



AgCREDIT

2025
Annual Report

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MANAGEMENT *Team*



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President & Chief
Executive Officer



Daniel J. Lucke
Chief Financial Officer



Josh L. McBride
Chief Credit Officer



John J. Hunter
General Counsel



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AGCREDIT AGRICULTURAL CREDIT ASSOCIATION
2025 ANNUAL REPORT

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Message from the Chief Executive Officer and Chairman of the Board

AgCredit experienced another successful year in 2025, continuing to deliver on our mission of serving agriculture and creating lifelong opportunities for our customers. The Association finished the year with loan growth of 5.6%, increasing total loan volume by more than \$198 million and achieving net income exceeding \$71 million. This growth allowed the Association to further diversify its portfolio into market segments beyond cash grains. Credit quality remained strong, with 97.41% of the portfolio classified as either acceptable or special mention.

Fortunately, both inflation and the federal funds rate declined for the second consecutive year. By year-end, inflation stood at 2.7%, and the U.S. Prime Rate had fallen 75 basis points, providing meaningful relief to the operating expenses of many agricultural operations.

Our excellent financial results mean that—for the 39th consecutive year—AgCredit will return profits to our borrower-owners. This year’s patronage distribution will total \$22.6 million, equating to seventeen cents of every dollar of interest accrued on eligible loans. More details about our financial performance can be found in this report.

Our long record of returning profits reflects our commitment to supporting agricultural producers across northern Ohio. In a period of elevated interest rates, our team closed 2,051 Ohio Ag-Link loans totaling more than \$355 million. This program effectively fixed the interest rate on operating loans and reduced interest costs by an average of 220 basis points for our borrowers.

Preserving the rural communities where we live and work remains central to who we are. Through our Mission Fund, we awarded \$136,000 in grants to fourteen community organizations. Since its inception in 2018, the program has distributed more than \$838,000 to ninety-four deserving organizations.

We recognize that the future of American agriculture depends on the next generation of producers. In 2025, our team hosted the AgCredit Emerge Conference, where nearly 200 young, beginning, and small (YBS) farmers gathered to learn and network. Our AgStart program closed 71 loans totaling \$25.3 million for YBS farmers in 2025, bringing the program’s total since 2015 to 1,159 loans and more than \$354 million.

AgCredit’s commitment to serving agriculture and rural communities—through both prosperous and difficult times—remains stronger than ever. Our employees are honored to support this cooperative and provide you with a superior customer experience.

Thank you for placing your trust in us and choosing AgCredit as your lender. Wishing you a safe, healthy, and profitable 2026!

/s/ Brian J. Ricker
President & Chief Executive Officer

/s/ Dustin J. Sonnenberg
Chairman of the Board

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 AgCredit Agricultural Credit Association (Association) in accordance with generally accepted accounting principles appropriate in the circumstances. Amounts which must be based on estimates represent the best estimates and judgments of management. Management is responsible for the integrity, objectivity, consistency, and fair presentation of the consolidated financial statements and financial information contained in this report.

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

The consolidated financial statements have been audited by independent auditors, whose report appears elsewhere in this Annual Report. The Association is also subject to examination by the Farm Credit Administration.

The consolidated financial statements, in the opinion of management, fairly present the financial condition of the Association. The undersigned certify that we have reviewed the 2025 Annual Report of AgCredit Agricultural Credit Association, that the report has been prepared under the oversight of the audit committee of the Board of Directors 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/ Dustin J. Sonnenberg
Chairman of the Board

/s/ Brian J. Ricker
Chief Executive Officer

/s/ Daniel J. Lucke
Chief Financial Officer

March 10, 2026

Report on Internal Control Over Financial Reporting

The Association’s principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association’s Consolidated Financial Statements. For purposes of this report, “internal control over financial reporting” is defined as a process designed by, or under the supervision of the Association’s principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association’s assets that could have a material effect on its Consolidated Financial Statements.

The Association’s management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2025. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the “COSO” criteria.

Based on the assessment performed, the Association’s management concluded that as of December 31, 2025, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2025.

/s/ Brian J. Ricker
Chief Executive Officer

/s/ Daniel J. Lucke
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					
Cash	\$ 41	\$ 47	\$ 51	\$ 67	\$ 29
Investments in debt securities	81,639	63,681	12,421	5,784	6,916
Loans	3,740,856	3,542,379	3,178,344	2,873,382	2,578,467
Allowance for credit losses on loans	(10,992)	(8,942)	(7,115)	(7,005)	(7,305)
Net loans	3,729,864	3,533,437	3,171,229	2,866,377	2,571,162
Equity investments in other Farm Credit institutions	74,648	57,598	50,009	34,950	20,889
Other property owned	169	486	—	—	—
Other assets	105,457	97,816	89,330	67,243	81,431
Total assets	\$ 3,991,818	\$3,753,065	\$3,323,040	\$2,974,421	\$2,680,427
Notes payable to AgFirst Farm Credit Bank*	\$ 3,340,030	\$3,146,165	\$2,763,385	\$2,456,560	\$2,194,319
Accrued interest payable and other liabilities with maturities of less than one year	55,308	54,882	53,976	43,772	50,012
Total liabilities	3,395,338	3,201,047	2,817,361	2,500,332	2,244,331
Capital stock and participation certificates	13,673	13,945	14,113	16,108	17,498
Retained earnings					
Allocated	424,871	396,760	363,983	340,538	308,056
Unallocated	157,936	141,313	127,583	117,443	110,542
Total members' equity	596,480	552,018	505,679	474,089	436,096
Total liabilities and members' equity	\$ 3,991,818	\$3,753,065	\$3,323,040	\$2,974,421	\$2,680,427
Statement of Income Data					
Net interest income	\$ 91,928	\$ 86,854	\$ 68,070	\$ 57,573	\$ 58,748
Provision for (reversal of) allowance for credit losses	2,211	2,224	681	(300)	(2,470)
Noninterest income (expense), net	(18,084)	(12,235)	(6,499)	5,648	16,176
Net income	\$ 71,633	\$ 72,395	\$ 60,890	\$ 63,521	\$ 77,394
Key Financial Ratios					
Rate of return on average:					
Total assets	1.91%	2.13%	1.99%	2.31%	3.28%
Total members' equity	12.19%	13.35%	12.15%	13.79%	18.46%
Net interest income as a percentage of					
average earning assets	2.55%	2.66%	2.30%	2.15%	2.55%
Net (chargeoffs) recoveries to average loans	(0.001)%	(0.009)%	(0.035)%	0.000%	0.043%
Total members' equity to total assets	14.94%	14.71%	15.22%	15.94%	16.27%
Debt to members' equity (:1)	5.69	5.80	5.57	5.27	5.15
Allowance for credit losses to loans	0.29%	0.25%	0.22%	0.24%	0.28%
Permanent capital ratio	18.48%	18.48%	18.74%	20.56%	20.76%
Common equity tier 1 capital ratio	18.23%	18.22%	18.42%	20.10%	20.20%
Tier 1 capital ratio	18.23%	18.22%	18.42%	20.10%	20.20%
Total regulatory capital ratio	18.63%	18.54%	18.78%	20.46%	20.58%
Tier 1 leverage ratio**	13.67%	13.99%	14.39%	15.27%	15.99%
Unallocated retained earnings (URE) and URE equivalents leverage ratio	13.44%	13.75%	14.13%	14.99%	16.38%
Net Income Distribution					
Cash dividends declared/paid	\$ 133	\$ 165	\$ 195	\$ 90	\$ 54
Estimated patronage refunds:					
Cash	26,790	26,002	25,928	24,376	33,078
Nonqualified retained earnings	27,728	30,684	24,291	31,378	33,531

* 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 AgCredit, 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 the north central and northwest portion of Ohio. 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.agcredit.net, or by calling 1-800-837-3678, extension 2206, or writing Daniel J. Lucke, Chief Financial Officer, at 610 W. Lytle St., Fostoria, OH 44830. The Association prepares an electronic version of the Annual Report, which is available on the website, within 75 days after the end of the fiscal year and distributes the Annual Reports to shareholders within 90 days after the end of the fiscal year. The Association prepares an electronic version of the Quarterly report, which is available on the website, within 40 days after the end of each fiscal quarter, except that no report needs to be prepared for the fiscal quarter that coincides with the end of the fiscal year of the Association.

FORWARD LOOKING INFORMATION

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

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

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

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

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

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

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

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

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

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

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

CRITICAL ACCOUNTING POLICIES

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

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

The ACL comprises:

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

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.

While we make loans and provide financially related services to qualified borrowers in the agricultural and rural sectors and certain related entities, we strive to diversify our loan portfolio through loan participations (purchased and sold), geographic locations served, loan type, commodity, and loan size. The following tables illustrate the diversifications by loan type, geography, commodity, and by loan participations. Refer to Note 3, *Loans and Allowance for Credit Losses*, for more loan portfolio information.

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

Loan Type	December 31,					
	2025		2024		2023	
Real estate mortgage	\$ 2,017,236	53.92%	\$ 1,949,163	55.02 %	\$ 1,786,237	56.20%
Production and intermediate-term	815,097	21.79	760,341	21.46	693,257	21.81
Cooperatives	12,004	0.32	11,884	0.34	17,211	0.54
Processing and marketing	380,581	10.17	323,378	9.13	223,407	7.03
Farm-related business	36,942	0.99	40,017	1.13	49,391	1.55
Communications	73,663	1.97	50,866	1.44	34,484	1.08
Power and water/waste disposal	25,980	0.70	14,166	0.40	4,631	0.16
Rural residential real estate	153,178	4.09	144,317	4.07	135,354	4.26
Lease receivables	2,171	0.06	2,427	0.07	1,265	0.04
International	—	—	1,035	0.03	—	—
Other	224,004	5.99	244,785	6.91	233,107	7.33
Total	\$ 3,740,856	100.00%	\$ 3,542,379	100.00 %	\$ 3,178,344	100.00%

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

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

Branch	December 31,		
	2025	2024	2023
Findlay	5.2%	5.3%	5.2%
Fremont	4.6	4.6	4.4
Tiffin	5.7	6.0	5.2
Bowling Green	4.2	4.3	3.8
Marion	3.5	3.6	3.7
Bucyrus	2.7	2.8	3.0
Kenton	3.7	3.7	3.6
Mt. Gilead	4.0	4.0	4.1
Upper Sandusky	2.5	2.5	2.6
Norwalk	9.2	8.9	8.0
Ottawa	5.5	5.6	5.0
Van Wert	7.4	8.1	8.1
Napoleon	3.2	3.2	2.8
Residential Lending	0.0	0.0	6.1
100% Guaranteed Purchases	11.0	12.4	11.0
Agribusiness	27.6	25.0	23.4
Total	100.0%	100.0%	100.0%

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 general cash grains (primarily soybeans, corn, and wheat), livestock, and landlords which constitute about 68 percent of the entire portfolio at December 31, 2025.

Commodity Group	December 31,					
	2025		2024		2023	
General cash grain	\$ 1,696,098	45%	\$ 1,665,002	47%	\$ 1,538,452	48%
Livestock	544,720	15	487,934	14	426,402	14
Landlords	287,233	8	270,484	7	259,780	8
Rural home loans	153,111	4	144,397	4	136,103	4
Horticulture	183,096	5	169,312	5	144,754	5
Other	876,598	23	805,250	23	672,853	21
Total	\$ 3,740,856	100%	\$ 3,542,379	100%	\$ 3,178,344	100%

Repayment ability is primarily related to the profitability of the commodities produced by our borrowers and the borrowers' off-farm income. The Association's loan portfolio contains a high concentration of cash grain producers. Although a large percentage of the loan portfolio is concentrated in these enterprises, many of these operations are supplemented with off-farm employment income helping to reduce overall risk exposure. Consumer consumption of beef, poultry, and pork, demand for alternate renewable fuel sources, weather, regulations, government policies, and international trade are some of the factors affecting the price of these commodities. Refer to the Agricultural Outlook and Economic Conditions discussion in this report for more details. The risk in the portfolio associated with commodity concentration and large loans is reduced by the utilization of crop insurance and the use of FSA, USDA, Business and Industry, SBA, and Farmer Mac loan guarantees.

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 non-patronage sourced interest and fee income.

The dollar and percentage changes between 2025 and 2024 for the different loan types are shown in the chart below.

Loan Type	December 31,		\$		%	
	2025	2024	Change	Change	Change	Change
Real estate mortgage	\$ 2,017,236	\$ 1,949,163	\$ 68,073		3.49	%
Production and intermediate-term	815,097	760,341	54,756		7.20	
Loans to cooperatives	12,004	11,884	120		1.01	
Processing and marketing	380,581	323,378	57,203		17.69	
Farm related business	36,942	40,017	(3,075)		(7.68)	
Communication	73,663	50,866	22,797		44.82	
Power and water/waste disposal	25,980	14,166	11,814		83.39	
Rural residential real estate	153,178	144,317	8,861		6.14	
Lease receivables	2,171	2,427	(256)		(10.55)	
International	-	1,035	(1,035)		(100.00)	
Other (including Mission Related)	224,004	244,785	(20,781)		(8.49)	
Total	\$ 3,740,856	\$ 3,542,379	\$ 198,477		5.60	%

Real estate mortgage volume increased primarily due to the increased average size of loans, new loans generated by marketing efforts by our branch teams, favorable recommendations from our members, excellent customer service, competitive interest rates, and the value returned to members via the Association's patronage program.

