$ 25	\$ 78	\$ 1	\$ 1,923
Allowance for Credit Losses on Loans:							
Balance at December 31, 2023	\$ 680	\$ 357	\$ 67	\$ 14	\$ 55	\$ 1	\$ 1,174
Charge-offs	(1)	(18)	–	–	–	–	(19)
Recoveries	59	6	2	–	–	–	67
Provision for credit losses on loans	64	164	20	1	4	–	253
Balance at December 31, 2024	\$ 802	\$ 509	\$ 89	\$ 15	\$ 59	\$ 1	\$ 1,475
Allowance for Unfunded Commitments:							
Balance at December 31, 2023	\$ 5	\$ 65	\$ 24	\$ 1	\$ 1	\$ 2	\$ 98
Provision for unfunded commitments	3	38	(4)	3	11	(1)	50
Balance at December 31, 2024	\$ 8	\$ 103	\$ 20	\$ 4	\$ 12	\$ 1	\$ 148
Total allowance for credit losses	\$ 810	\$ 612	\$ 109	\$ 19	\$ 71	\$ 2	\$ 1,623
Allowance for Credit Losses on Loans:							
Balance at December 31, 2022	\$ 3,536	\$ 840	\$ 285	\$ 62	\$ 234	\$ 23	\$ 4,980
Cumulative effect of a change in accounting principle	(2,538)	(467)	(232)	(58)	(147)	(21)	(3,463)
Balance at January 1, 2023	\$ 998	\$ 373	\$ 53	\$ 4	\$ 87	\$ 2	\$ 1,517
Charge-offs	–	(6)	–	–	–	–	(6)
Recoveries	58	193	1	–	–	–	252
Provision for credit losses on loans	(376)	(203)	13	10	(32)	(1)	(589)
Balance at December 31, 2023	\$ 680	\$ 357	\$ 67	\$ 14	\$ 55	\$ 1	\$ 1,174
Allowance for Unfunded Commitments:							
Balance at December 31, 2022	\$ 4	\$ 18	\$ 13	\$ –	\$ –	\$ –	\$ 35
Cumulative effect of a change in accounting principle	3	13	9	–	–	1	26
Balance at January 1, 2023	\$ 7	\$ 31	\$ 22	\$ –	\$ –	\$ 1	\$ 61
Provision for unfunded commitments	(2)	34	2	1	1	1	37
Balance at December 31, 2023	\$ 5	\$ 65	\$ 24	\$ 1	\$ 1	\$ 2	\$ 98
Total allowance for credit losses	\$ 685	\$ 422	\$ 91	\$ 15	\$ 56	\$ 3	\$ 1,272

The ACL increased \$300 or 18.48 percent due to loan growth, changes in macroeconomic scenarios, and an increase in unfunded commitments due to an increase of lines of credit to borrowers, partially offset by changes in probabilities of default and loss given default for some borrowers.

To mitigate risk of loan losses, the Association may enter into guarantee arrangements with certain government sponsored enterprises, including the Federal Agricultural Mortgage Corporation (Farmer Mac), and state or federal agencies. These guarantees generally remain in place until the loans are paid in full or expire and give the Association the right to be reimbursed for losses incurred or to sell designated loans to the guarantor in the event of default (typically four months past due), subject to certain conditions. The guaranteed balance of designated loans under these agreements was \$26,667, \$28,017, and \$21,219 at December 31, 2025, 2024, and 2023, respectively. Fees paid for such guarantee commitments totaled \$58, \$40, and \$13 for 2025, 2024, and 2023 respectively. These amounts are classified as noninterest expense.

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.

Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the years ended December 31, 2025, 2024, and 2023. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at December 31, 2025, 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 \$131 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 required by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association's investment in the Bank totaled \$7,780 for 2025, \$5,973 for 2024 and \$5,421 for 2023. The Association owned 1.13 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 related to other Farm Credit Institutions of \$605 for 2025, \$568 for 2024 and \$553 for 2023.

