
ArborOne, ACA

FIRST QUARTER 2026

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CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2026 quarterly report of **ArborOne, 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/ Bryant Sansbury
President and Chief Executive Officer

/s/ Brad J. Fjestad
Chief Financial Officer and Treasurer

/s/ William DuPree Atkinson
Chairman of the Board

May 8, 2026

ArborOne, ACA

Report on Internal Control Over Financial Reporting

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

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

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

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

/s/ Bryant Sansbury
President and Chief Executive Officer

/s/ Brad J. Fjestad
Chief Financial Officer and Treasurer

May 8, 2026

ArborOne, ACA

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

(dollars in thousands)

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

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association’s loan portfolio is diversified over a range of agricultural commodities across our region, including cash grains, cotton, forestry, poultry and other non-farm services. Farm size varies and many of the borrowers in the region have diversified farming operations. These factors, along with the numerous opportunities for non-ag income in the area, reduce the level of dependency on any one specific commodity. Approximately 37% of the portfolio has significant non-ag related income to diversify dependence on agriculture, consisting of lifestyle loans and loans to less than full-time farmers with sources of non-agricultural dependent income. Further, approximately 9% of the loan portfolio carries federal guarantees as a risk management tool.

The total loan volume of the Association as of March 31, 2026, was \$754,215, a decrease of \$2,332 as compared to \$756,547 at December 31, 2025. Operating loan balances declined during the first quarter with farm producers selling 2025 crop production and applying proceeds to their operating loans. These paydowns were largely offset by new real estate loans. Overall loan volume declined for the quarter primarily due to an increase in loans sold to other Farm Credit lenders. The Association remains actively engaged in buying and selling loan participations within the Farm Credit System to help mitigate credit concentration risk while generating interest and fee income. As of March 31, 2026, participations purchased totaled \$87,440 and participations sold to other Farm Credit lenders totaled \$60,441.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans decreased to \$2,863 at March 31, 2026 from \$3,043 at December 31, 2025. As a percent of total loans, nonaccrual loans were 0.38% and 0.40% at March 31, 2026 and December 31, 2025, respectively.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association’s ACL is the allowance for credit losses on loans (ACL). The ACL at March 31, 2026, was \$11,009 or 1.46% of total loans compared to \$10,120 or 1.34% of total loans at December 31, 2025, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. See further detail on the Association’s ACL within the Association’s Annual Report and discussion of significant provision for credit loss within the Results of Operations below.

RESULTS OF OPERATIONS

For the three months ended March 31, 2026

Net income for the three months ended March 31, 2026, was \$3,225, an increase of \$986 or 44% as compared to net income of \$2,239 for the same period ended in 2025. The key components of this change are outlined below:

- For the three months ended March 31, 2026, net interest income increased by \$463, to \$6,081, and net interest margin improved by one basis point compared to the same period in 2025. Net interest income, which is the difference between interest income and interest expense, is impacted by factors such as volume, yield on assets, and cost of debt.
- The provision for credit losses for the three months ended March 31, 2026, was \$713, a decrease of \$412 compared to \$1,125 for the same period in the prior year. The reduction in provision expense was primarily attributable to the utilization of a portion of the qualitative allowance balance booked during the fourth quarter of 2025. That qualitative allowance was established in anticipation of credit risks identified during the Association's operating loan renewal process, which occurs during the first and second quarter of each year. Details on the provision for credit losses for the three months ending March 31, 2026 and 2025 are shown in the following table.

	For the Three Months Ended March 31,		
	2026	2025	Change
General Reserves	\$ 830	\$ 825	\$ 5
Specific Reserves	(177)	215	(392)
Reserve for Unfunded Commitments	60	85	(25)
Total Provisions/(Reversals) for Credit Losses	<u>\$ 713</u>	<u>\$ 1,125</u>	<u>\$ (412)</u>

- Noninterest income increased \$525 to \$1,799 during the first three months of 2026 compared to the first three months of 2025. Contributing factors included additional patronage refunds from other Farm Credit institutions, commissions received for financially related services, and a \$306 insurance premium refund received from the Farm Credit System Insurance Corporation (FCSIC) in the first quarter of 2026. A similar refund of \$103 was received from FCSIC in the same quarter of the prior year.
- For the three months ended March 31, 2026, noninterest expense increased \$414 to \$3,942 compared to the same period in 2025. This was primarily driven by increased costs for purchased services provided by AgFirst and higher salaries and benefits costs. The increase in salaries and benefits was related to staffing levels and annual salary adjustments for 2026.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. AgFirst advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate component is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate component is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to AgFirst at March 31, 2026, was \$626,798 as compared to \$635,892 at December 31, 2025.