Production and intermediate-term volume grew due to our members increased spending for operational needs and purchases of farm equipment and buildings.

Processing and marketing and communication volume increased primarily due to increased participations purchased and larger commercial loans while other volume decreased primarily due to fewer opportunities within the 100 percent guaranteed purchases program.

Since the formation of an Agribusiness department in 2014, the Association has actively purchased and sold loan participations within and outside of the System. Since 2017, the Association's participations purchased efforts have been enhanced by purchasing 100 percent of the guaranteed portions of certain eligible loans. Participations purchased provide another source of income along with portfolio diversification. Participations sold volume is used to decrease the amounts held on large commercial accounts that exceed the Association's internal lending limits. This reduces the risk to the Association and its members, while providing stable credit availability to large commercial borrowers.

Loan Participations:	December 31,		
	2025	2024	2023
Participations purchased			
– FCS institutions	\$ 494,146	\$ 410,289	\$ 342,796
Participations purchased			
– Non-FCS institutions	586,513	521,016	385,790
Participations sold	(531,454)	(475,240)	(455,791)
Total	\$ 549,205	\$ 456,065	\$ 272,795

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 may also sell qualified long-term mortgage loans into the secondary market. In 2025, the Association originated \$1,342 of home loans for resale into the secondary market, compared to \$1,006 in 2024 and \$915 in 2023.

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 \$3,998, \$4,577, and \$4,880, respectively.

MISSION RELATED INVESTMENTS

Rural America Bonds

In 2004, the FCA initiated an investment program to stimulate economic growth and development in rural areas. The FCA outlined a program to allow System institutions to hold such investments, subject to approval by the FCA on a case-by-case basis. The FCA approved the Rural America Bonds pilot under the Mission Related Investments umbrella, as described below.

In October 2005, the FCA authorized AgFirst and the Associations to make investments in Rural America Bonds under a three-year pilot program. FCA approved a continuation of the program on October 31, 2008, for an undetermined time period. Rural America Bonds may include debt obligations issued by public and private enterprises, corporations, cooperatives, other financing institutions, or rural lenders where the proceeds would be used to support agriculture, agribusiness, rural housing, economic development, infrastructure, or community development and revitalization projects in rural areas. Examples include investments funding value-added food and fiber processors and marketers; agribusinesses; commercial enterprises that create and maintain employment opportunities in rural areas; community services, such as schools, hospitals, and government facilities; and other activities that sustain or revitalize rural communities and their economies. The objective of this pilot program was to help meet the growing and diverse financing needs of agricultural enterprises, agribusinesses, and rural communities by providing increased access to capital to rural areas through bond financing. These bonds may be classified as Loans or Investments on the Consolidated Balance Sheets depending on the nature of the investment. As of December 31, 2025, 2024 and 2023, the Association had \$2,565, \$5,212, and \$5,289, respectively, in Rural America Bonds.

Effective December 31, 2014, the FCA concluded each pilot program approved as part of the Investment in Rural America program. Each institution participating in such programs may continue to hold its investment through the maturity dates for the investments, provided the institution continues to meet all approval conditions. Although the pilot programs have ended, the FCA can consider future requests on a case-by-case basis.

Rural Business Investment Companies

In partnership with other System entities and community banks, we provide funding to rural community facilities through investments in certain Rural Business Investment Companies (RBIC's). Our investments in RBIC's focus on small and middle market companies that create jobs and prosperity in rural America. Additionally, these RBIC's help diversify the Associations loan portfolio from its core concentration in cash grains throughout Northwest Ohio. As of December 31, 2025, 2024, and 2023, the Association had signed commitments for total investments up to \$26.0 million, \$26.0 million, and \$22.0 million, and had funded \$11,068, \$7,921, and \$5,265 to these investment companies.

Small Business Administration (SBA) Pools

The Association held investment securities guaranteed by the Small Business Administration primarily to mitigate risk by diversifying the Associations loan portfolio from its core concentration in cash grains throughout Northwest Ohio. For the years ended December 31, 2025, 2024, and 2023, the Association held SBA Pools in the amounts of \$79,075, \$58,468, and \$7,133.

CREDIT RISK MANAGEMENT

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

- Character – borrower integrity and credit history;
- Capacity – repayment capacity of the borrower based on cash flows from operations or other sources of income including non-farm 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; and
- Conditions – intended use of the loan funds.

All Title I loans must be collateralized by a first lien on real estate (collateral). As required by FCA regulations, each institution that makes loans on a collateralized basis must have collateral evaluation policies and procedures. The regulatory maximum loan to appraised value (LTV) is 85 percent for all Title I loans unless the loan is guaranteed by a state, federal, or other governmental agency, then the maximum is 97 percent. Although these are the regulatory maximums, the Association’s general lending level for all agricultural Title 1 loans is 70% LTV. To offer flexibility to higher quality borrowers with probability of default (PD) indicators of 4 through 7 (post-closing), the lending level can go up to 80 percent LTV but only if the repayment plan is limited to 20 years or less on a fixed principal payment plan or 15 years or less if on an equal-amortized payment plan. It is recommended to limit LTV to 65% or less on PD’s of 8+ . Rural residential mortgage loans (rural home loans and resident loans to farmers) utilize the 85 percent LTV (97 percent with state, federal, or other governmental agency guarantee) lending level. As a result of the Association’s internal policies, the actual loan to appraised value when loans are originated is generally lower than the statutory maximum percentage. Appraisals by state certified appraisers are required for Title 1 loans if:

- The transaction value is over \$1 million;
- FSA guaranteed loans over \$250,000;
- The transaction value is over \$250,000 if the borrower is dependent on income derived from the sale or cash rental of real estate as the primary source of repayment;
- Any size loan with a PD 10-14; and
- The loan is below the above limits where:
 - The loan is a RHL or RLF.
 - The account officer or appraiser feels an appraisal is necessary in order to properly assess risk.

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	97.46%	98.12%	98.32%
Substandard	2.45	1.79	1.68
Doubtful	0.09	0.09	–
Loss	–	–	–
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Nonperforming Assets

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

High-risk Assets	December 31,		
	2025	2024	2023
Nonaccrual loans	\$ 18,829	\$ 11,471	\$ 4,438
Accruing loans 90 days past due	15,411	43	4,521
Total high-risk loans	34,240	11,514	8,959
Other property owned	169	486	–
Total high-risk assets	<u>\$ 34,409</u>	<u>\$ 12,000</u>	<u>\$ 8,959</u>
Ratios			
Nonaccrual loans to total loans	0.50%	0.32%	0.14%
High-risk assets to total assets	0.86%	0.32%	0.27%

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 \$18,829 compared to \$11,471 and \$4,438 at December 31, 2024 and 2023, respectively. Nonaccrual loans increased \$7,358 or 64.14 percent during 2025 primarily due to three large individual relationships moving to nonaccrual partially offset by one large, existing nonaccrual paying off. Of the \$18,829 in nonaccrual volume at December 31, 2025, \$11,275 or 59.88 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 \$8,551 or 74.54 percent and \$1,416 or 31.91 percent at December 31, 2024 and 2023, respectively.

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

Allowance for Credit Losses

The allowance for credit losses (ACL) is an estimate of expected credit losses in the Association's portfolio. The Association determines the appropriate level of allowance for credit losses based on a disciplined process and methodology that incorporates expected probabilities of default, severity of loss based on historical portfolio performance, forecasts of future economic conditions, and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions. For further details on the methodology used to determine the ACL, see Note 2, *Summary of Significant Accounting Policies*, and Note 3, *Loans and Allowance for Credit Losses*. The ACL was \$10,992, \$8,942, and \$7,115 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:	Year Ended December 31,		
	2025	2024	2023
Balance at beginning of year	\$ 8,942	\$ 7,115	\$ 7,005
Cumulative effect of a change in accounting principal	-	-	410
Balance at January 1	<u>8,942</u>	<u>7,115</u>	<u>7,415</u>
Charge-offs:			
Production and intermediate-term	(33)	(331)	(1,034)
Total charge-offs	<u>(33)</u>	<u>(331)</u>	<u>(1,034)</u>
Recoveries:			
Real estate mortgage	-	30	-
Processing and marketing	8	-	-
Total recoveries	<u>8</u>	<u>30</u>	<u>-</u>
Net (charge-offs) recoveries	<u>(25)</u>	<u>(301)</u>	<u>(1,034)</u>
Provision for (reversal of) credit losses	2,075	2,128	734
Balance at end of year	<u>\$ 10,992</u>	<u>\$ 8,942</u>	<u>\$ 7,115</u>
Ratio of net (charge-offs) recoveries during the period to average loans outstanding during the period	<u>(0.00)%</u>	<u>(0.01)%</u>	<u>(0.04)%</u>

The table below shows the allowance for credit losses by loan type for the most recent three years.

Allowance for Credit Losses by Type	December 31,		
	2025	2024	2023
Real estate mortgage	\$ 3,131	\$ 2,620	\$ 2,378
Production and intermediate-term	3,943	3,709	2,118
Agribusiness	3,226	2,086	2,162
Communications	168	90	58
Power and water/waste disposal	34	19	6
Rural residential real estate	471	390	379
Lease receivables	19	28	13
International	-	-	1
Total allowance	<u>\$ 10,992</u>	<u>\$ 8,942</u>	<u>\$ 7,115</u>

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	0.29 %	0.25 %	0.22 %
Allowance for credit losses on loans to nonaccrual loans	58.38 %	77.95 %	160.32 %
Ratio of net (charge-offs) recoveries during the period to average loans outstanding during the period	(0.00)%	(0.01)%	(0.04)%

The increase in the allowance for credit losses for 2025 compared to 2024 was primarily the result of loan growth, the overall risk rating mix, changes in macroeconomic factors, and an increase of loans moving to nonaccrual status. The increase in the allowance for credit losses for 2024 compared to 2023 was primarily the result of loan growth, the overall risk rating mix, and an increase of loans moving to nonaccrual status.

During 2025, the Association's credit quality saw a slight decline throughout the year but remained strong overall. Continued emphasis on sound underwriting and servicing standards will help our members and the Association through any difficult times ahead. Refer to the Agricultural Outlook and Economic Conditions section of this report for factors posing potential adverse impact to the portfolio in 2025.

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

RESULTS OF OPERATIONS

Net Income

Net income totaled \$71,633 for the year ended December 31, 2025, a decrease of \$762 from 2024. Net income of \$72,395 for the year ended December 31, 2024 was an increase of \$11,505 from 2023. Major components of the changes in net income for the referenced periods are outlined in the following table and discussion:

Change in Net Income	Year Ended December 31,	
	2025	2024
Net income (for prior year)	\$ 72,395	\$ 60,890
Increase (decrease) due to:		
Total interest income	19,415	35,950
Total interest expense	(14,341)	(17,166)
Net interest income	5,074	18,784
Provision for credit losses	13	(1,543)
Noninterest income	(2,132)	3,841
Noninterest expense	(3,671)	(9,596)
(Provision for income taxes)	(46)	19
Total increase (decrease) in net income	(762)	11,505
Net income	\$ 71,633	\$ 72,395

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 \$8,596 for the year ended December 31, 2023.

Net Interest Income

Net interest income was \$91,928, \$86,854, and \$68,070 in 2025, 2024, and 2023, respectively. Net interest income is the difference between interest income and interest expense. Net interest income is the principal source of earnings for the Association and is impacted by volume, yields on assets, and cost of debt. The effects of changes in average volume and interest rates on net interest income over the past three years are presented in the following table:

	Volume*	Rate	Total
12/31/25 – 12/31/24			
Interest income	\$ 23,118	\$ (3,703)	\$ 19,415
Interest expense	12,118	2,223	14,341
Change in net interest income	<u>\$ 11,000</u>	<u>\$ (5,926)</u>	<u>\$ 5,074</u>
12/31/24 – 12/31/23			
Interest income	\$ 26,085	\$ 9,865	\$ 35,950
Interest expense	16,270	896	17,166
Change in net interest income	<u>\$ 9,815</u>	<u>\$ 8,969</u>	<u>\$ 18,784</u>

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

Net interest income for 2025 increased by \$5,074 or 5.84 percent when compared to the 2024 net interest income primarily due to volume growth and changes in interest rates in 2025. Net interest income for 2024 increased by \$18,784 or 27.60 percent when compared to the 2023 net interest income primarily due to the change in the rate applied to notes payable discussed above along with volume growth and changes in interest rates in 2024.

For 2025, 2024, and 2023, the Association's earnings on its own funds in loans were \$18,179, \$17,045, and \$16,181, respectively. The \$1,134 or 6.65 percent increase for 2025 when compared to 2024 is primarily a result of changes in ADB and an increase in interest rates in 2025. The \$864 or 5.33 percent increase for 2024 when compared to 2023 is primarily a result of the increase in interest rates in 2024.