Note 5 — Premises and Equipment

Premises and equipment consists of the following:

	December 31,		
	2025	2024	2023
Land	\$ 811	\$ 811	\$ 811
Buildings and improvements	2,969	2,840	2,837
Furniture and equipment	1,994	1,583	1,554
	5,774	5,234	5,202
Less: accumulated depreciation	3,552	3,465	3,320
Total	<u>\$ 2,222</u>	<u>\$ 1,769</u>	<u>\$ 1,882</u>

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	\$ 419,000	\$ 347,000	\$ 327,000
Outstanding principal under the line of credit	391,089	325,304	300,170
Interest rate	4.40%	4.14%	3.91%

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. **Protected Borrower Stock:** Protection of certain borrower stock is provided under the Farm Credit Act, which requires the Association, when retiring protected borrower stock, to retire such stock at par or stated value regardless of its book value. Protected borrower stock includes capital stock and participation certificates which were outstanding as of January 6, 1988, or were issued or allocated prior to October 6, 1988. If an Association is unable to retire protected borrower stock at par value or stated value, amounts required to retire this equity would be obtained from the Insurance Fund.

B. Capital Stock and Participation Certificates: In accordance with the Farm Credit Act and the Association’s 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 the lesser of \$1 thousand or two percent of the amount of the loan. 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.

C. 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 revolvement, 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 (PCR) 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 revolvement 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 and the Association’s capital ratios as of December 31, 2025, 2024, and 2023:

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%	19.64%	22.10%	23.00%
Tier 1 Capital	6.0%	2.5%	8.5%	19.64%	22.10%	23.00%
Total Capital	8.0%	2.5%	10.5%	20.04%	22.48%	23.31%
Permanent Capital	7.0%	0.0%	7.0%	19.71%	22.18%	23.06%
Non-risk-adjusted ratios:						
Tier 1 Leverage*	4.0%	1.0%	5.0%	19.91%	22.40%	23.27%
URE and UREE Leverage	1.5%	0.0%	1.5%	19.57%	22.04%	22.89%

* 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.

D. Description of Equities: The Association is authorized to issue or have outstanding Classes A and D Preferred Stock, Classes A, B, and C Common Stock, Classes B and 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	286,141	\$ 1,431
C Participation Certificates/Nonvoting	No	49,648	248
Total Capital Stock and Participation Certificates		335,789	\$ 1,679

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, however, that minimum capital standards established by the FCA and the Board are met.

At December 31, 2025, allocated members’ equity consisted of \$36,420 of nonqualified retained surplus.

Dividends

The Association may declare noncumulative dividends on its capital stock and participation certificates provided the dividend rate does not exceed 20 percent of the par value of the respective capital stock and participation certificates. Such dividends may be paid solely on Classes A or D Preferred Stock or on all classes of stock and participation certificates.

The rate of dividends paid on Class A Preferred Stock for any fiscal year may not be less than the rate of dividend paid on Classes A, B, or C Common Stock or participation certificates for such year. The rate of dividends on Classes A, B, or C Common Stock and 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

Classes A and D Preferred Stocks, Classes A, B, and C Common Stocks, and Classes B and 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:

1. Class C Common Stock and Class C Participation Certificates
2. Classes A and B Common Stock and Class B Participation Certificates
3. Classes A and D Preferred Stock

Liquidation

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

1. Classes A and D Preferred Stock
2. Classes A, B and C Common Stock, and Classes B and C Participation Certificates
3. Holders of allocated surplus evidenced by qualified written notices of allocation
4. Holders of allocated surplus evidenced by nonqualified written notices of allocation
5. All unallocated surplus issued after January 1, 1995, shall be distributed to past and present Patrons on a patronage basis
6. Any remaining assets of the Association after such distribution shall be distributed ratably to the holders of all classes of stock and participation certificates

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				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	\$ -	\$ -	\$ -	\$ -	\$ -

	December 31, 2024				Total Fair Value
	Fair Value Measurement Using				
	Level 1	Level 2	Level 3		
Recurring assets					
Assets held in trust funds	\$ 8	\$ -	\$ -	\$ -	\$ 8
Nonrecurring assets					
Nonaccrual loans	\$ -	\$ -	\$ -	\$ -	\$ -
Other property owned	\$ -	\$ -	\$ -	\$ -	\$ -

	December 31, 2023					
	Fair Value Measurement Using					Total Fair Value
	Level 1	Level 2	Level 3			
Recurring assets						
Assets held in trust funds	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ 11
Nonrecurring assets						
Nonaccrual loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other property owned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 Association 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 \$100 for 2025, \$154 for 2024, and \$159 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 \$105 for 2025, \$103 for 2024, and \$104 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 \$372, \$331, and \$320 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.