CAPITAL RESOURCES

Total members' equity at March 31, 2026, was \$133,780, an increase of \$3,288 from a total of \$130,492 at December 31, 2025. This increase is primarily due to current year earnings. Total capital stock and participation certificates were \$2,108 on March 31, 2026, compared to \$2,079 on December 31, 2025.

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

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	March 31, 2026	December 31, 2025	March 31, 2025
Permanent Capital Ratio	7.00%	15.85%	16.11%	16.37%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	15.66%	15.92%	16.17%
Tier 1 Capital Ratio	8.50%	15.66%	15.92%	16.17%
Total Regulatory Capital Ratio	10.50%	16.92%	17.17%	17.42%
Tier 1 Leverage Ratio**	5.00%	15.51%	15.72%	16.14%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	10.65%	10.84%	10.92%

*Include full capital conservation buffers.

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

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

REGULATORY MATTERS

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

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

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

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's Annual and Quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's Annual and Quarterly reports are also available upon request free of charge by calling 1-800-741-7332, writing Rebecca Barnett, ArborOne, ACA, P.O. Box 3699, Florence, SC 29502, or accessing the website, www.arborone.com. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

ArborOne, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	March 31, 2026 <i>(unaudited)</i>	December 31, 2025 <i>(audited)</i>
Assets		
Cash	\$ 5	\$ 2
Investments in debt securities:		
Held to maturity	4,466	4,476
Loans	754,215	756,547
Allowance for credit losses on loans	(11,009)	(10,120)
Net loans	743,206	746,427
Loans held for sale	345	—
Accrued interest receivable	11,772	14,533
Equity investments in other Farm Credit institutions	14,400	13,786
Premises and equipment, net	3,564	3,662
Other property owned	20	202
Accounts receivable	1,289	4,465
Other assets - fair value	1,010	892
Other assets	60	81
Total assets	\$ 780,137	\$ 788,526
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 626,798	\$ 635,892
Accrued interest payable	2,347	2,343
Patronage refunds payable	241	7,398
Accounts payable	184	592
Advanced conditional payments	7,328	6,414
Other liabilities	9,459	5,395
Total liabilities	646,357	658,034
Commitments and contingencies (Note 6)		
Members' Equity		
Capital stock and participation certificates	2,108	2,079
Retained earnings		
Allocated	76,016	76,016
Unallocated	55,754	52,496
Accumulated other comprehensive income (loss)	(98)	(99)
Total members' equity	133,780	130,492
Total liabilities and members' equity	\$ 780,137	\$ 788,526

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

ArborOne, ACA
Consolidated Statements of
Comprehensive Income

(unaudited)

<i>(dollars in thousands)</i>	For the Three Months Ended March 31,	
	2026	2025
Interest Income		
Loans	\$ 12,907	\$ 11,731
Investments	56	58
Total interest income	12,963	11,789
Interest Expense		
Net interest income	6,081	5,618
Provision for credit losses	713	1,125
Net interest income after provision for credit losses	5,368	4,493
Noninterest Income		
Loan fees	81	73
Fees for financially related services	130	9
Patronage refunds from other Farm Credit institutions	1,251	1,081
Gains (losses) on sales of rural home loans, net	1	—
Gains (losses) on other transactions	30	8
Insurance Fund refunds	306	103
Total noninterest income	1,799	1,274
Noninterest Expense		
Salaries and employee benefits	1,972	1,830
Occupancy and equipment	96	94
Insurance Fund premiums	142	130
Purchased services	1,060	828
Data processing	36	33
Other operating expenses	676	613
(Gains) losses on other property owned, net	(40)	—
Total noninterest expense	3,942	3,528
Net income	\$ 3,225	\$ 2,239
Other comprehensive income net of tax		
Unrealized gains (losses) on investments	(2)	(2)
Employee benefit plans adjustments	3	2
Other comprehensive income (loss) (Note 4)	1	—
Comprehensive income	\$ 3,226	\$ 2,239