Noninterest Income

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

Noninterest Income	For the Year Ended			Percentage Increase/(Decrease)	
	December 31,			2025/	2024/
	2025	2024	2023	2024	20223
Loan fees	\$ 1,808	\$ 1,287	\$ 1,775	40.48 %	(27.49) %
Fees for financially related services	373	327	360	14.07	(9.17)
Patronage refund from other Farm Credit Institutions	23,607	25,955	23,183	(9.05)	11.96
Gains (losses) on sales of premises and equipment, net	359	-	(6)	-	(100.00)
Gains (losses) on other transactions	134	569	(344)	(76.45)	(265.41)
Insurance Funds Refunds	399	616	-	(35.23)	-
Other noninterest income	289	347	292	(16.71)	18.84
Total noninterest income	<u>\$ 26,969</u>	<u>\$ 29,101</u>	<u>\$ 25,260</u>	<u>(7.33) %</u>	<u>15.21 %</u>

The 2025 patronage from the Bank is comprised of \$18,842 of general patronage, \$3,130 in patronage on participation loans sold to the Bank, and \$1,635 in other patronage earned. The Association received special distributions of \$0, \$0, and \$483 for 2025, 2024, and 2023, respectively. The special patronage refund for 2023 was due to the benefit of the Association's cooperative membership in AgFirst. The reduction in the special patronage refund for 2025 and 2024 as well as the smaller refund in 2023 was due to the increasing rate environment minimizing the Banks opportunity to call debt.

Loan fees increased in 2025 compared to 2024 primarily due to an increase in fees related to participation purchased loans as well as higher originated and servicing fees. Loan fees decreased in 2024 compared to 2023 primarily due to a decrease in fees related to participation purchased loans partially offset by higher originated and servicing fees.

Fees for financially related services increased in 2025 as compared to 2024 as a result of increases in multi-peril crop and credit life insurance partially offset by decreases in crop-hail and appraisal services. Fees for financially related services decreased in 2024 as compared to 2023 as a result of decreases in multi-peril crop, appraisal services, and credit life insurance. The decrease was partially offset by an increase in crop hail insurance.

There were gains of \$359 on sales of premises and equipment in 2025 related to the sale of the previous Fremont location building. There were no gains (losses) on sales of premises and equipment in 2024. Gains (losses) on sales of premises and equipment saw a reduction for 2023 as a result of losses recognized on assets no longer in use during 2023.

Gains (losses) on other transactions decreased in 2025 compared to 2024 primarily due to smaller gains on the NQ401K account (see Disclosure section and Footnote #9 for further description) offset by a loss on the payoff of a Rural America Bond. The 2024 increase compared to 2023 is primarily due to gains on the NQ401K account.

Insurance funds refunds decreased in 2025 compared to 2024 due to a smaller refund of excess amounts in the Allocated Insurance Reserve (AIRA) issued by the Farm Credit System Insurance Corporation (FCSIC). 2024 saw a larger refund paid out by the FCSIC. There was no refund in 2023.

Other noninterest income decreased in 2025 compared to 2024 primarily due to lower out of territory fees from Farm Credit Mid-America (FCMA) as well as lower lease income and other income in the current year as compared to the prior year. Other noninterest income increased in 2024 compared to 2023 primarily due to higher out of territory fees from Farm Credit Mid-America (FCMA) as well as higher other income in the current year as compared to the prior year.

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	
	December 31,			Increase/(Decrease)	
	2025	2024	2023	2025/ 2024	2024/ 2023
Salaries and employee benefits	\$ 20,650	\$ 20,202	\$ 20,116	2.22 %	0.43 %
Occupancy and equipment expense	1,367	1,273	1,159	7.38	9.84
Insurance Fund premium	2,228	1,956	3,143	13.91	(37.77)
Guarantee fee	923	1,168	963	(20.98)	21.29
Purchased Services	14,018	11,699	705	19.82	1,559.43
Other operating expense	5,803	5,020	5,636	15.60	(10.93)
Total noninterest expense	\$ 44,989	\$ 41,318	\$ 31,722	8.88 %	30.25 %

Salaries and employee benefits expenses increased in 2025 compared to 2024 primarily due to increases in merit compensation, incentives, and deferred personnel costs partially offset by a decrease in salary related benefits. Salaries and employee benefits expenses increased minimally in 2024 compared to 2023 primarily due to increases in merit compensation, incentives, and salary related benefits partially offset by a decrease in group health insurance costs.

Occupancy and equipment expenses increased for 2025 primarily due to ongoing maintenance projects at existing facilities along with upgrades at our new Fremont office location. Occupancy and equipment expenses increased for 2024 primarily due to ongoing maintenance projects at existing facilities.

Insurance Fund premium expenses increased for 2025 due to volume growth. Insurance Fund premium expenses decreased for 2024 due to significantly lower premium rates partially offset by volume growth.

Guarantee fees are one-time and/or annual fees paid by the Association to obtain federal government and Farmer Mac loan guarantees. Guarantee related expenses decreased in 2025 as compared to 2024 due to a decrease in guarantee loan applications. Guarantee related expenses increased in 2024 as compared to 2023 due to an increase in guarantee loan applications.

The 2025 increase in purchased services compared to 2024 was primarily driven by an increase in the cost of services provided to the Association by the Bank. The 2024 increase in purchased services compared to 2023 is primarily due to AgFirst reclassifying technology and software costs paid to the Bank from interest expense to noninterest expense as discussed above.

The 2025 increase in other operating expenses compared to 2024 was primarily driven by increases to director, training, travel, data processing, printing and office supplies, and public and member relations expenses. The increases were partially offset by decreases in communications, advertising, and other operating expenses. The 2024 decrease in other operating expenses compared to 2023 was primarily driven by decreases in data processing, advertising, and other operating expenses partially offset by increases to director, training, travel, communications, printing and office supplies, and public and member relations expenses.

Income Taxes

The Association recorded a provision for income taxes of \$64 for the year ended December 31, 2025, as compared to a provision of \$18 for 2024 and a provision of \$37 for 2023. Refer to Note 2, *Summary of Significant Accounting Policies, Income Taxes*, and Note 12, *Income Taxes*, of the Notes to the Consolidated Financial Statements, for more information concerning the Association's income taxes.

Key Results of Operations Comparisons

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

Key Results of Operations Comparisons	For the 12 Months Ended		
	2025	2024	2023
Return on average assets	1.91 %	2.13 %	1.99 %
Return on average members' equity	12.19 %	13.35 %	12.15 %
Net interest income as a percentage			
of average earning assets	2.55 %	2.66 %	2.30 %
Net (charge-offs) recoveries to average loans	(0.00)%	(0.01)%	(0.04)%
Total members' equity to total assets	14.94 %	14.71 %	15.22 %
Debt to members' equity (:1)	5.69 %	5.80 %	5.57 %

The ratios as of December 31, 2025 and the changes in the ratios shown in the table are due to the financial information previously stated.

Key factors in maximizing net income for future years will be increasing net interest and noninterest income while controlling operating expenses. Our goal is to generate earnings sufficient to fund operations, adequately capitalize the Association, and achieve an adequate rate of return for our members. These objectives are to attract and maintain high quality loan volume priced at competitive rates and to manage credit risk in our entire portfolio, while efficiently meeting the credit needs of our 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 \$3,340,030 as compared to \$3,146,165 at December 31, 2024 and \$2,763,385 at December 31, 2023. The increase of \$193,865 or 6.16 percent compared to December 31, 2024 was primarily attributable to loan growth, purchased investments, and patronage paid to members partially offset by net income. The increase of \$382,780 or 13.85 percent compared to December 31, 2023 was primarily attributable to loan growth, purchased investments, and patronage paid to members partially offset by net income. The average volume of outstanding notes payable to the Bank was \$3,140,414, \$2,822,763, and \$2,528,222 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 loan guarantees, investments, and other secondary market programs provides additional liquidity. Sufficient liquid funds have been available to meet all financial obligations. There are no known trends likely to result in a liquidity deficiency for the Association.

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

Funds Management

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

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

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

Relationship with the Bank

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

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

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

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

CAPITAL RESOURCES

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

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

Total members' equity at December 31, 2025, was \$596,480, an increase of \$44,462 or 8.05 percent from a total of \$552,018 at December 31, 2024. The increase was due to strong earnings throughout the year partially offset by cash patronage. At December 31, 2024, total members' equity increased \$46,339 or 9.16 percent from \$505,679 at December 31, 2023. The increase was due to strong earnings throughout the year partially offset by cash patronage.

Total capital stock and participation certificates were \$13,673 on December 31, 2025, compared to \$13,945 on December 31, 2024 and \$14,113 on December 31, 2023.

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	4.5%	2.5%	7.0%	18.23%	18.22%	18.42%
Tier 1 Capital	6.0%	2.5%	8.5%	18.23%	18.22%	18.42%
Total Capital	8.0%	2.5%	10.5%	18.63%	18.54%	18.78%
Permanent Capital	7.0%	0.0%	7.0%	18.48%	18.48%	18.74%
Non-risk-adjusted ratios:						
Tier 1 Leverage*	4.0%	1.0%	5.0%	13.67%	13.99%	14.39%
URE and UREE Leverage	1.5%	0.0%	1.5%	13.44%	13.75%	14.13%

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

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

PATRONAGE PROGRAM

Prior to the beginning of any fiscal year, the Association’s Board of Directors, by adoption of a resolution, may establish a Patronage Allocation Program to distribute its available consolidated net earnings. This resolution provides for the application of net earnings in the manner described in the Association’s Bylaws. This includes the setting aside of funds to increase surplus to meet minimum capital adequacy standards established by FCA Regulations, to increase surplus to meet Association capital adequacy standards to a level necessary to support competitive pricing at targeted earnings levels, and for reasonable reserves for necessary purposes of the Association. After excluding net earnings attributable to (a) the portion of loans participated to another institution, and (b) participation loans purchased, remaining consolidated net earnings are eligible for allocation to borrowers. Refer to Note 7, *Members’ Equity*, of the Notes to the Consolidated Financial Statements, for more information concerning the patronage distributions. The Association declared patronage distributions of \$26,846 in 2025, \$26,106 in 2024, and \$26,073 in 2023.

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

The Association’s mission is to provide financial services to agriculture and the rural community, which includes providing credit to Young*, Beginning**, and Small*** farmers. Because of the unique needs of these individuals and their importance to the future growth of the Association, the Association has established annual marketing goals to increase its market share of loans to YBS farmers. Specific marketing plans have been developed to target these groups, and resources have been designated to help ensure YBS borrowers have access to a stable source of credit.

The following table outlines the goal results for YBS new loans and volume for 2025.

	2025 YBS Goals and Results		
	2025 Goal	2025 Actual	% of Goal
Young			
Number of new loans	1,232	962	78.08%
New Volume	\$199,920	\$221,094	110.59%
Beginning			
Number of new loans	1,039	936	90.09%
New Volume	\$157,651	\$202,641	128.54%
Small			
Number of new loans	2,766	2,011	72.70%
New Volume	\$247,615	\$284,816	115.02%

Note: For purposes of the above table, a loan could be classified in more than one category, depending upon the characteristics of the underlying borrower.

The following table outlines the loan volume and number of YBS loans in the loan portfolio for the association.

	December 31, 2025 Total YBS Loan Data	
	12/31/2025	% of Total
Young		
Number of loans	4,107	23.40%
Volume outstanding	\$688,354	16.04%
Beginning		
Number of loans	4,127	23.51%
Volume outstanding	\$664,756	15.49%
Small		
Number of loans	8,975	51.13%
Volume outstanding	\$1,005,346	23.43%
Total Loans & Commitments		
Number of loans	17,552	100%
Volume Outstanding	\$4,291,352	100%

The 2022 USDA (2022 is the latest USDA Ag census data available) Ag census data has been used as a benchmark to measure penetration of the Association’s marketing efforts. The census data indicated that within the Association’s chartered territory (counties) there were 25,024 reported producers, of which 2,631 or 10.5 percent were young (age 34 and younger), 6,627 or 26.5 percent were beginning, and 11,369 or 80.0 percent were small farms by census standard of farm sales of \$250,000 or less. Comparatively, as of December 31, 2025, the demographics of the Association’s agricultural portfolio contained 7,177 farmers, of which by FCA definition 1,852 or 25.8% percent were young, 2,106 or 29.3% percent were beginning, and 4,291 or 59.8% percent were small.

The Association’s YBS program is designed to help YBS farmers finance their operations. It consists of three focus areas: education, outreach, and financial support. An appointed selection of team members representing each of the retail regions works

together with a member of the Credit Department and Corporate Services to serve as the YBS Advisory Committee, coordinate its programming and conduct the outreach and events.

YBS members are also selected to provide feedback and input into the associations YBS programming, products, and outreach communication through its External YBS Advisory Group. This feedback is provided through surveys, focus groups and direct event responses. The Association includes YBS goals in the annual strategic plan and reports on those goals and achievements to the Board of Directors on a quarterly basis.

Education is at the heart of the program and includes supporting or conducting seminars and training sessions. These educational opportunities may be in-house; in the form of events held by the Association, or external; in which case the Association provides a speaker, educational materials, or financial support. The Association's website, www.agcredit.net, and the district partner site agbizinfo.com includes information and resources for YBS visitors.

The second focus area of the program includes those activities in which the Association sponsors local outreach such as 4-H and FFA activities at county fairs or events where the Association is an exhibitor at industry gatherings and trade shows.

The third prong of the program, financial support, addresses the specific credit programs and partnerships that we've developed to help small farmers, young farmers, and beginning farmers. It includes the AgStart credit program and those offered by the Farm Service Agency (FSA). As a "preferred lender" with FSA, the Association utilizes this relationship to obtain guarantees providing financial support to YBS farmers.

The Association is also a Guaranteed Participating Lender for the Small Business Administration (SBA), which offers lending programs specifically for small borrowers. Additionally, the Association offers flexible financing options in-house for qualifying borrowers.