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

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 \$7,004. During 2025, \$1,504 of new loans and advances on existing loans were made and repayments totaled \$2,260. 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, \$58,902 of commitments to extend credit and \$100 of commercial letters of credit were outstanding. A reserve for unfunded commitments of \$175 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 \$122 with expiration dates ranging from January 1, 2026 to May 1, 2028. The maximum potential amount of future payments that may be required under these guarantees was \$122.

Note 12 — Income Taxes

The provision (benefit) for income taxes follows:

	Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ (4)	\$ 7	\$ 10
State	(1)	(2)	2
	(5)	5	12
Deferred:			
Federal	-	-	-
State	-	-	-
	-	-	-
Total provision (benefit) for income taxes	\$ (5)	\$ 5	\$ 12

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	\$ 1,391	\$ 1,452	\$ 1,488
State tax, net	1	1	2
Patronage distributions	(735)	(560)	(545)
Tax-exempt FLCA earnings	(675)	(935)	(924)
Change in valuation allowance	27	57	(49)
Deferred tax rate change	-	-	-
Other	(14)	(10)	40
Provision (benefit) for income taxes	\$ (5)	\$ 5	\$ 12

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

	December 31,		
	2025	2024	2023
Deferred income tax assets:			
Allowance for credit losses on loans	\$ 164	\$ 151	\$ 104
Net operating loss – carryforward	545	545	545
Loan origination fees	-	-	-
Nonaccrual loan interest	1	-	1
Valuation allowance on other property owned	-	-	-
Gross deferred tax assets	710	696	650
Less: valuation allowance	(628)	(601)	(544)
Gross deferred tax assets, net of valuation allowance	82	95	106
Deferred income tax liabilities:	(82)	(95)	(106)
Gross deferred tax liability	-	-	-
Net deferred tax asset (liability)	\$ -	\$ -	\$ -

The Association recorded a valuation allowance of \$628, \$601 and \$544 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	\$ 3,361	\$ 3,470	\$ 3,639	\$ 3,737	\$ 14,207
Provision for (reversal of) allowance for credit losses	173	234	(125)	(35)	247
Noninterest income (expense), net	(1,773)	(1,883)	(1,801)	(1,874)	(7,331)
Net income	\$ 1,415	\$ 1,353	\$ 1,963	\$ 1,898	\$ 6,629

	2024				
	First	Second	Third	Fourth	Total
Net interest income	\$ 3,227	\$ 3,183	\$ 3,336	\$ 3,411	\$ 13,157
Provision for (reversal of) allowance for credit losses	187	193	(61)	(16)	303
Noninterest income (expense), net	(1,450)	(1,340)	(1,622)	(1,531)	(5,943)
Net income	\$ 1,590	\$ 1,650	\$ 1,775	\$ 1,896	\$ 6,911

	2023				
	First	Second	Third	Fourth	Total
Net interest income	\$ 2,702	\$ 2,928	\$ 2,902	\$ 2,920	\$ 11,452
Provision for (reversal of) allowance for credit losses	64	(103)	(524)	11	(552)
Noninterest income (expense), net	(1,275)	(1,131)	(1,247)	(1,277)	(4,930)
Net income	\$ 1,363	\$ 1,900	\$ 2,179	\$ 1,632	\$ 7,074

Note 14 — Subsequent Events

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

ⁱ Forecast - UCF College of Business, https://business.ucf.edu/wp-content/uploads/sites/4/2025/12/FALL-2025-UCF_FLMetro_Forecast-web.pdf. Accessed 24 Feb. 2026.



2025 FARM CREDIT OF NORTHWEST FLORIDA ANNUAL REPORT