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

ArborOne, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

<i>(dollars in thousands)</i>	Capital Stock and Participation Certificates	Retained Earnings		Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
		Allocated	Unallocated		
Balance at December 31, 2024	\$ 1,967	\$ 76,016	\$ 46,430	\$ (86)	\$ 124,327
Comprehensive income			2,239		2,239
Capital stock/participation certificates issued/(retired), net	19				19
Patronage distribution adjustment			298		298
Balance at March 31, 2025	\$ 1,986	\$ 76,016	\$ 48,967	\$ (86)	\$ 126,883
Balance at December 31, 2025	\$ 2,079	\$ 76,016	\$ 52,496	\$ (99)	\$ 130,492
Comprehensive income			3,225	1	3,226
Capital stock/participation certificates issued/(retired), net	29				29
Patronage distribution adjustment			33		33
Balance at March 31, 2026	\$ 2,108	\$ 76,016	\$ 55,754	\$ (98)	\$ 133,780

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

ArborOne, ACA

Notes to the Consolidated Financial Statements

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

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

Organization

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

Basis of Presentation

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

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

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

Significant Accounting Policies

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

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

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

Recently Issued or Adopted Accounting Pronouncements

In December 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-11 Interim Reporting (Topic 270): Narrow-Scope Improvements. The update provides narrow-scope improvements to interim reporting guidance (ASC 270) to enhance clarity, navigability, and completeness of interim financial statements and disclosures, without fundamentally changing reporting requirements. Key changes include clarifying who is subject to ASC 270, adding comprehensive lists of required disclosures from other Codification topics, and establishing a principle to disclose events 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 all entities with a practical expedient which would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The amendments were effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. The impact of adoption did not have a significant impact on the Association’s financial condition, results of operations, and cash flows.

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

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	March 31, 2026	December 31, 2025
Real estate mortgage	\$ 462,198	\$ 446,858
Production and intermediate-term	196,684	213,598
Agribusiness:		
Loans to cooperatives	4,823	4,690
Processing and marketing	36,952	38,155
Farm-related business	18,144	18,099
Rural infrastructure:		
Communication	2,435	2,473
Power and water/waste disposal	6,659	6,658
Rural residential real estate	20,739	20,436
Other:		
International	944	944
Other (including mission related)	4,637	4,636
Total loans	<u>\$ 754,215</u>	<u>\$ 756,547</u>

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

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

	March 31, 2026	December 31, 2025
Real estate mortgage:		
Acceptable	92.83%	93.08%
OAEM	4.37	4.10
Substandard/doubtful/loss	2.80	2.82
	<u>100.00%</u>	<u>100.00%</u>
Production and intermediate-term:		
Acceptable	91.66%	92.54%
OAEM	4.70	4.95
Substandard/doubtful/loss	3.64	2.51
	<u>100.00%</u>	<u>100.00%</u>
Agribusiness:		
Acceptable	80.90%	81.74%
OAEM	9.89	10.55
Substandard/doubtful/loss	9.21	7.71
	<u>100.00%</u>	<u>100.00%</u>
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	-	-
Substandard/doubtful/loss	-	-
	<u>100.00%</u>	<u>100.00%</u>
Rural residential real estate:		
Acceptable	96.58%	97.70%
OAEM	0.65	0.68
Substandard/doubtful/loss	2.77	1.62
	<u>100.00%</u>	<u>100.00%</u>
Other:		
Acceptable	100.00%	100.00%
OAEM	-	-
Substandard/doubtful/loss	-	-
	<u>100.00%</u>	<u>100.00%</u>
Total loans:		
Acceptable	91.82%	92.27%
OAEM	4.71	4.69
Substandard/doubtful/loss	3.47	3.04
	<u>100.00%</u>	<u>100.00%</u>