The Association is committed to the future success of Young, Beginning, and Small farmers.

*Young farmers are defined as those farmers, ranchers, producers, or harvesters of aquatic products who are age 34 or younger as of the date the loan is originally made.

**Beginning farmers are defined as those farmers, ranchers, producers, or harvesters of aquatic products who have 10 years or less farming or ranching experience as of the date the loan is originally made.

***Small farmers are defined as those farmers, ranchers, producers, or harvesters of aquatic products who normally generate less than \$250,000 (USDA) or less than \$350,000 (FCA) in annual gross sales of agricultural or aquatic products at the date the loan is originally made.

Credit Programs:

The Association continues to promote three credit programs to better assist Young, Beginning, and Small Farmers (AgStart Farmers):

AgGrow loans for farm operators. This loan program was created for AgStart Farmers who are making their first- or second-time farmland or contract livestock building purchases. This loan program eases requirements on certain credit ratios, provides extended terms, has lower borrowing costs, and requires an FSA guarantee along with other certain loan requirements.

AgGrow loans for non-farm operators. This loan program was created for AgStart Farmers who desire to purchase farmland to continue/expand their family farm legacy and/or for a long-term investment in our agriculture communities. This loan program eases requirements on certain credit ratios, provides extended terms, has lower borrowing costs, and gives strong consideration for the applicant's off-farm profession for business management experience.

Use of FSA and other loan related programs including:

- FSA guarantees;
- FSA Beginning Farmer Down Payment Farm Ownership loan;
- FSA 50/50 and 50/45/5 Participation Programs; and
- FSA Socially Disadvantaged Loan Program.

FFA and 4-H Involvement:

- Participated in FFA career days, field days, and judging events;
- Offered \$300 per county for 4-H "Real Money, Real World" money management projects;
- Sponsored the FFA 110% Awards and recognized winners in the AgCredit Leader magazine;
- Supported 4-H, FFA, and young farmer organizations through local, district, state, and national sponsorships;
- All branches supported their local junior fair livestock sales and donated time to other junior fair activities;

- Made loans for FFA and 4-H projects (with parent co-signer);
- Judged at District and National FFA CDE competitions;
- Provided financing for calf clubs to help provide animals for Jr. Fair exhibitors;
- Donated money for prizes, giveaways for barn meetings, chairs for exhibitors, back tags for show ring, and t-shirts for Jr. Fair exhibitors;
- Advertised in newspapers and on social media for National 4-H and FFA week;
- Sponsored FFA Gold Medal Chapter Awards;
- Celebrated FFA Week by donating 737 t-shirts to local FFA chapters in 2025 along with snacks and other items;
- Served on 4-H Endowment Boards, Scholarship Committees, and Ohio 4-H Foundation Board of Directors;
- Donated 4-H project books;
- Sponsored Junior Fair trophies, banners and other awards across the association;
- Sponsored Ohio 4-H Foundation's Annual Celebration of Youth;
- Featured FFA and 4-H participants and their projects on social media throughout the summer;
- Collaborated with Ohio Farm Bureau and Nationwide to sponsor the Golden Owl Educator awards program; and
- Sponsored exhibitor t-shirts to all Junior Fair Livestock Exhibitors at the Ohio State Fair.

Other Youth Involvement:

- Provided seven \$2,000 college scholarships to students studying an agricultural curriculum;
- Participated as guest speaker in agricultural education classes presenting the importance of establishing and maintaining good credit, the history of AgCredit and the Farm Credit System, the cooperative method of doing business and general agricultural finance information;
- Made donations to support area youth programs including, but not limited to, local ballpark sponsorships and banners, yearbook ads, community safety and farm rescue training programs, high school booster programs (music, athletic, and academic), "Pork in the Classroom", and school essay winner prizes judging;
- Employed eight interns in 2025;
- Sponsored Farm Safety Camp for elementary classes; and
- Sponsored six Pee Wee Swine Shows and three All Species Shows at county fairs.

Other Young, Beginning, Small, Minority, Women and Veteran Farmer Outreach and Activities:

- Hosted Emerge Experience conference for over 150 YBS member-borrowers that focused on grain marketing, financial statements, risk management, branding your farm, working with your lender to reach your goals, and finding market opportunities through diversification;
- Released bi-monthly episodes of the AgCredit Said It podcast. Focus for 2025 was maximizing your return on investment in the farm. Guests and hosts on the podcast provide insight on tax and succession planning, capitalizing on the assets and skills you have, market outlooks, risk management and how to move your operation forward;
- Sponsored and attended Ohio Farm Bureau Young Ag Professionals Conference;
- Sponsored Ohio Sheep Improvement Association LEAD Program;
- Sponsored Ohio Pork Council's OH-Pigs Show Circuit;
- During 2025, closed a total of 50 Farm Credit Express YBS point of purchase equipment loans for a total of \$3,169,036;
- During 2025, 71 AgStart loans closed for a total of \$25,377,571. These loans help YBS Farmers to purchase their first or second farm with special terms and reduced costs. Total AgStart loans closed since this program started in 2015 is 1,159 loans for a total of \$354,009,045;
- Sponsored Wyandot County Cornhusker Beef Cattle Show;
- Sponsored Chasing Banners Jackpot Show;
- Sponsored 2025 Ohio Beef Expo;
- Sponsored and attended Ohio Young Cattlemen's Conference; and
- Sponsored and attended NCBA's Young Cattlemen's Conference.

REGULATORY MATTERS

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

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) exposures by assigning a 150% risk-weighting to such exposures, instead of the current 100% to reflect their increased risk characteristics. The rule further ensures comparability

between the FCA's risk-weightings and the federal banking regulators, with deviations as appropriate to accommodate the different regulatory, operational and credit considerations of the System. The final rule excludes certain acquisition, development and construction loans that do not present as much risk and therefore do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated for less than \$500,000. On October 16, 2024, the FCA extended the implementation date of this rule from January 1, 2025 to January 1, 2026.

Disclosure Required by Farm Credit Administration Regulations

Description of Business

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

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

Unincorporated Business Entities

The Association holds an equity investment at December 31, 2025 in the following Unincorporated Business Entity (UBE) as an equity interest holder of the limited liability company (LLC). The LLC was organized for the stated purpose of holding and managing unusual or complex collateral associated with former loans, until such time as the assets may be sold or otherwise disposed of pursuant to the terms of Operating Agreements of the respective LLC.

Entity Name	Entity Type	Entity Purpose
PW PropCo Holding LLC	LLC	Manage 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 Ohio:

Location	Description	Form of Ownership
610 W. Lytle St., Fostoria	Administrative	Owned
602 W. Lytle St., Fostoria	Administrative	Owned
7868 County Rd. 140, Ste. A, Findlay	Branch	Leased(1)
2155 Oak Harbor Rd., Ste. B, Fremont	Branch	Owned(2)
104 Pinnacle Dr, Fremont	Branch	Owned
2500 W. Market St., Tiffin	Branch	Owned
111 E. Gypsy Lane Rd., Bowling Green	Branch	Owned
1100 E. Center St., Ste. D, Marion	Branch	Owned
3113 St. Rt. 98, Bucyrus	Branch	Owned
12923 St. Rt. 309, Kenton	Branch	Owned
5362 US Highway 42, Ste. 100, Mt. Gilead	Branch	Owned
97 Houpt Dr., Room E, Upper Sandusky	Branch	Leased(3)
735 US Highway 20 E., Norwalk	Branch	Owned
311 Maple St., Ste. A, Wellington	Office	Leased(4)
315 W. Williamstown Rd., Ottawa	Branch	Owned
1195 Professional Dr., Van Wert	Branch	Leased(5)
1485 Scott St., Napoleon	Branch	Owned
839 N. Williams St., Paulding	Office	Leased(6)

(1)One-year lease terminating on December 31, 2026. Annual lease of \$34,867.

(2)Our share of the building including the Cell Tower lease was sold to Rowdy Badger 2, LLC on August 21, 2025.

(3)Five-year lease terminating February 28, 2027. Annual lease of \$21,420.

(4)Five-year lease terminating September 30, 2030. Annual lease of \$33,600.

(5)Ten-year lease terminating August 1, 2029. Annual lease of \$70,116.

(6)Seven-year lease terminating September 30, 2027. Annual lease of \$15,600.

Legal Proceedings

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

Description of Capital Structure

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

Description of Liabilities

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

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

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

Senior Officers

The following represents certain information regarding the senior officers of the Association:

Senior Officer	Position
Brian J. Ricker	<i>President and Chief Executive Officer</i> since February 1, 2014. <i>Chief Operating Officer</i> from October 1, 2013 through January 31, 2014. <i>Chief Credit Officer</i> from September 2012 through September 2013. <i>Senior Credit Officer</i> from March 2012 through August 2012. <i>Relationship Manager</i> from November 2009 through February 2012. <i>Branch Manager</i> from March 1997 through October 2009. Employed by AgCredit since March 1997.
Daniel E. Ebert	<i>Chief Operating Officer</i> since March 1, 2019 (Retired on November 30, 2025). <i>Secretary / Treasurer</i> since April 2008. <i>Chief Financial Officer</i> from August 2007 through February 2019. Employed by AgCredit, or predecessor associations, since July 1986.
Logan W. Krais, CPA	<i>Chief Financial Officer</i> since March 1, 2019 (Left employment at AgCredit January 3, 2025). <i>Controller</i> from March 1, 2017 through February 28, 2019. <i>Assistant Controller</i> from May 1, 2011 through February 28, 2017. Employed by AgCredit since May 2011.
Daniel J. Lucke, CPA	<i>Chief Financial Officer</i> since November 16, 2024. <i>Controller</i> from March 2020 through November 2024 and <i>Credit Analyst</i> from December 2019 through February 2020. Prior to joining AgCredit, served as the <i>Chief Financial Officer/Controller</i> for The Union Bank Company from 2016 to 2019 and as the <i>Controller</i> from 2015 to 2016. Also served as the <i>Controller</i> for K&M Tire from 2011 through 2015 and the <i>Controller</i> for MLS Systems from 1997 through 2011. Employed by AgCredit since December 2019.
John J. Hunter	<i>General Counsel</i> since May 2014. <i>Corporate Counsel</i> from April 2013 through April 2014. Served as outside counsel to AgCredit from approximately 1987 through March 2013. Was in private practice in Toledo, Ohio starting in 1986 and focused on commercial credit and creditor's rights, including matters affecting System lenders. Employed by AgCredit since April of 2013.
Joshua L. McBride	<i>Chief Credit Officer</i> since August 1, 2023. <i>Account Officer, Credit Analyst, Regional Manager, and Senior Credit Regional Manager</i> from 2010-2023. He has a background in production agriculture and actively participates on his family's cash grain farm operation. Employed by AgCredit since November 2010.
Scott T. Parker	<i>Vice President of Operations</i> since December 1, 2024. <i>Special Assets Manager, Regional Manager, and Senior Credit Regional Manager</i> from 2019-2024. Has background in production agriculture via actively participating in his family's cash grain operation. Employed by AgCredit since October 2019 and another Farm Credit Association from 2005-2019.
Sandra L. Musgrave	<i>Chief Human Resources Officer</i> since June 16, 2022 (Left employment at AgCredit September 25, 2025). From 2017 through 2022 she led Human Resources for 1,200 union and non-union employees in 3 locations in Ohio and Illinois for Cornerstone Building Brands (CBB). Prior to CBB, she managed Organizational Development and Training for Anderson Grain and AcuSport Corporation, respectively. She owned and operated SanTECH Consulting, Inc. from 1999 through 2011, and is a partner in Musgrave Farms, LLC.

The total amount of compensation earned by the CEO and the highest paid officers and employees as a group, during the years ended December 31, 2025, 2024, and 2023, is as follows:

Name of Individual or Number in Group	Year	Salary	Bonus	Deferred	Change in Pension Value	Perq/ Other*	Total
Brian J. Ricker	2025	\$ 418,917	\$ 92,150	\$ 63,424	\$ 270,243	\$ 4,545	\$ 849,279
Brian J. Ricker	2024	\$ 351,917	\$ 88,150	\$ 106,428	\$ 126,349	\$ 4,368	\$ 677,212
Brian J. Ricker	2023	\$ 342,055	\$ 76,078	\$ 92,790	\$ 258,203	\$ 2,201	\$ 771,327
9	2025	\$ 1,524,522	\$ 630,976	\$ 334,315	\$ 222,187	\$ 16,303	\$ 2,728,303
9	2024	\$ 1,644,505	\$ 586,500	\$ 562,656	\$ 129,696	\$ 20,768	\$ 2,944,125
8	2023	\$ 1,406,122	\$ 547,307	\$ 452,247	\$ (86,084)	\$ 18,162	\$ 2,337,754

Disclosure of information on the total compensation paid during 2025 to any senior officer, or to any other individual included in the aggregate, is available to shareholders upon request.

The changes in pension values as reflected in the table above resulted primarily from changes in the actuarial assumptions for mortality and discount rate. See further discussion in Note 9, Employee Benefit Plans, of the Financial Statements.

**Amounts in the above table classified as Perquisites include one or more of the following items: travel incentives, group life insurance, automobile compensation, relocation, annual leave payments, and tuition reimbursement.*

The Association participates in multi-association, District, and multi-district sponsored benefit plans. Change in pension value is considered a part of compensation. The Pension Benefits table below reflects number of years credited service, actuarial present value of accumulated benefits, along with any payments made during 2025 for the CEO, senior officers, and other highly compensated employees as a group.

