Quarterly Report to Shareholders

American AgCredit

Your future grows here

as of June 30, 2026

Management's Discussion and Analysis

The following discussion summarizes the financial position and results of operations of American AgCredit, ACA and its subsidiaries (collectively "the Association") as of the second quarter of 2026. This commentary should be read with the accompanying consolidated financial statements and the related notes appearing in this report along with our 2025 Annual Report. The discussion includes significant known trends, commitments, events, or uncertainties that have impacted or are reasonably likely to impact our financial condition and results of operations. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of our Board of Directors.

Our annual and quarterly reports to shareholders are available on our website, www.agloan.com, or can be obtained free of charge by calling our corporate headquarters at (800) 800-4865. Additionally, the financial condition and results of operations of CoBank, ACB (CoBank), our funding bank, materially affect the risk associated with shareholder investments in American AgCredit. Shareholders of American AgCredit may obtain copies of CoBank's Quarterly or Annual Report to Shareholders free of charge by accessing CoBank's website, www.CoBank.com, calling (800) 542-8072, or mailing CoBank at 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111.

As a cooperative, the voting stock of American AgCredit is owned by the members we serve. Our territory extends across a diverse agricultural region that includes parts of California, Colorado, Kansas, and Oklahoma, as well as the states of Hawaii, Nevada, and New Mexico.

Notice of Significant or Material Events

As previously disclosed in a letter to stockholders, in June of this year the Association discovered certain errors in the stockholder lists used for the mailing of the Association's 2026 Annual Meeting Information Statement, the 2025 Annual Report, and the ballots for the election of directors and nominating committee members. Specifically, the lists omitted certain categories of stockholders and included certain former borrowers. The Association promptly disclosed this matter to the Farm Credit Administration, and a determination was made to void the original 2026 director election. All ballots submitted in that election were declared to be void.

The Association undertook an extensive review of the root causes of all errors in the stockholder lists. The Association is in the process of remediating these errors to ensure the accuracy of future stockholder lists. The Association is preparing to conduct a new 2026 election for directors and nominating committee members utilizing stockholder lists that have been determined to be complete and accurate. Following the election process, the tabulation of the ballots is scheduled to be complete in November 2026, after which the Association will announce the election results. In addition, the Association will mail the 2025 Annual Report to those stockholders who were excluded from the original distribution. This matter did not impact the Association's day-to-day operations or affect its financial reporting, loan accounting, regulatory capital or patronage calculations.

Forward Looking Statements

Any forward-looking statements in this report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2025 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Economic Overview

Entering the second quarter of 2026, inflation remained elevated, largely driven by a surge in energy prices linked to the conflict with Iran. However, inflation moderated in June as energy prices declined. The annual Consumer Price Index (CPI) rate eased to 3.5% following the July CPI release, down from 4.2% in May, marking the first decline in five months. Meanwhile, the core Personal Consumption Expenditures price index, the Federal Reserve's preferred inflation measure that excludes volatile food and energy prices, increased 3.3% year over year in June, a slight decrease from 3.4% in May. The Federal Reserve held rates steady at its July Federal Open Market Committee meeting, the second under new Chair Kevin Warsh. Although the leadership transition initially fueled expectations for rate cuts, the economic landscape of 2026 shifted, as persistent inflation and a stable labor market have pushed market expectations toward a prolonged pause or possibly

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higher interest rates. The June Summary of Economic Projections reflected the same sentiment. The Federal Reserve now anticipates a 25-basis point increase in rates in 2026, compared with March, when the expectation was for a 25-basis point cut.

The conflict in the Middle East and the temporary closure of the Strait of Hormuz, a key shipping corridor for global oil exports, raised concerns about global oil supply disruptions and contributed to higher oil and fuel costs during the second quarter. Brent crude oil, the primary international benchmark for oil prices, averaged $117.29 per barrel in April and $107.14 in May, before declining to $86.11 in June as tensions eased and shipping activity normalized. While oil and gas prices remained below the peak levels reached during the height of the conflict, prices increased during July amid continued geopolitical uncertainty. As a result, energy markets remain sensitive to developments in the region, which could result in renewed price volatility.

According to the Bureau of Economic Analysis' estimate released in July, U.S. gross domestic product (GDP) increased at an annualized rate of 1.5% in the second quarter of 2026, a slowdown from 2.1% in the first quarter of 2026. Although overall economic growth moderated, consumer spending, the largest driver of economic growth, accelerated to 3.2% in the second quarter from 0.5% in the first quarter. Business investment remained strong, particularly in the information technology sector, as companies continued to invest in artificial intelligence. Despite this continued growth, the labor market presented a mixed picture. Job growth slowed in June, with employers adding only 57,000 jobs after considerably larger gains in April and May. The unemployment rate remained relatively stable throughout the second quarter, ending June at 4.2%. However, this stability masked underlying pressure on consumers. Wage growth remained modest, with average hourly earnings increasing about 3.5% year-over-year in June, limiting improvements in household purchasing power despite a relatively stable job market. These pressures were also evident in household balance sheets. The personal savings rate decreased slightly to 2.7% in June 2026, from 3.0% in May, consistent with continued strength in consumer spending. Meanwhile, although the share of credit card loans transitioning into delinquency declined slightly, overall delinquency rates remained elevated. Despite these mixed signals, the U.S. economy continues to demonstrate resilience, supported by moderate growth and a stable labor market, though some consumers continue to feel pressure at the margins.

In November 2025, during the federal government shutdown, Congress passed the Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026, which extended authorities under the Agricultural Improvement Act of 2018 (the "2018 Farm Bill"), through September 30, 2026, providing continued authorization for key agricultural and nutrition programs while Congress continues to work toward a comprehensive reauthorization. In April 2026, the U.S. House of Representatives passed its version of the Farm Bill, and the Senate Agriculture Committee subsequently released its draft proposal in June 2026. Congressional negotiations are ongoing to resolve differences between the two versions before final legislation can be enacted. The One Big Beautiful Bill Act, signed into law on July 4, 2025, included updates to certain commodity programs, with certain authorizations extending beyond the baseline Farm Bill authorities established under the 2018 Farm Bill and its subsequent extensions. Among other changes, the legislation increased statutory reference prices for covered commodities by approximately 10% to 41%, representing the most significant adjustment to reference prices since 2002.