Accrued interest receivable on loans of \$11,688 and \$14,493 at March 31, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

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

	March 31, 2026					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
Real estate mortgage	\$ 3,879	\$ 992	\$ 4,871	\$ 457,327	\$ 462,198	\$ -
Production and intermediate-term	2,267	329	2,596	194,088	196,684	-
Agribusiness	287	116	403	59,516	59,919	-
Rural infrastructure	-	-	-	9,094	9,094	-
Rural residential real estate	154	300	454	20,285	20,739	-
Other	-	-	-	5,581	5,581	-
Total	<u>\$ 6,587</u>	<u>\$ 1,737</u>	<u>\$ 8,324</u>	<u>\$ 745,891</u>	<u>\$ 754,215</u>	<u>\$ -</u>

	December 31, 2025					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
Real estate mortgage	\$ 2,568	\$ 1,029	\$ 3,597	\$ 443,261	\$ 446,858	\$ –
Production and intermediate-term	126	589	715	212,883	213,598	–
Agribusiness	376	86	462	60,482	60,944	–
Rural infrastructure	–	–	–	9,131	9,131	–
Rural residential real estate	203	308	511	19,925	20,436	–
Other	–	–	–	5,580	5,580	–
Total	\$ 3,273	\$ 2,012	\$ 5,285	\$ 751,262	\$ 756,547	\$ –

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

	March 31, 2026		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	\$ –	\$ 1,589	\$ 1,589
Production and intermediate-term	137	688	825
Agribusiness	–	141	141
Rural residential real estate	–	308	308
Total	\$ 137	\$ 2,726	\$ 2,863

	December 31, 2025		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	\$ –	\$ 1,633	\$ 1,633
Production and intermediate-term	–	938	938
Agribusiness	–	154	154
Rural residential real estate	–	318	318
Total	\$ –	\$ 3,043	\$ 3,043

The Association recognized \$166 and \$135 of interest income on nonaccrual loans during the three months ended March 31, 2026 and 2025, respectively.

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

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

	Three Months Ended March 31,	
	2026	2025
Allowance for Credit Losses on Loans:		
Balance at beginning of period	\$ 10,120	\$ 10,001
Charge-offs	(236)	(520)
Recoveries	472	144
Provision for credit losses on loans	653	1,040
Balance at end of period	\$ 11,009	\$ 10,665
Allowance for Credit Losses on Unfunded Commitments:		
Balance at beginning of period	\$ 437	\$ 332
Provision for unfunded commitments	60	85
Balance at end of period	\$ 497	\$ 417
Total allowance for credit losses	\$ 11,506	\$ 11,082

The allowance for credit losses increased for the quarter ending March 31, 2026, driven by changes in credit quality and loan volume. Charge-offs during the quarter resulted from credit deterioration and insufficient collateral to protect the Association from potential principal losses. Recoveries were generated through liquidations and paydowns on several nonaccrual loans.

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

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

The Association had loans held for sale of \$325 at March 31, 2026 and no loans held for sale at December 31, 2025. Such loans are carried at the lower of cost or fair value.

Note 3 — Investments

Investments in Debt Securities

The Association’s investments consist primarily of Rural America Bonds (RABs), which are private placement securities purchased under the Mission Related Investment (MRI) program approved by the FCA. In its Conditions of Approval for the program, the FCA generally considers a RAB ineligible if its investment rating, based on the internal 14-point risk rating scale used to also grade loans, falls below 9 and requires System institutions to provide notification to FCA when a security becomes ineligible. Any other bonds purchased under the MRI program, approved on a case-by-case basis by FCA, may have different eligibility requirements. At March 31, 2026, the Association held no RABs whose credit quality had deteriorated beyond the program limits.