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
CEO:					
Brian J. Ricker	2025	Independent Association Retirement Plan	30.25	\$ 2,190,882	\$ -
Senior Officers and Highly Compensated Employees:					
0 Individuals, excluding the CEO	2025	Independent Association Retirement Plan	n/a	\$ -	\$ 2,134,868

The present value of pension benefits is the value at a specific date of the benefit payment stream an individual is expected to receive upon retirement based on pay and service earned to date. These present values change year over year as (1) pension benefits increase due to an additional year of pay and service being earned under the benefit formula, (2) individuals are one year older and one year closer to receiving payments, and (3) the assumptions used to determine the present value change.

The present value of pension benefits will naturally increase as the benefits earned under the plan increase. Since the pension benefit formula is dependent on base pay, pay increases directly impact the pension values.

The present value is calculated by discounting each expected future benefit payment back to the determination date at a specified interest (or discount) rate. When a year passes, there is one less year of discounting, which increases the present value. For those already eligible for unreduced retirement (e.g. have 85 age + service points), this increase is offset by the decrease in early retirement subsidy value. The early retirement subsidy provided under the plan is most valuable when a participant first reaches eligibility for unreduced benefits. The value decreases every year thereafter until age 65.

Finally, the present value of the expected future benefit payment stream is based on actuarial assumptions, chiefly the discount rate mentioned above. 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. The discount rate is updated every year based on the interest rate environment at December 31. A decrease in the discount rate (i.e. less discounting) increases the present values and vice versa. There was a decrease in the discount rate assumption from December 31, 2024 to December 31, 2025, which increased the pension values.

Disclosure of information on the total compensation paid during 2025 to any senior officer, or to any other employee included in the aggregate group totals shown previously, is available and will be disclosed to Association's shareholders upon request.

Senior officers and other highly compensated employees may participate in the Farm Credit Benefits Alliance Nonqualified Supplemental 401(k) Plan, an unfunded and nonqualified deferred compensation plan that allows certain key employees to defer compensation and/or which restores the benefits limited in the qualified 401(k) plan as a result of restrictions in the Internal

Revenue Code. Under the plan, the funds are placed in a Trust owned by the Association and included in Other Assets on the Association's Consolidate Balance Sheets. All current and future assets used by the Association to fund this plan will remain general assets of the Association until payment or distribution is made. The plan also includes a provision for discretionary contributions to be made by the Association.

In addition to base salary, employees and senior officers can earn additional compensation under an annual bonus plan designed to encourage teamwork in meeting or exceeding key financial and growth objectives established by the Board of Directors. The President and Chief Executive Officer can earn additional compensation under an annual bonus plan similar to the employee bonus plan and is designed to encourage teamwork in meeting or exceeding key financial and growth objectives established by the Board of Directors. The term of both plans is the year beginning September 1 through August 31. Both plans are generally geared toward the achievement of predetermined Association performance goals for net income, return on equity, volume, credit quality, and credit administration. The Board of Directors approves both plans annually.

From time to time the Board of Directors and/or the CEO may approve additional short-term incentive opportunities for employees generally geared toward the achievement of predetermined Association performance goals for net income, return on equity, volume, credit quality, and credit administration.

All employees are reimbursed for mileage on personally owned automobiles at the rate allowed by IRS regulations and for all actual travel expenses incurred when traveling on Association business. A copy of the travel and other business expenses policy is available to shareholders upon written request.

Directors

The following chart details the year the director began serving on the board, the current term expiration, current committee assignments, number of meetings, other activities, additional compensation paid for other activities, and total cash compensation paid for each director:

Director	Original Year of Election or Appointment	Current Term Expiration	Committee Assignment	Days Served*		Comp. Paid for Other Activities**	Total Comp. Paid During 2025
				Regular Board Meetings	Other Official Activities**		
Dustin J. Sonnenberg <i>Chairman</i>	2016	2028	Governance, Compensation Scholarship	9	24.61	\$ 40,825	\$ 55,825
Michael A. Thiel <i>Vice Chairman</i>	2015	2027	Governance, Compensation,	9	12.50	16,625	28,925
Gary A. Baldosser Appointed Dir	2024	2027	Audit	8.50	3.0	4,350	16,050
Terry W. McClure	2023	2026	Operations, Credit, Scholarship	9	16.0	21,700	34,000
Frederick D. Pond <i>Outside Dir</i>	2022	2025	Governance, Compensation, Scholarship	7	10.50	22,125	37,125
Gary Wilson	2025	2028	Credit	6	7.0	10,150	18,850
Lisa R. Heiser	2024	2027	Operations	8	11.0	14,450	25,300
Joel A. Albright	2024	2027	Credit, Scholarship	8	8.0	10,850	21,700
David M. Stott, Ph.D., CPA <i>Outside Dir</i>	2012	2027	Audit, Compensation	8	16.0	34,500	51,750
Scott D. Chalfin	2022	2028	Audit, Compensation	9	17.0	23,150	35,450
Stephen E. Reinhard	2023	2026	Credit, Operations	7.50	12.0	15,900	26,275
Kevin P. Flanagan	2019	2025	Operations	3	7.0	8,400	12,000
						<u>\$ 223,025</u>	<u>\$ 363,250</u>

*The number of board meeting days and per diem totals include travel time to and from meetings

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

The following represents certain information regarding the directors of the Association:

Dustin J. Sonnenberg Chairman, represents Western Lucas, Henry, and Wood counties. For the past five years, Mr. Sonnenberg has been a farmer at Sonnenberg Farms, a consultant, and a farm broadcaster.

Gary L. Baldosser represents the members of AgCredit as an appointed director by the board. For the past five years, his principal occupation and employment was farming. Mr. Baldosser also served as a regional director to the AgFirst Farm Credit Bank Board of Directors since 2020.

Terry W. McClure represents Paulding, Putnam, and Van Wert counties. For the past five years, his principal occupation has been cash grain and livestock farming.

Frederick D. Pond is an outside director. He retired in 2020 after a 42 year career in the professional tools business of Emerson Electric, including serving as president of Ridge Tool (RIDGID) and Chairman of Emerson Professional Tool Group for over 20 years of his career. His background includes broad international experience, acquisitions, for and non-profit Board of Director tenures, and community roles, principally in Health Care and Education.

David M. Stott, Ph.D., CPA is an outside director. Dr. Stott's primary occupation and employment since July 2016 is as the Director of the School of Accountancy and the *O'Bleness Professor of Accountancy* at Ohio University. Prior to that time, he served as Chair of the Department of Accounting and MIS and Professor at Bowling Green State University for seventeen years.

Scott D. Chalfin represents Sandusky, Ottawa, and Eastern Lucas counties. For the past five years, his principal occupation and employment has been farming. For 27 years he worked as an Agronomist for Sunrise Cooperative and left employment in 2017 to take over the family farm. Mr. Chalfin has served as a Sandusky County Soil and Water Board of Director since 2017.

Michael A. Thiel represents Marion and Wyandot counties. For the past five years, his principal occupation and employment was farming.

Stephen E. Reinhard represents Crawford and Morrow counties. For the past five years, his principal occupation and employment has been grain farming and DeKalb seed sales. He has served as the Ohio Soybean Council Chairman, and Chairman of the United Soybean Board. He has also been involved in the Airable Research Lab and has represented Ohio on the Soy Transportation Coalition Board of Trustees. Steve currently serves as the Crawford County Treasurer.

Kevin P. Flanagan represents Hardin and Hancock counties. Kevin left the Board in May 2025. For the past five years, his principal occupation and employment has been farming. Mr. Flanagan is an Allen Township Trustee.

Joel A. Albright represents Erie, Huron, and Lorain counties. For the past five years his principal occupation has been Dairy Farming.

Lisa R. Heiser represents Seneca county. For the past five years, her principal occupation and employment has been in the agriculture field and assisting her husband with the family farm raising corn and soybeans. She also serves as the Venice Township Fiscal Officer.

Gary W. Wilson represents Hardin and Hancock counties. Gary retired in 2011 from being the Agriculture Extension Educator in Hancock county. He still lives on the family farm raising corn, soybeans, wheat, and alfalfa hay. He also raises cattle, sheep, and goats as well as serves as a Board member of Ohio Corn and Wheat, Ohio Sheep Improvement and Ohio Forage and Grassland Council.

Subject to approval by the Board, the Association may allow directors honoraria for attendance at regular meetings, committee meetings, or special assignments. Honoraria for these meetings were \$1,750 per day for the Chairman, \$2,250 for Outside Directors, and \$1,450 per day for all other directors. Total compensation paid to directors, as a group was \$363,250. No director received non-cash compensation during the year.

Directors are reimbursed for mileage on personally owned automobiles at the rate allowed by IRS and for all actual travel expenses incurred in the performance of official duties. Such expenses may include transportation, lodging, meals, tips, tolls, parking of cars, registration fees, and other expenses associated with travel on official business. A copy of the policy is available to stockholders of the Association upon request.

The aggregate amount of reimbursement for travel, subsistence, and other related expenses for all directors as a group was \$140,004 for 2025, \$159,249 for 2024, and \$120,542 for 2023.

Transactions with Senior Officers and Directors

The reporting entity’s policies on loans to and transactions with its officers and directors, to be disclosed in this section are incorporated herein by reference to Note 10, *Related Party Transactions*, of the Consolidated Financial Statements included in this Annual Report.

FCA regulations require the disclosure of the purchase or retirement of Association preferred stock held by an Association officer or director. The Association only has Class A Preferred Stock (preferred stock) and is available for purchase by members and others in accordance with the Association’s Bylaws. The average preferred stock dividend rate for dividends paid in 2025 was 2.563 percent. Dividends are declared quarterly and paid in cash. The following chart shows the directors and senior officers holding preferred stock and the preferred stock activity for each individual for 2025.

Director/Officer	Beginning Balance 1/1/25	Purchases	Retirements	Dividends Paid	Transfer In	Transfer Out	Ending Balance 12/31/25
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Involvement in Certain Legal Proceedings

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

Relationship with Independent Auditors

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

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

<i>Independent Auditors</i>	2025
Pricewaterhouse Coopers LLP	\$ 115,300

Audit fees for PricewaterhouseCoopers LLP were for the annual audit of the Consolidated Financial Statements.

All audit fees incurred by the Association were approved by the Audit Committee.

Consolidated Financial Statements

The Consolidated Financial Statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 10, 2026, and the report of management, which appear in this Annual Report, are incorporated herein by reference.

Copies of the Association’s Annual and unaudited Quarterly reports are available upon request free of charge by calling 1-800-837-3678, ext. 2206, or writing Daniel Lucke, Chief Financial Officer, AgCredit, Agricultural Credit Association, 610 W. Lytle Street, Fostoria, OH 44830 or accessing the website, www.agcredit.net. The Association prepares an electronic version of the Annual Report which is available on the Association’s website within 75 days after the end of the fiscal year and distributes the Annual Reports to shareholders within 90 days after the end of the fiscal year. The Association prepares an electronic version of the Quarterly report 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 requiring 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 new and existing borrowers are aware of the privacy protections afforded them through FCA regulations and Farm Credit System institution efforts.

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

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

Shareholder Investment

Shareholder investment in the Association could be materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank (Bank or AgFirst). Copies of the Bank's Annual and Quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained by going to AgFirst's web site at ***www.agfirst.com***. The Bank prepares an electronic version of the Annual Report, which is available on the website, within 75 days after the end of the fiscal year. The Bank prepares an electronic version of the Quarterly report within 40 days after the end of each fiscal quarter, except 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 AgCredit Agricultural Credit Association, and in the opinion of the Board of Directors, each is free of any relationship with the Association or management that would interfere with the director's independent judgment on the Committee.

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

PricewaterhouseCoopers LLP (PwC), the Association's independent auditors for 2025, is responsible for expressing an opinion on the conformity of the Association's audited financial statements with accounting principles generally accepted in the United States of America. The Committee has discussed with PwC the matters that are required to be discussed by Statement on Auditing Standards AU-C 260 and 265 (*The Auditor's Communication With Those Charged With Governance*). The Committee discussed with PwC its independence from AgCredit. The Committee also reviewed the non-audit services provided by PwC and concluded that these services were not incompatible with maintaining PwC's independence.