Commodity Review and Outlook

The Association's commodity portfolio remains well-diversified. Beef leads our commodity portfolio at 15.05% (as a percent of total principal) followed by vineyards/wineries at 14.57%, tree fruits/nuts at 12.86%, field crops at 11.54%, dairies at 10.09%, and forest products at 6.98%. The top six commodities make up 71.09% of the total portfolio with the remaining 28.91% spread over multiple additional commodities.

Following is a summary of economic conditions among the Association's significant commodities:

- **Beef:** The U.S. cattle and beef industry inventory remains historically tight, with meaningful beef cow herd expansion still delayed despite record-high cattle prices. As reported by the United States Department of Agriculture's National Agricultural Statistics Service, the U.S. beef cow herd totaled 27.6 million head on January 1, 2026, down 1.1% from a year earlier and well below the 2019 cycle peak. Lower cow slaughter has slowed herd liquidation, but it has not been enough to offset weak replacement heifer retention. High calf prices, drought in some areas, elevated replacement cow and heifer costs, higher interest rates, labor constraints, and an aging producer base continue to discourage herd rebuilding. Weather remains one of the most important variables

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influencing the cattle cycle. During the second quarter of 2026, drought and abnormally dry conditions affected nearly 75% of the beef cow herd and limited forage availability across major cattle-producing regions, including portions of Texas, Oklahoma, and the broader Great Plains. As a result, many ranchers remained focused on strengthening balance sheets, rebuilding hay reserves, and selling high-value heifer calves rather than retaining replacement heifers for herd expansion. Consequently, large-scale heifer retention and meaningful herd growth are likely to remain delayed until late 2026. Persistent New World screwworm concerns in Mexico have compounded existing supply constraints in the cattle market. Intermittent U.S.-Mexico border closures since May 2025 have reduced Mexican cattle imports, tightening feeder cattle availability and increasing competition for U.S. born calves. The emergence of New World screwworm in the United States has added a new supply-side risk to an already tight cattle market. As a result, stocker and feeder cattle prices have risen to record levels amid historically limited supplies. Fed cattle supplies continue to tighten, as reduced placements and slower marketings limit slaughter volumes. U.S. cattle slaughter declined in 2025 and has fallen further during the first half of 2026, supporting record fed cattle prices and boxed beef values. Despite some improvement from earlier losses, packer margins remain under pressure as the industry adjusts processing capacity to a smaller cattle supply base. With beef demand remaining resilient, restricted supplies, delayed expansion, and tighter feeder availability, industry participants expect calf prices to remain near record highs through the second half of 2026. Operating conditions in the beef sector remain favorable, as historically tight cattle supplies, record calf and fed cattle prices, and resilient beef demand continue to support producer cash flow despite elevated costs, drought pressures, and delayed herd expansion.

- **Vineyards and wineries:** Wineries and wine grape growers continue to face a challenging market environment, as the multiyear slump in wine sales and grape demand shows little sign of improvement in first half of 2026. NielsenIQ, a global consumer intelligence and market research company, indicated that wine sales through retail channels such as grocery stores, liquor stores, and other outlets fell 3% in value and 4% in volume during the first five months of 2026 compared with the same period last year. Distributor depletion data suggests that on-premise wine sales may be holding up better. Direct-to-consumer revenue for Community Benchmark participants was down just 1% over the same period, though the number of tasting room visitors and wine club members continues to decline. Export markets also showed few signs of recovery during the second quarter. Wine exports were down 20% in value and 16% in volume during the first four months of 2026 compared with the same period a year ago. Softening wine sales and elevated wine inventories continue to depress grape demand. Contracting activity has been slow, and uncontracted grapes remain plentiful as harvest season approaches. Nonetheless, there is likely to be a smaller grape surplus this year due to vineyard removals and growers temporarily taking vineyards out of production, as well as potentially lower yields resulting from volatile spring weather conditions. Vineyard values continue to decline across California, though the market remains bifurcated, with performance varying significantly by property quality and location. Values have held up best for high-end properties in prime wine growing regions. Conversely, demand is almost nonexistent for vineyards in outlying locations, those in need of replanting, or those lacking strong grape contracts. Overall, challenging operating conditions in the vineyard and winery sector are expected to continue to pressure revenues, asset values, and liquidity, particularly for growers and operators with weaker grape contracts, higher inventory exposure, or vineyards in less desirable locations. Meaningful improvement will likely depend on a combination of the recovery in consumer demand and continued supply adjustments.

- **Tree fruit and nuts:** The 2025 almond crop came in lower than the USDA forecast but was generally in line with industry expectations. Shipments have been driven by export demand, with exports up 2% year-to-date, while domestic movement remains lower than the prior year. One moderating factor for future production is bearing acreage, which began to decline in 2026, according to Land IQ. Almond prices have continued to increase modestly; however, grower margins remain under pressure due to rising production costs. The 2025 walnut crop exceeded expectations, reaching more than 809,000 inshell tons, the second largest crop on record. Shipments are up compared to last year, supported by a combination of stable demand and elevated supply. While a forecast for the 2026 crop has not yet been released, favorable growing conditions could support elevated yields. Similar to almonds, bearing walnut acreage continues to trend downward, with yields driving the recent increase in production. Although spot prices have softened during the year, much of the crop was sold at higher prices, supporting grower profitability. The 2025 pistachio crop was the largest on record at 1.6 billion pounds, a 484% increase from levels recorded 10 years prior. Demand has remained strong, with flavored kernels and the Dubai chocolate phenomenon driving new avenues of growth. Pistachio shipments have continued to grow across all major sales channels, with both domestic and export markets contributing to overall volume growth. The 2026 crop is expected to be significantly smaller due to elevated temperatures during the bloom period. Pistachio prices remain strong, making the crop one of the few permanent plantings that has remained profitable in recent years. Operating conditions across the tree fruit and nuts sector remain generally favorable in the near term, supported by strengthening almond market fundamentals, strong walnut shipment activity, declining walnut bearing acreage that may support longer-term supply and demand balance, and continued strong pistachio demand and pricing, all of which are helping support borrower revenues, cash flow, and overall operating performance.