A summary of the amortized cost of investment securities held-to-maturity follows:

	Amortized Cost	
	March 31, 2026	December 31, 2025
RABs	\$ 4,466	\$ 4,476

A summary of the contractual maturity and amortized cost of investment securities follows:

	Amortized Cost
	March 31, 2026
In one year or less	\$ —
After one year through five years	—
After five years through ten years	—
After ten years	4,466
Total	<u>\$ 4,466</u>

For the securities listed above, expected maturities can differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

The Association evaluates investment securities with unrealized losses for impairment on a quarterly basis. As part of this assessment, it was concluded that the Association does not intend to sell the security, or it is not more likely than not that the Association would be required to sell the security prior to recovery of the amortized cost basis. The Association also evaluates whether credit impairment exists by comparing the present value of expected cash flows to the amortized cost basis of the security. Credit impairment, if any, is recorded as an allowance for credit losses for debt securities. At March 31, 2026 and December 31 2025, the Association does not consider any unrealized losses to be credit-related and an allowance for credit losses on investments is not necessary.

Equity Investments in Other Farm Credit System Institutions

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

Associations are required to maintain ownership in AgFirst in the form of Class B or Class C stock as determined by AgFirst. AgFirst may require additional capital contributions to maintain its capital requirements. The Association owned 1.96% of the issued stock and allocated retained earnings of AgFirst as of March 31, 2026, net of any reciprocal investment. As of that date, AgFirst's assets totaled \$50.5 billion and shareholders' equity totaled \$2.3 billion. AgFirst's earnings were \$117 million for the first three months of 2026. In addition, the Association held investments of \$431 related to other Farm Credit institutions.

Note 4 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

	Changes in Accumulated Other Comprehensive Income by Component (a)			
	Three Months Ended March 31,			
	2026		2025	
Unrealized Gains (Losses) on Investments:				
Balance at beginning of period	\$	90	\$	98
Other comprehensive income before reclassifications		—		—
Amounts reclassified from AOCI		(2)		(2)
Net current period other comprehensive income		(2)		(2)
Balance at end of period	\$	88	\$	96
Employee Benefit Plans:				
Balance at beginning of period	\$	(189)	\$	(184)
Other comprehensive income before reclassifications		—		—
Amounts reclassified from AOCI		3		2
Net current period other comprehensive income		3		2
Balance at end of period	\$	(186)	\$	(182)
Accumulated Other Comprehensive Income:				
Balance at beginning of period	\$	(99)	\$	(86)
Other comprehensive income before reclassifications		—		—
Amounts reclassified from AOCI		1		—
Net current period other comprehensive income		1		—
Balance at end of period	\$	(98)	\$	(86)

	Reclassifications Out of Accumulated Other Comprehensive Income (b)				
	Three Months Ended March 31,				
	2026	2025	Income Statement Line Item		
Investment Securities:					
Amortization	\$	2	\$	2	Interest income on investments
Net amounts reclassified		2		2	
Defined Benefit Pension Plans:					
Periodic pension costs		(3)		(2)	Salaries and employee benefits
Net amounts reclassified		(3)		(2)	
Total reclassifications for period	\$	(1)	\$	—	

(a) Amounts in parentheses indicate debits to AOCI.

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

Note 5 — Fair Value Measurement

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

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

	March 31, 2026					
	Fair Value Measurement Using			Level 3	Total Fair Value	
	Level 1	Level 2				
Recurring assets						
Assets held in trust funds	\$ 1,010	\$ –	\$ –	\$ –	\$ 1,010	
Nonrecurring assets						
Nonaccrual loans	\$ –	\$ –	\$ –	\$ 78	\$ 78	
Other property owned	\$ –	\$ –	\$ –	\$ 20	\$ 20	

	December 31, 2025					
	Fair Value Measurement Using			Level 3	Total Fair Value	
	Level 1	Level 2				
Recurring assets						
Assets held in trust funds	\$ 892	\$ –	\$ –	\$ –	\$ 892	
Nonrecurring assets						
Nonaccrual loans	\$ –	\$ –	\$ –	\$ –	\$ –	
Other property owned	\$ –	\$ –	\$ –	\$ 245	\$ 245	

Valuation Techniques

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

Assets held in trust funds

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

Nonaccrual loans

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

Other property owned

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

Note 6 — Commitments and Contingent Liabilities

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

Note 7 — Subsequent Events

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