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/ David M. Stott, Ph.D., CPA
Chairman of the Audit Committee

Members of Audit Committee

Gary A. Baldosser
Scott D. Chalfin

March 10, 2026



Report of Independent Auditors

To the Management and Board of Directors of AgCredit, Agricultural Credit Association

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Other Information

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

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

PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 10, 2026

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	December 31,		
	2025	2024	2023
Assets			
Cash	\$ 41	\$ 47	\$ 51
Investments in debt securities:			
Held to maturity	81,639	63,681	12,421
Loans	3,740,856	3,542,379	3,178,344
Allowance for credit losses on loans	(10,992)	(8,942)	(7,115)
Net loans	3,729,864	3,533,437	3,171,229
Loans held for sale	—	—	6,123
Other equity investments	11,068	7,921	5,265
Accrued interest receivable	56,766	52,651	44,458
Equity investments in other Farm Credit institutions	74,648	57,598	50,009
Premises and equipment, net	7,367	7,223	7,096
Other property owned	169	486	—
Accounts receivable	25,727	26,242	23,537
Other assets (includes \$3,764, \$3,086, and \$1,926 at fair value)	4,529	3,779	2,851
Total assets	\$ 3,991,818	\$ 3,753,065	\$ 3,323,040
Liabilities			
Notes payable to AgFirst Farm Credit Bank	\$ 3,340,030	\$ 3,146,165	\$ 2,763,385
Accrued interest payable	10,798	9,972	9,372
Patronage refunds payable	26,846	26,106	26,073
Accounts payable	2,496	6,125	3,794
Advanced conditional payments	1,531	1,564	2,458
Other liabilities	13,637	11,115	12,279
Total liabilities	3,395,338	3,201,047	2,817,361
Commitments and contingencies (Note 11)			
Members' Equity			
Capital stock and participation certificates	13,673	13,945	14,113
Retained earnings			
Allocated	424,871	396,760	363,983
Unallocated	157,936	141,313	127,583
Total members' equity	596,480	552,018	505,679
Total liabilities and members' equity	\$ 3,991,818	\$ 3,753,065	\$ 3,323,040

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	\$ 211,645	\$ 193,569	\$ 158,957
Investments	3,185	1,846	508
Total interest income	214,830	195,415	159,465
Interest Expense	122,902	108,561	91,395
Net interest income	91,928	86,854	68,070
Provision for credit losses	2,211	2,224	681
Net interest income after provision for credit losses	89,717	84,630	67,389
Noninterest Income			
Loan fees	1,808	1,287	1,775
Fees for financially related services	373	327	360
Patronage refunds from other Farm Credit institutions	23,607	25,955	23,183
Gains (losses) on sales of premises and equipment, net	359	—	(6)
Gains (losses) on other transactions	134	569	(344)
Insurance Fund refunds	399	616	—
Other noninterest income	289	347	292
Total noninterest income	26,969	29,101	25,260
Noninterest Expense			
Salaries and employee benefits	20,650	20,202	20,116
Occupancy and equipment	1,367	1,273	1,159
Insurance Fund premiums	2,228	1,956	3,143
Guarantee fees	923	1,168	963
Purchased services	14,018	11,699	705
Data processing	903	570	667
Other operating expenses	4,928	4,450	4,969
(Gains) losses on other property owned, net	(28)	—	—
Total noninterest expense	44,989	41,318	31,722
Income before income taxes	71,697	72,413	60,927
Provision for income taxes	64	18	37
Net income	\$ 71,633	\$ 72,395	\$ 60,890
Other comprehensive income	—	—	—
Comprehensive income	\$ 71,633	\$ 72,395	\$ 60,890

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	\$ 16,108	\$ 340,538	\$ 117,443	\$ 474,089
Cumulative effect of change in accounting principle			(940)	(940)
Comprehensive income			60,890	60,890
Capital stock/participation certificates issued/(retired), net	(1,995)			(1,995)
Dividends declared/paid			(195)	(195)
Patronage distribution				
Cash			(25,928)	(25,928)
Nonqualified retained earnings		24,291	(24,291)	—
Patronage distribution adjustment		(846)	604	(242)
Balance at December 31, 2023	\$ 14,113	\$ 363,983	\$ 127,583	\$ 505,679
Comprehensive income			72,395	72,395
Capital stock/participation certificates issued/(retired), net	(168)			(168)
Dividends declared/paid			(165)	(165)
Patronage distribution				
Cash			(26,002)	(26,002)
Nonqualified retained earnings		30,684	(30,684)	—
Patronage distribution adjustment		2,093	(1,814)	279
Balance at December 31, 2024	\$ 13,945	\$ 396,760	\$ 141,313	\$ 552,018
Comprehensive income			71,633	71,633
Capital stock/participation certificates issued/(retired), net	(272)			(272)
Dividends declared/paid			(133)	(133)
Patronage distribution				
Cash			(26,790)	(26,790)
Nonqualified retained earnings		27,728	(27,728)	—
Patronage distribution adjustment		383	(359)	24
Balance at December 31, 2025	\$ 13,673	\$ 424,871	\$ 157,936	\$ 596,480

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	\$ 71,633	\$ 72,395	\$ 60,890
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation on premises and equipment	431	443	489
Amortization (accretion) of net deferred loan costs (fees)	6,683	6,675	7,705
Premium amortization (discount accretion) on investments in debt securities	1,890	1,182	277
Provision for credit losses	2,211	2,224	681
(Gains) losses on other property owned	(28)	—	—
(Gains) losses on sales of premises and equipment, net	(359)	—	6
(Gains) losses on sales of loans, net	—	(12)	—
(Gains) losses on other transactions	(134)	(569)	344
Changes in operating assets and liabilities:			
Proceeds from sales of loans held for sale, net	—	6,135	—
Net change in loans held for sale	—	—	(6,656)
(Increase) decrease in accrued interest receivable	(4,115)	(8,193)	(11,295)
(Increase) decrease in accounts receivable	515	(2,705)	(2,664)
(Increase) decrease in other assets	(750)	(928)	(588)
Increase (decrease) in accrued interest payable	826	600	3,034
Increase (decrease) in accounts payable	(3,629)	2,331	572
Increase (decrease) in other liabilities	2,754	(689)	3,190
Total adjustments	6,295	6,494	(4,905)
Net cash provided by (used in) operating activities	77,928	78,889	55,985
Cash flows from investing activities:			
Purchases of investments in debt securities, held to maturity	(43,835)	(62,109)	(7,840)
Proceeds from maturities of or principal payments received on investments in debt securities, held to maturity	23,753	9,667	926
Net (increase) decrease in loans	(205,199)	(372,598)	(313,703)
(Increase) decrease in equity investments in other Farm Credit institutions	(17,050)	(7,589)	(15,059)
Purchases of other equity investments	(3,147)	(2,656)	(1,881)
Purchases of premises and equipment	(575)	(571)	(31)
Proceeds from sales of premises and equipment	359	—	—
Proceeds from sales of other property owned	359	1,100	—
Net cash provided by (used in) investing activities	(245,335)	(434,756)	(337,588)
Cash flows from financing activities:			
Advances on (repayment of) notes payable to AgFirst Farm Credit Bank, net	193,865	382,780	306,825
Net increase (decrease) in advanced conditional payments	(33)	(894)	1,498
Capital stock and participation certificates issued/(retired), net	(272)	(168)	(1,995)
Patronage refunds and dividends paid	(26,159)	(25,855)	(24,741)
Net cash provided by (used in) financing activities	167,401	355,863	281,587
Net increase (decrease) in cash	(6)	(4)	(16)
Cash, beginning of period	47	51	67
Cash, end of period	\$ 41	\$ 47	\$ 51
Supplemental schedule of non-cash activities:			
Receipt of property in settlement of loans	\$ 14	\$ 1,586	\$ —
Estimated cash dividends or patronage distributions declared or payable	26,923	26,167	26,123
Cumulative effect of change in accounting principle	—	—	(940)
Supplemental information:			
Interest paid	\$ 122,076	\$ 107,961	\$ 88,361
Taxes (refunded) paid, net	91	45	42

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:** AgCredit Agricultural Credit Association (the Association or ACA) is a member-owned cooperative providing credit and credit-related services to qualified borrowers in the counties of Huron, Erie, Lorain, Paulding, Putnam, Van Wert, Henry, Lucas, Wood, Hancock, Ottawa, Sandusky, Seneca, Wyandot, Marion, Hardin, Crawford, and Morrow in the state of Ohio.

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

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

Each System Bank serves one or more Agricultural Credit Associations (ACAs) that originate long-term, short-term and intermediate-term loans, Production Credit Associations (PCAs) that originate and service short- and intermediate-term loans, and/or Federal Land Credit Associations (FLCAs) that originate and service long-term real estate mortgage loans. These associations borrow a majority of the funds for their lending activities from their related bank. System Banks are also responsible for supervising the activities of associations within their districts. AgFirst (the Bank) and its related associations (Associations or District Associations) are collectively referred to as the AgFirst District. The Association is part of 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 (ACL), 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 ACL 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 ACL 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 ACL 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 ACL evaluation, and is generally incorporated into the institution’s loan underwriting standards and internal lending limit. The Association uses a two-dimensional loan rating model based on internally generated combined System risk rating guidance that incorporates a 14-point risk rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default over a period of time. Probability of default is the probability that a borrower will experience a default within 12 months from the date of the determination of the risk rating. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower is past due more than 90 days. The loss given default is management’s assumption of the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan.

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

- lending policies and procedures;
- national, regional and local economic business conditions and developments that affect the collectability of the portfolio, including the condition of various markets;
- the nature of the loan portfolio, including the terms of the loans;
- the experience, ability and depth of the lending management and other relevant staff;
- the volume and severity of past due and adversely classified or graded loans and the volume of nonaccrual loans;
- the quality of the loan review and process;
- the value of underlying collateral for collateral-dependent loans;
- the existence and effect of any concentrations of credit and changes in the level of such concentrations; and
- the effect of external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio.

The Association's macroeconomic forecast includes a weighted selection of the Moody's baseline, upside 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.

Investments in Debt Securities

The Association holds certain investment securities, as permitted under the FCA regulations. These investments are classified based on management's intention on the date of purchase and are generally recorded in the Consolidated Balance Sheets as securities on the trade date.

Securities for which the Association has the intent and ability to hold to maturity are classified as held-to-maturity (HTM) and carried at amortized cost. Investment securities classified as available-for-sale (AFS) are carried at fair value with net unrealized gains and losses included as a component of Other Comprehensive Income (OCI). Purchase premiums and discounts are amortized or accreted ratably over the term of the respective security using the interest method. The amortization of premiums on certain purchased callable debt securities that have explicit, non-contingent call features and that are callable at fixed prices on preset dates are amortized to the earliest call date.

Other Equity Investments

Any equity securities with a readily determinable fair value are carried at fair value with unrealized gains and losses included in earnings. Equity securities without a readily determinable fair value are carried at cost less any impairment.

The Association holds minority equity interests in a Rural Business Investment Company (RBIC). This investment is carried at cost less any impairment, plus or minus adjustments resulting from any observable price changes.

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.

Allowance for Credit Losses on Investments

Upon adoption of the CECL standard on January 1, 2023, investments held-to-maturity are presented net of an allowance for credit losses on investments. Impairment requiring an allowance for credit losses on investments may result from credit deterioration of the issuer or collateral underlying the security. The Association's portfolio is evaluated quarterly for credit deterioration, and based on that evaluation, determined credit losses to be immaterial for all periods presented. Therefore, no ACL is recorded on the Association's investment portfolio.

Investment Income

Interest on investment securities, including amortization of premiums and accretion of discounts, is included in Interest Income. Realized gains and losses from the sales of investment securities are recognized in current earnings using the specific identification method.

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

- H. **Voluntary Advance Conditional Payments:** The Association is authorized under the Farm Credit Act to accept advance payments from borrowers. To the extent the borrower's access to such advance payments is restricted, the advanced conditional payments are netted against the borrower's related loan balance. Amounts in excess of the related loan balance and amounts to which the borrower has unrestricted access are presented as liabilities in the accompanying Consolidated Balance Sheets. Advanced conditional payments are not insured. Interest is generally paid by the Association on such accounts.

- I. **Employee Benefit Plans:** The Association participates in District and multi-district sponsored benefit plans. These plans may include defined benefit final average pay retirement, defined benefit cash balance retirement, defined benefit other postretirement benefits, and defined contribution plans.

Defined Contribution Plans

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

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

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

Multiemployer Defined Benefit Plans

Substantially all employees hired before January 1, 2009 may participate in the Independent Associations 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 credit worthiness.

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

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

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

Financial Instruments

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

Contracts with Customers

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

Gains and Losses from Nonfinancial Assets

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

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

Lessee

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

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

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

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

Lessor

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

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

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

Note 3 — Loans and Allowance for Credit Losses

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

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

- Real estate mortgage loans — loans made to full-time or part-time farmers secured by first lien real estate mortgages with maturities from five to thirty years. These loans may be made only in amounts up to 85 percent of the appraised value of the property taken as security or up to 97 percent of the appraised value if guaranteed by a federal, state, or other governmental agency. The actual percentage of loan-to-appraised value when loans are made is generally lower than the statutory required percentage.
- Production and intermediate-term loans — loans to full-time or part-time farmers that are not real estate mortgage loans. These loans fund eligible financing needs including operating inputs (such as labor, feed, fertilizer, and repairs), livestock, living expenses, income taxes, machinery or equipment, farm buildings, and other business-related expenses. Production loans may be made on a secured or unsecured basis and are most often made for a period of time that matches the borrower's normal production and marketing cycle, which is typically one year or less. Intermediate-term loans are made for a specific term, generally greater than one year and less than or equal to ten years.
- Loans to cooperatives — loans for any cooperative purpose other than for communication, power, and water and waste disposal.
- Processing and marketing loans — loans for operations to process or market the products produced by a farmer, rancher, or producer or harvester of aquatic products, or by a cooperative.
- Farm-related business loans — loans to eligible borrowers that furnish certain farm-related business services to farmers or ranchers that are directly related to their agricultural production.
- Rural residential real estate loans — loans made to individuals, who are not farmers, to purchase a single-family dwelling that will be the primary residence in open country, which may include a town or village that has a population of not more than 2,500 persons. In addition, the loan may be to remodel, improve, or repair a rural home, or to refinance existing debt. These loans are generally secured by a first lien on the property.
- Communication loans — loans primarily to finance rural communication providers.