- **Field crops:** Corn markets remained relatively resilient during the second quarter of 2026, supported by strong domestic demand from feed, ethanol, and export markets, along with the USDA forecasts that corn acreage would decline 3.5% from 2025 levels. While geopolitical tensions and expectations of increased Chinese demand initially drove corn prices higher, the absence of confirmed Chinese purchases, easing global uncertainty, and favorable U.S. growing conditions caused prices to retreat and stabilize by quarter-end. In soybeans, U.S. exports remained at their lowest level in 13 years due to weaker demand from China, although record domestic crushing activity helped offset a portion of the decline. Higher soybean acreage, ample global supplies led by Brazil, and ongoing uncertainty surrounding Chinese purchases of the new crop continue to weigh on market sentiment despite support from stronger biofuel demand and improved crush margins. Wheat markets faced additional challenges during the quarter as winter wheat conditions weakened significantly, particularly for hard red winter wheat, prompting the USDA to lower its production outlook. While declining global production and tighter ending stocks may provide some support for wheat prices, futures markets remained volatile and ended the quarter below their starting levels. Weather conditions remained mixed across key production regions, with drought and abnormally dry conditions persisting in portions of the great plains and western corn belt. Limited irrigation water supplies in certain regions also continue to pose a risk to yield potential and production outcomes as the growing season progresses. Looking ahead, uncertainty surrounding global trade, geopolitical developments, input costs, and export demand continues to contribute to commodity price volatility and fluctuations in expected farm profitability. Government support programs continue to provide some financial benefit to producers; however, the timing and extent of future assistance remains uncertain. Overall, while strong domestic demand and government support programs provide some stability, the outlook for the field crops sector remains influenced by weather conditions, global trade uncertainty, and commodity price volatility.

- **Dairies:** During the first half of 2026, U.S. milk production increased 2.8% year over year through May, driven by an expanding milk cow herd that reached 9.67 million head, up 184,000 from a year earlier. The growth in milk supplies has weighed on dairy commodity prices, particularly cheese and butter. At the same time, extraordinary demand for protein drove high-protein whey concentrate prices higher. Prices for dry whey, which are used in milk pricing formulas, continue to be supported by the wider protein trend, but to a lesser degree. Nonfat dry milk experienced a dramatic climb from below $1.20 per pound at the start of the year to nearly $2.30 per pound on the CME spot market in May. The jump was fueled by strong demand for high-protein dairy products such as cottage cheese and yogurt, but as of June, the nonfat dry milk price declined rapidly after finding itself high above competing global prices. While temporary, the price spike significantly boosted Class IV milk prices and offered opportunities to lock in favorable insurance or hedging positions for many producers. Dairy exports also expanded during the first half of the year, particularly for cheese and butter, providing an important outlet for increased milk production. Although, overall milk prices trended lower and demonstrated greater volatility than in recent years, strong beef revenues, relatively low feed costs, and risk management programs continue to support producer profitability.

- **Forest products:** Halfway through the year, the broader macroeconomic backdrop remains challenging for the forest products sector. Real wages and real disposable income have weakened because of rising inflation, limiting consumer purchasing power and weighing on demand for construction. The National Association of Home Builders Housing Market Index, a monthly measure of U.S. homebuilder confidence in the market for newly built single-family homes, fell from 36 in June to 34 in July, reflecting subdued builder confidence and continued pressure on construction activity. Total U.S. construction spending declined year over year for a nineteenth consecutive month, while housing starts remained well below their 2022 peak. Despite these headwinds, lumber markets showed signs of price stabilization during the second quarter. Lumber prices averaged $486 per thousand board feet, up 11.8% from the first quarter, as widespread North American mill curtailments and closures tightened supply and brought markets closer to balance. Prices improved to near or slightly above break-even levels for many producers. Panel markets also strengthened, with the structural panel composite averaging $483 per thousand square feet during the second quarter, a 6.2% increase from the first quarter, although still approximately 30% below the five-year average. The pulp and paper sector also exhibited early signs of cyclical recovery. Packaging remained the primary source of demand growth, while graphic paper markets continued their decline and tissue fundamentals remained generally stable, supported by relatively low pulp costs. However, pulp price volatility increased during the first half of the year, leading to price increases in some grades, especially containerboard. As a result, profitability improved for some producers, although gains remained uneven and continued to depend on cost management, supply chain optimization, and mill efficiency. Timberland activity remained subdued in the second quarter, with no known active listings' closing and only smaller properties in the U.S. entering the market. Nevertheless, competition for high-quality timberland remained firm, supported by private market transactions, growing interest in non-timber revenue opportunities, and continued participation through foreign investment. Current conditions are resulting in mixed financial performance, with improving lumber, panel, and pulp markets supporting revenues and cash flow across some segments, while weak construction activity and housing demand continue to pressure operating results in others.

Loan Portfolio

The total loan and lease balance was $22.0 billion at June 30, 2026, a decrease of $279.7 million from $22.3 billion at December 31, 2025. This decrease was due to loan repayments, partially offset by new loan originations, and loans purchased from other institutions during the normal course of business. On a year-over-year basis, loans increased by $455.2 million when compared to $21.6 million at June 30, 2025, resulting in a growth rate of 1.85%. Credit quality, calculated based on principal and interest balances, was 93.40% as of June 30, 2026, compared to 94.58% as of December 31, 2025. The slight decrease was primarily driven by the negative impact of ongoing inflationary pressures, including elevated input costs and interest rates, along with market headwinds previously noted within the Commodity Review and Outlook section above. Credit quality is a measurement of loans classified as either "Acceptable" or "Other Assets Especially Mentioned" divided by total loans under Farm Credit Administration's Uniform Classification System.

In addition to the $22.0 billion of loans and leases reported on our balance sheet, we serviced an additional $12.8 billion of loans and syndicated balances for other institutions as of June 30, 2026, compared to $12.4 billion at December 31, 2025.

Nonaccrual Loans

Nonaccrual loans increased by $36.6 million to $471.9 million at June 30, 2026, compared to $435.3 million at December 31, 2025. The change in nonaccrual loans was primarily driven by transfers to nonaccrual status of $144.6 million and disbursements on nonaccrual loans of $16.5 million, partially offset by repayments of $89.6 million, charge-offs of $31.4 million, and $3.4 million of loans that were reinstated to accrual status, and $0.1 million of loans closed and transferred to other property owned.

During the first half of the year, nonaccrual loan activity was concentrated in the wine grapes and wine commodity sector. This activity was partially offset by repayments in the dairy and tree fruit and nuts commodities, as well as loans reinstated to accrual status. Nonaccrual loan volume continues to reflect profitability challenges and elevated adversity, as noted above, within certain sectors of the Association's portfolio. Nonaccrual loans, as a percent of total principal, represented 2.14% of total loan volume at June 30, 2026, and 1.95% at December 31, 2025.

Allowance for Credit Losses

The allowance for credit losses (ACL) represents the estimated current expected credit losses (CECL) over the remaining estimated life of financial assets measured at amortized cost and certain off-balance sheet credit exposures. The ACL is comprised of the allowance for credit losses on loans (ACLL) and the reserve for unfunded commitments. Management evaluates the appropriate level of allowance for loan losses on a quarterly basis based on a periodic evaluation of factors that include loan loss history, portfolio quality, estimated collateral values, current market conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The total allowance for credit losses was $110.5 million at June 30, 2026, which included a $106.8 million allowance for loan losses and a $3.7 million reserve for unfunded commitments. Total allowance for credit losses at December 31, 2025, was $91.8 million, which included $87.5 million allowance for loan losses and $4.3 million reserve for unfunded commitments.

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Financial Condition and Results of Operations

Net income for the six months ended June 30, 2026, was $240.0 million compared to $213.6 million for the same period last year, an increase of $26.4 million. The change in net income was primarily due to the following reasons:

- Net interest income increased by $21.2 million year-over-year primarily due to a decrease in interest expense on notes payable to CoBank of $37.2 million caused by lower average interest rates and lower outstanding balances during the period, additional interest income recovered on nonaccrual loan volume in the amount of $3.8 million, a $2.3 million increase in interest income from investment securities, and a $1.1 million decrease in Funds Held interest expense, which more than offset the $23.2 million decrease in interest income from accrual loan volume. The Association's weighted average interest rate on interest-bearing liabilities was 3.40% and 3.85% as of June 30, 2026, and 2025, respectively. Net interest margin was 2.93% as of June 30, 2026, and 2.82% as of June 30, 2025.
- The Association recorded a provision for credit losses of $44.0 million through June 30, 2026, compared to $53.3 million for the same period in 2025, a decrease of $9.3 million. The lower provision was primarily driven by reduced net charge-offs and a more moderate increase in the allowance for credit losses compared to the prior year period. While certain sectors of the loan portfolio continue to experience pressure from commodity market conditions, the rate of credit quality deterioration has slowed, and operating conditions in several key commodities have stabilized. As a result, the growth in the allowance for credit losses was lower than the increase recorded during the same period in 2025, contributing to the year-over-year decline in provision expense.
- Non-interest income remained relatively unchanged year-over-year.
- Overall, non-interest operating expenses increased by $4.0 million compared to the same period last year. The increase was primarily due to higher employee salaries, an increase in employee benefit costs, and an increase in purchased services and technology expenses driven by the Association's strategic initiatives.
- FCSIC insurance, a component of non-interest operating expense, increased by $122 thousand when compared to June 2025. The FCSIC board voted to leave the insurance premium assessment accrual rate on accrual and nonaccrual volume on adjusted insured debt at 10 basis points for 2026, the same premium rate as in 2025.

The major components of change in net income are summarized as follows (dollars in thousands):

	For the Six Months Ended		Increase (Decrease) in
	June 30, 2026	June 30, 2025	Net Income
Net interest income	$325,809	$304,642	$21,167
Provision for credit losses	(43,991)	(53,277)	9,286
Patronage income	78,528	82,903	(4,375)
Other income, net	29,086	24,689	4,397
Non-interest expenses	(149,398)	(145,371)	(4,027)
Provision for income taxes	(7)	(8)	1
Net income	**$240,027**	**$213,578**	**$26,449**

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The following table shows the Association's year-to-date annualized return on average assets, return on equity, and net interest margin:

	June 30,	
	2026	2025
Return on average assets	2.05%	1.88%
Return on common equity	13.00%	12.34%
Return on total equity	12.02%	11.35%
Net interest margin	2.93%	2.82%

Liquidity and Funding

Liquidity is necessary to meet our financial obligations, such as paying our note with CoBank, funding loans and other commitments, and funding operations in a cost-effective manner. Our liquidity policy is intended to manage short-term cash flow, maximize debt reductions, and liquidate nonearning assets. Our direct loan with CoBank, cash on hand, and borrower loan repayments provide adequate liquidity to fund our ongoing operations and other commitments. The Association also received funding from preferred stock, subordinated debt, and Funds Held accounts. The direct note with CoBank is governed by a General Financing Agreement which was renewed June 1, 2023, as amended, for a five-year term.

The Association manages an investment portfolio which currently holds U.S. Small Business Association (SBA) guaranteed debt securities primarily to diversify assets. As of June 30, 2026, the investment portfolio totaled $161.3 million and was comprised exclusively of held-to-maturity securities, which are not intended to serve as a source of liquidity or funding. More information can be found in Note 3 to the Consolidated Financial Statements.

Shareholders' Equity

The Association's capital position remains strong. Total shareholders' equity was $4.1 billion at the end of the second quarter, an increase of $233.0 million from $3.9 billion at December 31, 2025. The increase in capital is primarily the result of the Association's year-to-date net income. The Association was in compliance with all capital ratio requirements at June 30, 2026. The Association's strong earnings and capital position enable us to effectively serve our mission and our customers and support our ability to maintain our cash patronage distribution program and pay preferred stock dividends.

Certification

The undersigned certify that they have reviewed this report and that it has been prepared in accordance with all applicable statutory and/or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of his knowledge and belief.

Joe Alamo Board Chair	Curt Hudnutt Chief Executive Officer	Maryam Ghazi Chief Financial Officer

August 5, 2026

Consolidated Statements of Condition *(dollars in thousands)*

	June 30, 2026	December 31, 2025
	(Unaudited)	*(Audited)*
ASSETS		
Loans	$22,046,394	$22,326,071
Less: allowance for credit losses on loans	(106,775)	(87,461)
Net loans	21,939,619	22,238,610
Cash	34,035	52,767
Accrued interest receivable	237,722	272,677
Investment in CoBank	609,973	606,155
Investment securities	161,287	50,819
Investment in AgDirect	37,883	38,190
Premises and equipment, net	48,961	50,445
Other property owned	4,239	5,081
Assets held for sale	49,508	55,284
Other assets	256,356	324,227
Total assets	**$23,379,583**	**$23,694,255**
LIABILITIES		
Notes payable to CoBank	$18,503,026	$18,921,166
Subordinated debt	198,339	198,256
Funds Held accounts	321,853	222,618
Accrued interest payable	93,856	95,863
Cash patronage and preferred stock dividends payable	1,446	201,353
Reserve for unfunded commitments	3,770	4,358
Other liabilities	166,062	192,448
Total liabilities	**19,288,352**	**19,836,062**
SHAREHOLDERS' EQUITY		
Preferred stock	300,000	300,000
Common stock and participation certificates, net	11,345	11,554
Additional paid-in capital	935,386	935,386
Allocated retained surplus	239,507	239,507
Unallocated retained surplus	2,616,051	2,385,985
Accumulated other comprehensive loss	(11,058)	(14,239)
Total shareholders' equity	**4,091,231**	**3,858,193**
Total liabilities and shareholders' equity	**$23,379,583**	**$23,694,255**