- Power loans — loans primarily to finance electric generation, transmission and distribution systems serving rural areas.
- Water and waste disposal loans — loans primarily to finance water and waste disposal systems serving rural areas.
- International loans — primarily loans or credit enhancements to other banks to support the export of U.S. agricultural commodities or supplies. The federal government guarantees a substantial portion of these loans.
- Lease receivables — the net investment for all finance leases such as direct financing leases, leveraged leases, and sales-type leases.
- Other (including Mission Related) — additional investments in rural America approved by the FCA on a program or a case-by-case basis. Examples of such investments include partnerships with agricultural and rural community lenders, investments in rural economic development and infrastructure, and investments in obligations and mortgage securities that increase the availability of affordable housing in rural America.

A summary of loans outstanding at period end follows:

	December 31,		
	2025	2024	2023
Real estate mortgage	\$ 2,017,236	\$ 1,949,163	\$ 1,786,237
Production and intermediate-term	815,097	760,341	693,257
Agribusiness:			
Loans to cooperatives	12,004	11,884	17,211
Processing and marketing	380,581	323,378	223,407
Farm-related business	36,942	40,017	49,391
Rural infrastructure:			
Communication	73,663	50,866	34,484
Power and water/waste disposal	25,980	14,166	4,631
Rural residential real estate	153,178	144,317	135,354
Other:			
International	–	1,035	–
Lease receivables	2,171	2,427	1,265
Other (including Mission Related)	224,004	244,785	233,107
Total loans	<u>\$ 3,740,856</u>	<u>\$ 3,542,379</u>	<u>\$ 3,178,344</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	\$ 58,233	\$ 311,208	\$ 163,096	\$ –	\$ 221,329	\$ 311,208
Production and intermediate-term	62,361	161,633	78,502	–	140,863	161,633
Agribusiness	271,641	58,613	131,619	–	403,260	58,613
Rural infrastructure	100,192	–	–	–	100,192	–
Other	1,719	–	213,296	–	215,015	–
Total	<u>\$ 494,146</u>	<u>\$ 531,454</u>	<u>\$ 586,513</u>	<u>\$ –</u>	<u>\$ 1,080,659</u>	<u>\$ 531,454</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	\$ 53,860	\$ 230,039	\$ 184,199	\$ –	\$ 238,059	\$ 230,039
Production and intermediate-term	47,156	189,195	22,885	–	70,041	189,195
Agribusiness	240,938	56,006	83,244	–	324,182	56,006
Rural infrastructure	65,413	–	–	–	65,413	–
Other	2,922	–	230,688	–	233,610	–
Total	<u>\$ 410,289</u>	<u>\$ 475,240</u>	<u>\$ 521,016</u>	<u>\$ –</u>	<u>\$ 931,305</u>	<u>\$ 475,240</u>

	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	\$ 40,180	\$ 223,853	\$ 142,229	\$ –	\$ 182,409	\$ 223,853
Production and intermediate-term	49,064	170,921	24,162	–	73,226	170,921
Agribusiness	213,684	61,017	1,106	–	214,790	61,017
Rural infrastructure	39,238	–	–	–	39,238	–
Other	630	–	218,293	–	218,923	–
Total	\$ 342,796	\$ 455,791	\$ 385,790	\$ –	\$ 728,586	\$ 455,791

Loan Quality

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

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

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

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

- Acceptable – Assets are expected to be fully collectible and represent the highest quality. In addition, these assets may include loans with properly executed and structured guarantees that might otherwise be classified less favorably.
- Other assets especially mentioned (OAEM) – Assets are currently collectible but exhibit some potential weakness.
- Substandard – Assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – Assets exhibit similar weaknesses to substandard assets. However, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable.
- Loss – Assets are considered uncollectible.

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

	December 31,		
	2025	2024	2023
Real estate mortgage:			
Acceptable	96.19%	97.29%	97.80%
OAEM	1.88	0.98	0.44
Substandard/doubtful/loss	1.93	1.73	1.76
	100.00%	100.00%	100.00%
Production and intermediate-term:			
Acceptable	89.85%	92.79%	96.97%
OAEM	5.85	4.15	1.38
Substandard/doubtful/loss	4.30	3.06	1.65
	100.00%	100.00%	100.00%
Agribusiness:			
Acceptable	92.25%	91.76%	94.15%
OAEM	3.03	5.91	2.51
Substandard/doubtful/loss	4.72	2.33	3.34
	100.00%	100.00%	100.00%
Rural infrastructure:			
Acceptable	100.00%	100.00%	100.00%
OAEM	-	-	-
Substandard/doubtful/loss	-	-	-
	100.00%	100.00%	100.00%
Rural residential real estate:			
Acceptable	97.98%	98.11%	97.62%
OAEM	1.45	1.32	1.65
Substandard/doubtful/loss	0.57	0.57	0.73
	100.00%	100.00%	100.00%
Other:			
Acceptable	100.00%	100.00%	100.00%
OAEM	-	-	-
Substandard/doubtful/loss	-	-	-
	100.00%	100.00%	100.00%
Total loans:			
Acceptable	94.76%	96.01%	97.46%
OAEM	2.70	2.11	0.85
Substandard/doubtful/loss	2.54	1.88	1.69
	100.00%	100.00%	100.00%

Accrued interest receivable on loans of \$55,845, \$51,333, and \$43,882 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	\$ 8,623	\$ 5,845	\$ 14,468	\$ 2,002,768	\$ 2,017,236
Production and intermediate-term	6,304	1,428	7,732	807,365	815,097
Agribusiness	8,165	-	8,165	421,362	429,527
Rural infrastructure	-	-	-	99,643	99,643
Rural residential real estate	609	167	776	152,402	153,178
Other	18,633	13,125	31,758	194,417	226,175
Total	\$ 42,334	\$ 20,565	\$ 62,899	\$ 3,677,957	\$ 3,740,856

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	\$ 16,047	\$ 2,007	\$ 18,054	\$ 1,931,109	\$ 1,949,163	
Production and intermediate-term	3,650	585	4,235	756,106	760,341	
Agribusiness	49	—	49	375,230	375,279	
Rural infrastructure	—	—	—	65,032	65,032	
Rural residential real estate	630	89	719	143,598	144,317	
Other	16,055	—	16,055	232,192	248,247	
Total	\$ 36,431	\$ 2,681	\$ 39,112	\$ 3,503,267	\$ 3,542,379	

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	\$ 21,570	\$ 528	\$ 22,098	\$ 1,764,139	\$ 1,786,237	
Production and intermediate-term	4,597	2,044	6,641	686,615	693,256	
Agribusiness	19	—	19	289,992	290,011	
Rural infrastructure	—	—	—	39,115	39,115	
Rural residential real estate	433	105	538	134,815	135,353	
Other	692	4,316	5,008	229,364	234,372	
Total	\$ 27,311	\$ 6,993	\$ 34,304	\$ 3,144,040	\$ 3,178,344	

Accruing loans greater than 90 days past due as of December 31, 2025, 2024 and 2023 were \$15,804, \$44, and 4,261, respectively.

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

Nonaccrual loans:	December 31, 2025			Interest Income Recognized on Nonaccrual Loans
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2025
	Real estate mortgage	\$ 570	\$ 9,862	\$ 10,432
Production and intermediate-term	2,552	5,423	7,975	156
Agribusiness	—	93	93	2
Rural residential real estate	—	329	329	6
Total	\$ 3,122	\$ 15,707	\$ 18,829	\$ 370

Nonaccrual loans:	December 31, 2024			Interest Income Recognized on Nonaccrual Loans
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2024
	Real estate mortgage	\$ 285	\$ 6,749	\$ 7,034
Production and intermediate-term	1,984	2,240	4,224	372
Rural residential real estate	49	164	213	18
Total	\$ 2,318	\$ 9,153	\$ 11,471	\$ 1,009

Nonaccrual loans:	December 31, 2023			Interest Income Recognized on Nonaccrual Loans
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2023
	Real estate mortgage	\$ —	\$ 896	\$ 896
Production and intermediate-term	1,947	541	2,488	146
Agribusiness	—	840	840	49
Rural residential real estate	—	214	214	13
Total	\$ 1,947	\$ 2,491	\$ 4,438	\$ 260

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	\$ 2,620	\$ 3,709	\$ 2,086	\$ 109	\$ 390	\$ 28	\$ 8,942
Charge-offs	—	(7)	—	—	(26)	—	(33)
Recoveries	—	8	—	—	—	—	8
Provision for credit losses on loans	511	233	1,140	93	107	(9)	2,075
Balance at December 31, 2025	\$ 3,131	\$ 3,943	\$ 3,226	\$ 202	\$ 471	\$ 19	\$ 10,992
Allowance for Unfunded Commitments:							
Balance at December 31, 2024	\$ 30	\$ 359	\$ 158	\$ 15	\$ 9	\$ —	\$ 571
Provision for unfunded commitments	4	58	74	(1)	1	—	136
Balance at December 31, 2025	\$ 34	\$ 417	\$ 232	\$ 14	\$ 10	\$ —	\$ 707
Total allowance for credit losses	\$ 3,165	\$ 4,360	\$ 3,458	\$ 216	\$ 481	\$ 19	\$ 11,699
Allowance for Credit Losses on Loans:							
Balance at December 31, 2023	\$ 2,378	\$ 2,118	\$ 2,162	\$ 64	\$ 379	\$ 14	\$ 7,115
Charge-offs	—	(331)	—	—	—	—	(331)
Recoveries	30	—	—	—	—	—	30
Provision for credit losses on loans	212	1,922	(76)	45	11	14	2,128
Balance at December 31, 2024	\$ 2,620	\$ 3,709	\$ 2,086	\$ 109	\$ 390	\$ 28	\$ 8,942
Allowance for Unfunded Commitments:							
Balance at December 31, 2023	\$ 57	\$ 251	\$ 144	\$ 4	\$ 18	\$ 2	\$ 476
Provision for unfunded commitments	(27)	108	14	11	(9)	(2)	95
Balance at December 31, 2024	\$ 30	\$ 359	\$ 158	\$ 15	\$ 9	\$ —	\$ 571
Total allowance for credit losses	\$ 2,650	\$ 4,068	\$ 2,244	\$ 124	\$ 399	\$ 28	\$ 9,513
Allowance for Credit Losses on Loans:							
Balance at December 31, 2022	\$ 2,048	\$ 3,078	\$ 1,569	\$ 43	\$ 259	\$ 8	\$ 7,005
Cumulative effect of a change in accounting principle	1,542	(1,337)	148	(34)	89	2	410
Balance at January 1, 2023	\$ 3,590	\$ 1,741	\$ 1,717	\$ 9	\$ 348	\$ 10	\$ 7,415
Charge-offs	—	(1,034)	—	—	—	—	(1,034)
Recoveries	—	—	—	—	—	—	—
Provision for credit losses on loans	(1,212)	1,411	445	55	31	4	734
Balance at December 31, 2023	\$ 2,378	\$ 2,118	\$ 2,162	\$ 64	\$ 379	\$ 14	\$ 7,115
Allowance for Unfunded Commitments:							
Balance at December 31, 2022	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cumulative effect of a change in accounting principle	74	275	157	4	18	2	530
Balance at January 1, 2023	\$ 74	\$ 275	\$ 157	\$ 4	\$ 18	\$ 2	\$ 530
Provision for unfunded commitments	(17)	(24)	(14)	—	—	1	(54)
Balance at December 31, 2023	\$ 57	\$ 251	\$ 143	\$ 4	\$ 18	\$ 3	\$ 476
Total allowance for credit losses	\$ 2,435	\$ 2,369	\$ 2,305	\$ 68	\$ 397	\$ 17	\$ 7,591

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 \$6,123 at December 31, 2023. Such loans are carried at the lower of cost or fair value.

Note 4 — Investments

Investments in Debt Securities

The Association’s investments consist of asset-backed securities (ABSs). These ABSs are issued through the Small Business Administration and are guaranteed by the full faith and credit of the United States government. They are held for managing overall risk including concentration through diversification. These securities meet the applicable FCA regulatory guidelines related to government agency guaranteed investments.

The Association’s investments also consist 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 probability of default scale used to also grade loans, falls below 9. The FCA 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 December 31, 2025, the Association held no RABs whose credit quality had deteriorated beyond the program limits.

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

December 31, 2025					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
RABs	\$ 2,565	\$ –	\$ (184)	\$ 2,381	5.76%
ABSs	79,074	812	(54)	79,832	7.50%
Total	\$ 81,639	\$ 812	\$ (238)	\$ 82,213	7.45%

December 31, 2024					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
RABs	\$ 5,213	\$ 208	\$ (321)	\$ 5,100	7.96%
ABSs	58,468	560	(102)	58,926	8.87%
Total	\$ 63,681	\$ 768	\$ (423)	\$ 64,026	8.79%

December 31, 2023					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
RABs	\$ 5,289	\$ 192	\$ (290)	\$ 5,191	7.93%
ABSs	7,133	129	(1)	7,261	11.08%
Total	\$ 12,422	\$ 321	\$ (291)	\$ 12,452	9.74%

A summary of the contractual maturity, amortized cost and estimated fair value of investment securities held-to-maturity follows:

December 31, 2025			
	Amortized Cost	Fair Value	Weighted Average Yield
In one year or less	\$ 8,612	\$ 8,677	8.33%
After one year through five years	33,874	34,241	7.42
After five years through ten years	29,700	30,023	7.61
After ten years	9,453	9,273	6.22
Total	\$ 81,639	\$ 82,214	7.45%

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, and is not likely 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 ACL for debt securities. At December 31, 2025, 2024, and 2023, the Association does not consider any credit-related unrealized losses to be material and an allowance for credit losses on investments is not necessary.