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

Consolidated Statements of Comprehensive Income *(dollars in thousands)*

(Unaudited)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
INTEREST INCOME				
Loans	$345,019	$354,517	$682,300	$701,706
Investment securities	1,563	369	2,622	369
Total interest income	**346,582**	**354,886**	**684,922**	**702,075**
INTEREST EXPENSE				
Notes payable to CoBank	175,420	194,864	352,248	389,411
Subordinated notes	1,729	1,729	3,458	3,458
Funds Held and other interest	1,886	2,210	3,407	4,564
Total interest expense	**179,035**	**198,803**	**359,113**	**397,433**
Net interest income	**167,547**	**156,083**	**325,809**	**304,642**
Provision for credit losses	(29,771)	(22,473)	(43,991)	(53,277)
Net interest income after provision for credit	**137,776**	**133,610**	**281,818**	**251,365**
NON-INTEREST INCOME				
Patronage income from CoBank	24,400	24,423	49,785	48,825
Patronage income from other Farm Credit institutions	14,069	17,923	25,120	31,819
Patronage income from AgDirect	1,111	1,113	3,623	2,259
Loan origination fees	2,122	4,860	5,602	10,128
Servicing fees and late charges	3,349	3,541	4,872	4,412
Financially-related services	768	534	2,357	1,823
Miscellaneous	2,699	4,388	16,255	8,326
Total non-interest income	**48,518**	**56,782**	**107,614**	**107,592**
NON-INTEREST EXPENSES				
Salaries and employee benefits	53,163	52,665	104,617	103,289
Occupancy and equipment expense	922	1,120	2,334	2,439
Insurance fund premiums	4,577	4,517	9,209	9,087
Supervisory and examination expense	1,156	1,018	2,254	2,035
Other operating expenses	16,416	13,001	30,984	28,521
Total non-interest expenses	**76,234**	**72,321**	**149,398**	**145,371**
Income before income taxes	110,060	118,071	240,034	213,586
Provision for income taxes	(5)	(7)	(7)	(8)
Net income	**$110,055**	**$118,064**	**$240,027**	**$213,578**
COMPREHENSIVE INCOME				
Actuarial gain in retirement obligation	1,591	1,438	3,181	2,875
Total comprehensive income	**$111,646**	**$119,502**	**$243,208**	**$216,453**

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

Consolidated Statements of Changes in Shareholders' Equity *(dollars in thousands)*

(Unaudited)	Common Stock and Participation Certificates	Preferred Stock	Additional Paid-in Capital	Allocated Retained Surplus	Unallocated Retained Surplus	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2024	**$11,687**	**$300,000**	**$935,386**	**$239,507**	**$2,176,398**	**$(13,320)**	**$3,649,658**
Comprehensive income					213,578	2,875	216,453
Stock/participation certificates issued	395						395
Stock/participation certificates retired	(465)						(465)
Preferred stock dividends					(7,875)		(7,875)
Adjustment to prior period patronage accrual					(2,707)		(2,707)
Balance at June 30, 2025	**$11,617**	**$300,000**	**$935,386**	**$239,507**	**$2,379,394**	**$(10,445)**	**$3,855,459**
Balance at December 31, 2025	**$11,554**	**$300,000**	**$935,386**	**$239,507**	**$2,385,985**	**$(14,239)**	**$3,858,193**
Comprehensive income					240,027	3,181	243,208
Stock/participation certificates issued	339						339
Stock/participation certificates retired	(548)						(548)
Preferred stock dividends					(7,875)		(7,875)
Adjustment to prior period patronage accrual					(2,086)		(2,086)
Balance at June 30, 2026	**$11,345**	**$300,000**	**$935,386**	**$239,507**	**$2,616,051**	**$(11,058)**	**$4,091,231**

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

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of American AgCredit, ACA (Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2025, are contained in the 2025 Annual Report to Shareholders (2025 Annual Report). The financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

The accompanying unaudited second quarter 2026 financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under U.S. GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2025, as contained in the 2025 Annual Report.

Certain amounts in the prior period's financial statements have been reclassified to conform to the current period’s financial statement presentation. The Association revised amounts related to loan modifications granted to borrowers experiencing financial difficulties in 2025 to align with the enhanced identification and reporting methodology adopted late in 2025. These changes reflect a more comprehensive review and analysis consistent with current expected credit losses (CECL) and related disclosure requirements.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2026. Descriptions of the significant accounting policies are included in the 2025 Annual Report. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Issued or Adopted Accounting Pronouncements

Interim Reporting (Topic 270): Narrow-Scope Improvements

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

Financial Instruments – Credit Losses (Topic 326): Purchased Loans

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 assessing the potential impact of adoption on the Association’s financial condition, results of operations, and cash flows.

Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06 Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The amendment introduces several key changes: (1) eliminates the stage-based rules for capitalization, (2) replaces these rules with a principles-based framework where (a) capitalization occurs when management has authorized and committed to funding, and (b) it is probable that the project will be completed and the software used as intended, (3) clarifies website developments costs and (4) modifies the disclosure requirements for capitalized software costs. The standard is effective for annual periods starting after December 15, 2027, with early adoption permitted as of the beginning of any annual reporting period. The Association is currently assessing the potential impact of adoption on the Association's financial condition, results of operations, cash flows and disclosures.

Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses (Topic 326): 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 receivable 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 also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Top 606. The amendments became effective for annual and interim reporting periods beginning in January 2026, at which time the Association adopted the guidance on a prospective basis. Adoption did not have a material impact on the Association's consolidated financial statements, financial position, results of operations, or cash flows.

Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities, and require disclosure, in the notes to the financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) recognized as part of oil- and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e).
- Include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Association meets the definition of public business entity as it has preferred stock and subordinate debt outstanding. The Association is currently assessing the potential impact on disclosures; however, the adoption of ASU 2024-03 will not have an impact on the Association's financial condition, results of operations, or cash flows.