Equity Investments in Other Farm Credit Institutions

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

The Association is required to maintain ownership in the Bank in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association’s investment in the Bank totaled \$69,235 for 2025, \$54,411 for 2024, and \$49,388 for 2023. The Association owned 10.06 percent of the issued stock and allocated retained earnings of the Bank as of December 31, 2025 net of any reciprocal investment. As of that date, the Bank’s assets totaled \$50.2 billion and shareholders’ equity totaled \$2.1 billion. The Bank’s earnings were \$279 million for 2025. In addition, the Association had investments of \$5,413 related to other Farm Credit institutions at December 31, 2025.

Note 5 — Premises and Equipment

Premises and equipment consists of the following:

	December 31,		
	2025	2024	2023
Land	\$ 1,291	\$ 1,312	\$ 1,307
Buildings and improvements	10,567	10,613	10,067
Furniture and equipment	2,255	1,808	1,788
Total cost	14,113	13,733	13,162
Less: accumulated depreciation	6,746	6,510	6,066
Total	<u>\$ 7,367</u>	<u>\$ 7,223</u>	<u>\$ 7,096</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	\$ 3,590,000	\$ 3,261,000	\$ 2,850,100
Outstanding principal under the line of credit	3,340,030	3,146,165	2,763,385
Interest rate	3.91%	3.84%	3.61%

Note 7 — Members’ Equity

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

- A. **Capital Stock and Participation Certificates:** In accordance with the Farm Credit Act and the Association’s capitalization bylaws, each borrower is required to invest in Class C stock for agricultural loans or participation certificates in the case of rural home and farm-related business loans, as a condition of borrowing. The initial borrower investment, through either purchase or transfer, must be in an amount equal to 2 percent of the member’s outstanding principal balance or \$1 thousand,

whichever is less. The Board of Directors may increase the amount of investment if necessary to meet the Association’s capital needs. Loans designated for sale or sold into the Secondary Market on or after January 30, 1997 will have no voting stock or participation certificate purchase requirement if sold within 180 days following the date of designation.

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

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

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

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

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

- The CET1 capital ratio is the sum of statutory minimum purchased borrower stock, other required borrower stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to 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 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:

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%	18.23%	18.22%	18.42%
Tier 1 Capital	6.0%	2.5%	8.5%	18.23%	18.22%	18.42%
Total Capital	8.0%	2.5%	10.5%	18.63%	18.54%	18.78%
Permanent Capital	7.0%	0.0%	7.0%	18.48%	18.48%	18.74%
Non-risk-adjusted ratios						
Tier 1 Leverage*	4.0%	1.0%	5.0%	13.67%	13.99%	14.39%
URE and UREE Leverage	1.5%	0.0%	1.5%	13.44%	13.75%	14.13%

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

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

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

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

Class	Protected	Shares Outstanding	
		Number	Aggregate Par Value
A preferred/nonvoting	No	1,041,805	\$ 5,209
C common/voting	No	1,431,385	7,157
C participation certificates/nonvoting	No	261,428	1,307
Total capital stock and participation certificates		2,734,618	\$ 13,673

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 Board determines the minimum aggregate amount of these two accounts. 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 accounts in such amounts as may be determined necessary by the Board. Unallocated retained earnings are maintained for each borrower to permit liquidation on a patronage basis.

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

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

Allocated equities shall be retired solely at the discretion of the Board, provided that minimum capital standards established by the FCA and the Board are met. Nonqualified retained surplus is considered to be permanently invested in the Association and as such, there is no plan to revolve or retire this surplus. All nonqualified distributions are tax deductible only when redeemed.

At December 31, 2025, allocated members’ equity consisted of \$424,871 of nonqualified retained surplus.

Dividends

The Association may declare dividends on its capital stock and participation certificates. Dividend declaration, dividend rates, and method of payment are at the discretion of the Board in accordance with the Association’s bylaws.

Dividends may not be declared if, after recording the liability, the Association would not meet its capital adequacy standards. The Association declared dividends for each 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 the Board approves another proportionate patronage basis.

If the Association meets its capital adequacy standards after making the patronage distributions, the patronage distributions may be in cash, authorized stock of the Association, allocations of earnings retained in an allocated members’ equity account, or any one or more of such forms of distribution. Patronage distributions of the Association’s earnings may be paid on either

a qualified or nonqualified basis, or a combination of both, as determined by the Board. A minimum of 20 percent of the total qualified patronage distribution to any borrower for any fiscal year shall always be paid in cash.

Transfer

Class A Preferred Stock, Class B Common Stock, Class C Common Stock, and 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 B Common Stock, Class C Common Stock, and Participation Certificates
2. Class A 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 consistent with the Association's bylaws and pro rata to the holders of the outstanding stock and participation certificates in the following order:

1. Class A Preferred Stock
2. Class B Common Stock, Class C Common Stock, and Participation Certificates
3. Allocated surplus evidenced by qualified written notices of allocation on the basis of oldest allocations first
4. Allocated surplus evidenced by nonqualified notices of allocation on the basis of oldest allocations first
5. Unallocated surplus accrued after March 31, 1997 on a patronage basis
6. Any remaining assets of the Association after such distribution 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					
	Fair Value Measurement Using					Total Fair Value
	Level 1	Level 2	Level 3			
	Level 1	Level 2	Level 3	Level 3	Level 3	
Recurring assets						
Assets held in trust funds	\$ 3,764	\$ —	\$ —	\$ —	\$ —	\$ 3,764
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ —	\$ 1,143	\$ —	\$ 1,143
Other property owned	\$ —	\$ —	\$ —	\$ 169	\$ —	\$ 169
Other equity investments	\$ —	\$ —	\$ —	\$ 11,068	\$ —	\$ 11,068

	December 31, 2024					
	Fair Value Measurement Using					Total Fair Value
	Level 1	Level 2	Level 3			
	Level 1	Level 2	Level 3	Level 3	Level 3	
Recurring assets						
Assets held in trust funds	\$ 3,086	\$ —	\$ —	\$ —	\$ —	\$ 3,086
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ —	\$ 438	\$ —	\$ 438
Other property owned	\$ —	\$ —	\$ —	\$ 486	\$ —	\$ 486
Other equity investments	\$ —	\$ —	\$ —	\$ 7,921	\$ —	\$ 7,921

	December 31, 2023					
	Fair Value Measurement Using					Total Fair Value
	Level 1	Level 2	Level 3			
Recurring assets						
Assets held in trust funds	\$ 1,926	\$ —	\$ —	\$ —	\$ —	\$ 1,926
Nonrecurring assets						
Nonaccrual loans	\$ —	\$ —	\$ —	\$ 1,422	\$ —	\$ 1,422
Other property owned	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other equity investments	\$ —	\$ —	\$ —	\$ 5,265	\$ —	\$ 5,265

Valuation Techniques

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

Assets held in trust funds

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

Nonaccrual loans

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

Other property owned

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

Other equity investments

There are no observable market values for the Association's Rural Business Investment Company (RBIC) investments. These investments are measured at cost, adjusted for any observable sales and impairment.

Note 9 — Employee Benefit Plans

The Association participates in three Association sponsored qualified benefit plans. These plans include a multiemployer defined benefit pension plan, the Independent Associations Retirement Plan, which is a final average pay plan (IAR 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 IAR Plan covers employees hired prior to January 1, 2009 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. IAR Plan expenses included in employee benefit costs on the Association's Consolidated Statements of Comprehensive Income were \$449 for 2025, \$611 for 2024, and \$837 for 2023. At December 31, 2025, 2024, and 2023, the total liability balance for the IAR Plan presented in the District Combined Balance Sheets was \$2,623, \$6,251, and \$7,993, respectively. The IAR Plan was 94.72 percent, 88.67 percent, and 86.62 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 \$348 for 2025, \$347 for 2024, and \$295 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. This 401(k) plan requires the Association to match 100 percent of employee optional contributions up to a maximum employee contribution of 6 percent of total compensation. Employee deferrals are not to exceed the maximum deferral as adjusted by the Internal Revenue Service. The 401(k) Plan costs are expensed as funded. Employer contributions to this plan included in salaries and employee benefit costs were \$1,232, \$1,332, and \$1,139 for the years ended December 31, 2025, 2024, and 2023, respectively. Contributions include an additional 3 percent of eligible compensation for participants hired after December 31, 2008.

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

In addition to the multiemployer plans above, the Association offers a Farm Credit Benefits Alliance Nonqualified Supplemental 401(k) plan for employees that meet certain eligibility requirements. The related liabilities are included in the Association's Consolidated Balance Sheets in Other Liabilities. At December 31, 2025, 2024, and 2023, the Association had a liability related with this plan of \$3,788, \$3,104, and \$1,947 included in Other Liabilities on the Consolidated Balance Sheets. Employer contributions to this plan were \$398, \$672, and \$600 for 2025, 2024, and 2023, respectively. Expenses of the nonqualified 401(k) plan included in noninterest expenses were \$24, \$19, and \$21 for 2025, 2024, and 2023, respectively. There are no off-balance sheet amounts, including benefits earned but not vested.

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 \$22,424. During 2025, \$12,494 of new loans were made and repayments totaled \$12,687. In addition, net loans of \$517 were no longer classified as related party loans. In the opinion of management, none of these loans outstanding at December 31, 2025 involved more than a normal risk of collectability.

Note 11 — Commitments and Contingencies

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

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

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

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the Consolidated Balance Sheets until funded or drawn upon. The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers and management applies the same credit policies to these commitments. Upon fully funding a commitment, the credit risk amounts are equal to the contract amounts, assuming that borrowers fail completely to meet their obligations and the collateral or other security is of no value. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. At December 31, 2025, \$550,472 of commitments to extend credit and no commercial letters of credit were outstanding. A reserve for unfunded commitments of \$707 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 \$14,931 with expiration dates ranging from August 1, 2025 to May 1, 2033. The maximum potential amount of future payments that may be required under these guarantees was \$14,931.

Note 12 — Income Taxes

The provision (benefit) for income taxes follows:

	Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ 64	\$ 18	\$ 37
State	—	—	—
	64	18	37
Deferred:			
Total provision for income taxes	\$ 64	\$ 18	\$ 37

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	\$ 15,056	\$ 15,207	\$ 12,795
State tax, net	—	—	—
Patronage distributions	(5,626)	(5,460)	(5,445)
Tax-exempt FLCA earnings	(9,762)	(10,579)	(7,643)
Change in deferred tax asset valuation allowance	358	873	255
Impact of tax reform	—	—	—
Other	38	(23)	75
Provision for income taxes	\$ 64	\$ 18	\$ 37

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

	December 31,		
	2025	2024	2023
Deferred income tax assets:			
Allowance for credit losses	\$ 1,005	\$ 904	\$ 398
Annual leave	327	307	251
Nonaccrual loan interest	163	37	63
Pensions and other postretirement benefits	791	648	405
Other	88	120	26
Gross deferred tax assets	2,374	2,016	1,143
Less: valuation allowance	(1,835)	(1,477)	(604)
Gross deferred tax assets, net of valuation allowance	539	539	539
Deferred income tax liabilities:			
Special patronage	(539)	(539)	(539)
Other	—	—	—
Gross deferred tax liability	(539)	(539)	(539)
Net deferred tax asset	\$ —	\$ —	\$ —

The Association recorded a valuation allowance of \$1,835, \$1,477, and \$604 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	\$ 22,735	\$ 22,550	\$ 22,907	\$ 23,736	\$ 91,928
Provision for (reversal of) allowance for credit losses	950	1,310	(597)	548	2,211
Noninterest income (expense), net	(4,485)	(4,303)	(4,519)	(4,777)	(18,084)
Net income	\$ 17,300	\$ 16,937	\$ 18,985	\$ 18,411	\$ 71,633

	2024				
	First	Second	Third	Fourth	Total
Net interest income	\$ 21,760	\$ 20,542	\$ 22,260	\$ 22,292	\$ 86,854
Provision for (reversal of) allowance for credit losses	645	237	266	1,076	2,224
Noninterest income (expense), net	(2,628)	(1,641)	(4,582)	(3,384)	(12,235)
Net income	\$ 18,487	\$ 18,664	\$ 17,412	\$ 17,832	\$ 72,395

	2023				
	First	Second	Third	Fourth	Total
Net interest income	\$ 16,765	\$ 16,771	\$ 16,684	\$ 17,850	\$ 68,070
Provision for (reversal of) allowance for credit losses	(268)	(109)	1,340	(282)	681
Noninterest income (expense), net	(2,423)	(1,080)	(1,288)	(1,708)	(6,499)
Net income	\$ 14,610	\$ 15,800	\$ 14,056	\$ 16,424	\$ 60,890

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.

OUR *Vision*

We inspire growth in agriculture and our rural communities.

MISSION *Statement*

We create lifelong opportunities for our customers and employees by striving to be the premier cooperative lender and employer in our rural communities.

OFFICE *Locations*

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