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

NOTE 2 – LOANS AND ALLOWANCE FOR LOAN LOSSES

Components of loans in the Consolidated Statements of Condition are as follows and unless otherwise indicated agricultural export finance and rural residential real estate collectively comprise the amounts presented in "Other":

	June 30, 2026		December 31, 2025	
	Amount	**Percentage**	**Amount**	**Percentage**
Real estate mortgage	$10,865,108	49.3%	$11,076,613	49.6%
Production and intermediate-term	4,871,625	22.1%	5,215,418	23.4%
Agribusiness	5,036,556	22.8%	4,894,818	21.9%
Rural infrastructure	1,191,839	5.4%	1,043,388	4.7%
Other	81,266	0.4%	95,834	0.4%
Total loans	**$22,046,394**	**100.0%**	**$22,326,071**	**100.0%**

PARTICIPATION INTERESTS

The Association, in the normal course of business, purchases and sells participation interests with other parties in order to diversify risk, manage loan volume, and comply with Farm Credit Administration regulations. All loans sold to other parties are sold without recourse.

The following table presents information regarding participations purchased and sold at June 30, 2026.

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations		Participations		Participations	
	Purchased	**Sold**	**Purchased**	**Sold**	**Purchased**	**Sold**
Real estate mortgage	$703,836	$1,729,769	$-	$-	$703,836	$1,729,769
Production and intermediate-term	1,255,707	2,902,044	29,508	23,901	1,285,215	2,925,945
Agribusiness	2,910,455	5,021,165	-	26,148	2,910,455	5,047,313
Rural infrastructure	1,162,708	161,792	-	-	1,162,708	161,792
Other	77,594	-	-	-	77,594	-
Total	**$6,110,300**	**$9,814,770**	**$29,508**	**$50,049**	**$6,139,808**	**$9,864,819**

CREDIT QUALITY

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The Association manages credit risk associated with its lending activities on an individual and portfolio basis through the application of sound lending and underwriting standards and policies, approved by its Board of Directors. The credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position, and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on real estate (collateral) and may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan-to-appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis. As required by Farm Credit Administration regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The Association utilizes a Combined System Risk Model (Model) in its loan and portfolio management process. The Model is a two-dimensional risk rating system based on an internally generated combined System risk rating guidance and actual Association loss history that incorporates a 14-point probability of default rating scale to identify and track the probability of a borrower default and a separate scale addressing loss given default over a period of time. The probability of default rating is management's assumption of the probability that a borrower will default within twelve 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. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The Association reviews, at least on an annual basis or when a credit action is taken, the probability of default category and loss given default ratings.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate increases more as a loan moves from acceptable to other assets especially mentioned and increases significantly more as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. The categories are defined as follows:

- **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 factors, conditions, and values that make collection in full highly questionable.
- **Loss:** Assets are considered uncollectible.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table presents year-to-date gross charge-offs by year of origination or modification, where loan modifications are accounted for as new loans, as well as credit quality indicators by loan type and the related principal balance by year of origination as of June 30, 2026:

	Term Loans Amortized Cost by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	
	2026	2025	2024	2023	2022	Prior			Total
Real estate mortgage:									
Acceptable	$410,089	$979,082	$871,293	$701,878	$1,074,563	$4,842,616	$669,264	$82,471	$9,631,256
OAEM	2,260	18,369	13,450	25,048	97,166	238,835	2,835	6,219	404,182
Substandard/Doubtful	16,545	32,049	41,361	88,217	111,525	482,760	29,578	27,635	829,670
Total	**428,894**	**1,029,500**	**926,104**	**815,143**	**1,283,254**	**5,564,211**	**701,677**	**116,325**	**10,865,108**
Gross charge-offs [(1)]	-	-	1,899	324	65	4,000	-	-	6,288
Production and intermediate-term:									
Acceptable	359,127	641,648	267,264	181,009	87,427	211,855	2,694,893	6,510	4,449,733
OAEM	30,195	14,044	11,109	3,250	28,913	4,435	74,354	216	166,516
Substandard/Doubtful	5,143	39,940	15,275	17,995	28,408	26,623	90,275	31,717	255,376
Total	**394,465**	**695,632**	**293,648**	**202,254**	**144,748**	**242,913**	**2,859,522**	**38,443**	**4,871,625**
Gross charge-offs [(1)]	103	1,579	5,859	8,205	2,080	4,966	85	-	22,877
Agribusiness:									
Acceptable	359,612	800,058	799,347	546,580	561,749	693,464	563,259	11,430	4,335,499
OAEM	79,850	52,614	54,946	56,763	47,736	33,217	35,958	8,504	369,588
Substandard/Doubtful	13,485	13,095	17,240	34,884	34,872	124,265	81,440	12,188	331,469
Total	**452,947**	**865,767**	**871,533**	**638,227**	**644,357**	**850,946**	**680,657**	**32,122**	**5,036,556**
Gross charge-offs [(1)]	-	-	1,692	-	-	568	-	-	2,260
Rural infrastructure:									
Acceptable	105,784	327,935	251,791	168,972	74,871	99,065	39,319	-	1,067,737
OAEM	3,562	5,958	-	54,556	-	-	2	-	64,078
Substandard/Doubtful	-	-	-	60,024	-	-	-	-	60,024
Total	**109,346**	**333,893**	**251,791**	**283,552**	**74,871**	**99,065**	**39,321**	**-**	**1,191,839**
Other:									
Acceptable	-	2,631	40	46,022	-	13,116	-	19,457	81,266
Total	**-**	**2,631**	**40**	**46,022**	**-**	**13,116**	**-**	**19,457**	**81,266**
Total loans:									
Acceptable	1,234,612	2,751,354	2,189,735	1,644,461	1,798,610	5,860,116	3,966,735	119,868	19,565,491
OAEM	115,867	90,985	79,505	139,617	173,815	276,487	113,149	14,939	1,004,364
Substandard/Doubtful	35,173	85,084	73,876	201,120	174,805	633,648	201,293	71,540	1,476,539
Total loans	**$1,385,652**	**$2,927,423**	**$2,343,116**	**$1,985,198**	**$2,147,230**	**$6,770,251**	**$4,281,177**	**$206,347**	**$22,046,394**
Total gross charge-offs [(1)]	**$103**	**$1,579**	**$9,450**	**$8,529**	**$2,145**	**$9,534**	**$85**	**$-**	**$31,425**

[(1)] *As of and for the six months ended June 30, 2026.*

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table presents year-to-date gross charge-offs by year of origination or modification, where loan modifications are accounted for as new loans, as well as credit quality indicators by loan type and the related principal balance by year of origination as of December 31, 2025:

	Term Loans Amortized Cost by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	
	2025	2024	2023	2022	2021	Prior			Total
Real estate mortgage:									
Acceptable	$1,050,118	$950,747	$758,462	$1,139,022	$1,377,015	$3,878,357	$744,849	$69,829	$9,968,399
OAEM	10,775	6,147	23,299	135,531	37,066	193,054	9,930	2,397	418,199
Substandard/Doubtful	28,915	17,127	79,743	67,115	84,190	365,648	21,220	26,057	690,015
Total	**1,089,808**	**974,021**	**861,504**	**1,341,668**	**1,498,271**	**4,437,059**	**775,999**	**98,283**	**11,076,613**
Gross charge-offs (1)	-	-	477	132	900	6,596	245	9,187	17,537
Production and intermediate-term:									
Acceptable	723,522	396,673	177,158	129,380	104,115	177,921	3,092,961	1,206	4,802,936
OAEM	8,294	1,784	17,647	30,269	3,241	17,359	89,060	-	167,654
Substandard/Doubtful	33,750	18,420	28,555	32,713	11,453	25,850	61,661	32,426	244,828
Total	**765,566**	**416,877**	**223,360**	**192,362**	**118,809**	**221,130**	**3,243,682**	**33,632**	**5,215,418**
Gross charge-offs (1)	350	3,382	16,103	988	4,079	8,367	1,755	185	35,209
Agribusiness:									
Acceptable	836,069	835,514	618,924	699,486	344,318	463,037	538,768	11,976	4,348,092
OAEM	22,257	64,910	52,019	36,131	16,749	18,923	54,366	8,596	273,951
Substandard/Doubtful	19,807	7,517	27,137	35,324	78,401	28,734	71,638	4,217	272,775
Total	**878,133**	**907,941**	**698,080**	**770,941**	**439,468**	**510,694**	**664,772**	**24,789**	**4,894,818**
Gross charge-offs (1)	156	-	10,405	-	2	12	-	-	10,575
Rural infrastructure:									
Acceptable	287,715	230,564	290,005	87,434	58,068	46,107	29,985	-	1,029,878
OAEM	13,504	-	-	-	-	-	6	-	13,510
Total	**301,219**	**230,564**	**290,005**	**87,434**	**58,068**	**46,107**	**29,991**	**-**	**1,043,388**
Other:									
Acceptable	9,124	8,041	46,017	-	12,272	937	-	19,423	95,814
Substandard/Doubtful	-	-	-	-	-	20	-	-	20
Total	**9,124**	**8,041**	**46,017**	**-**	**12,272**	**957**	**-**	**19,423**	**95,834**
Total loans:									
Acceptable	2,906,548	2,421,539	1,890,566	2,055,322	1,895,788	4,566,359	4,406,563	102,434	20,245,119
OAEM	54,830	72,841	92,965	201,931	57,056	229,336	153,362	10,993	873,314
Substandard/Doubtful	82,472	43,064	135,435	135,152	174,044	420,252	154,519	62,700	1,207,638
Total loans	**$3,043,850**	**$2,537,444**	**$2,118,966**	**$2,392,405**	**$2,126,888**	**$5,215,947**	**$4,714,444**	**$176,127**	**$22,326,071**
Total gross charge-offs (1)	**$506**	**$3,382**	**$26,985**	**$1,120**	**$4,981**	**$14,975**	**$2,000**	**$9,372**	**$63,321**

(1) *As of and for the twelve months ended December 31, 2025.*

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

Accrued interest receivable on loans of $236.2 million and $272.2 million at June 30, 2026, and December 31, 2025, have been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition. The Association reversed accrued interest receivable of $4.1 million as of June 30, 2026, and $7.8 million as of December 31, 2025, respectively, on loans transferred to non-accrual during the period.

NONPERFORMING ASSETS

The following table reflects nonperforming assets on an amortized cost basis, which consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned and related credit quality statistics:

	June 30, 2026	December 31, 2025
Nonaccrual loans:		
Real estate mortgage	$285,965	$294,920
Production and intermediate-term	121,365	88,047
Agribusiness	64,560	52,288
Other	-	20
Total nonaccrual loans	**471,890**	**435,275**
Accruing loans 90 days or more past due:		
Real estate mortgage	11,312	-
Production and intermediate-term	2,537	12,360
Agribusiness	-	3,709
Total accruing loans 90 days or more past due	**13,849**	**16,069**
Total nonperforming loans	**$485,739**	**$451,344**
Other property owned	4,239	5,081
Total nonperforming assets	**$489,978**	**$456,425**

	June 30, 2026	December 31, 2025
Nonaccrual loans as a percentage of total loans	2.14%	1.95%
Nonperforming assets as a percentage of total loans and other property owned	2.22%	2.04%
Nonperforming assets as a percentage of capital	11.98%	11.83%

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for loan losses, as well as interest income recognized on nonaccrual loans resulting from payoffs and loans reinstated to accrual status during the period:

	At June 30, 2026			Interest Income Recognized	
	Amortized Cost With Allowance	Amortized Cost Without Allowance	Total	For the Three Months Ended June 30, 2026	For the Six Months Ended June 30, 2026
Nonaccrual loans:					
Real estate mortgage	$22,984	$262,981	$285,965	$6,578	$7,402
Production and intermediate-term	53,225	68,140	121,365	2,344	2,917
Agribusiness	39,378	25,182	64,560	525	525
Other	-	-	-	-	60
Total nonaccrual loans	**$115,587**	**$356,303**	**$471,890**	**$9,447**	**$10,904**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

	At December 31, 2025			
	Amortized Cost With Allowance	Amortized Cost Without Allowance	Total	Interest Income Recognized for the Year Ended December 31, 2025
Nonaccrual loans:				
Real estate mortgage	$21,355	$273,565	$294,920	$3,957
Production and intermediate-term	7,081	80,966	88,047	3,880
Agribusiness	7,307	44,981	52,288	6,026
Other	-	20	20	1
Total nonaccrual loans	**$35,743**	**$399,532**	**$435,275**	**$13,864**

DELINQUENCY

The following tables provide an aging analysis of past due loans at amortized cost by portfolio segment as of:

June 30, 2026	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$19,114	$160,100	$179,214	$10,685,894	$10,865,108	$11,312
Production and intermediate-term	12,479	74,310	86,789	4,784,836	4,871,625	2,537
Agribusiness	14,314	35,358	49,672	4,986,884	5,036,556	-
Rural infrastructure	2,269	-	2,269	1,189,570	1,191,839	-
Other	-	-	-	81,266	81,266	-
Total	**$48,176**	**$269,768**	**$317,944**	**$21,728,450**	**$22,046,394**	**$13,849**

December 31, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$44,615	$117,998	$162,613	$10,914,000	$11,076,613	$-
Production and intermediate-term	50,704	59,265	109,969	5,105,449	5,215,418	12,360
Agribusiness	16,684	21,951	38,635	4,856,183	4,894,818	3,709
Rural infrastructure	-	-	-	1,043,388	1,043,388	-
Other	-	-	-	95,834	95,834	-
Total	**$112,003**	**$199,214**	**$311,217**	**$22,014,854**	**$22,326,071**	**$16,069**

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

LOAN MODIFICATIONS TO BORROWERS EXPERIENCING FINANCIAL DIFFICULTIES

Loan modifications may be granted to borrowers experiencing financial difficulty. Qualifying disclosable modifications are one or a combination of principal forgiveness, interest rate reduction, forbearance, or term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Also included in the following disclosures are other-than-insignificant payment deferrals that may provide the borrower with a temporary payment deferral, which has been defined as cumulative or individual forbearance or payment delay greater than 6 months for monthly and semi-annual scheduled payments or greater than 12 months for annually scheduled payments. These deferred payments may be capitalized into the principal balance of the loan and amortized with no extension of maturity or with the deferred payment due at the time of original maturity.

The following table shows the amortized cost basis for loan modifications granted to borrowers experiencing financial difficulty during the three months ended June 30, 2026, and June 30, 2025, disaggregated by loan type, and type of modification granted.

	For the Three Months Ended June 30, 2026				
	Term Extension	**Payment Deferral**	**Combination – Term Extension & Payment Deferral**	**Total**	**Percentage of Total Loan Type**
Real estate mortgage	$2,698	$1,553	$-	$4,251	0.04%
Production and intermediate-term	560	-	109	669	0.01%
Agribusiness	2,408	-	-	2,408	0.05%
Total	**$5,666**	**$1,553**	**$109**	**$7,328**	0.03%

	For the Three Months Ended June 30, 2025					
	Interest Rate Reduction	**Term Extension**	**Payment Deferral**	**Combination – Term Extension & Payment Deferral**	**Total**	**Percentage of Total Loan Type**
Real estate mortgage	$485	$592	$6,146	$2,823	$10,046	0.09%
Production and intermediate-term	5,438	8,044	126	21,675	35,283	0.77%
Agribusiness	-	3,332	1,336	10,988	15,656	0.31%
Total	**$5,923**	**$11,968**	**$7,608**	**$35,486**	**$60,985**	0.28%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended June 30, 2026, and June 30, 2025, were $43 thousand and $622 thousand, respectively.

	For the Six Months Ended June 30, 2026						
	Interest Rate Reduction	**Term Extension**	**Payment Deferral**	**Combination – Interest Rate Reduction & Term Extension**	**Combination – Term Extension & Payment Deferral**	**Total**	**Percentage of Total Loan Type**
Real estate mortgage	$166	$2,698	$1,553	$-	$-	$4,417	0.04%
Production and intermediate-term	128	3,928	-	2	109	4,167	0.09%
Agribusiness	-	2,409	-	-	-	2,409	0.05%
Total	**$294**	**$9,035**	**$1,553**	**$2**	**$109**	**$10,993**	0.05%

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

	For the Six Months Ended June 30, 2025						
	Interest Rate Reduction	Term Extension	Payment Deferral	Combination – Interest Rate Reduction & Payment Deferral	Combination – Term Extension & Payment Deferral	Total	Percentage of Total Loan Type
Real estate mortgage	$18,372	$1,169	$8,586	$-	$2,823	$30,950	0.28%
Production and intermediate-term	5,439	17,168	7,719	98	27,836	58,260	1.28%
Agribusiness	-	5,666	-	-	12,324	17,990	0.36%
Total	**$23,811**	**$24,003**	**$16,305**	**$98**	**$42,983**	**$107,200**	0.50%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the six months ended June 30, 2026, and June 30, 2025, were $0.2 million and $1.3 million, respectively.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2026:

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities by 19.9 years
Production and intermediate-term	Increased weighted average maturities by 4.4 years
Agribusiness	Increased weighted average maturities by 1.3 years

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 274 days payment deferral

	Combination - Term Extension and Payment Deferral
	Financial Effect
Production and intermediate-term	Increased weighted average maturities by 5.8 years and provided a weighted average 335 days payment deferral

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2025:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 7.07% to 6.82%
Production and intermediate-term	Reduced weighted average contractual interest rate from 9.90% to 8.17%

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities by 181 days
Production and intermediate-term	Increased weighted average maturities by 292 days
Agribusiness	Increased weighted average maturities by 364 days

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 1.0 year payment deferral
Production and intermediate-term	Provided a weighted average 356 days payment deferral
Agribusiness	Provided a weighted average 2.0 year payment deferral

	Combination - Term Extension and Payment Deferral
	Financial Effect
Real estate mortgage	Increased weighted average maturities by 2.4 years and provided a weighted average 1.2 years payment deferral
Production and intermediate-term	Increased weighted average maturities by 1.0 year and provided a weighted average 3.2 years payment deferral
Agribusiness	Increased weighted average maturities by 2.1 years and provided a weighted average 3.8 years payment deferral

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2026:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 9.55% to 9.20%
Production and intermediate-term	Reduced weighted average contractual interest rate from 8.75% to 6.75%

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities by 19.9 years
Production and intermediate-term	Increased weighted average maturities by 1.6 years
Agribusiness	Increased weighted average maturities by 1.3 years

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 274 days payment deferral

	Combination - Interest Rate Reduction and Term Extension
	Financial Effect
Production and intermediate-term	Reduced weighted average contractual interest rate from 9.98% to 7.50% and increased weighted average maturities by 6.9 years

	Combination - Term Extension and Payment Deferral
	Financial Effect
Production and intermediate-term	Increased weighted average maturities by 5.8 years and provided a weighted average 335 days payment deferral

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2025:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 7.11% to 6.78%
Production and intermediate-term	Reduced weighted average contractual interest rate from 9.90% to 8.17%

	Term Extension
	Financial Effect
Real estate mortgage	Increased weighted average maturities by 181 days
Production and intermediate-term	Increased weighted average maturities by 346 days
Agribusiness	Increased weighted average maturities by 1.3 years

	Payment Deferral
	Financial Effect
Real estate mortgage	Provided a weighted average 337 days payment deferral
Production and intermediate-term	Provided a weighted average 1.0 year payment deferral

	Combination - Interest Rate Reduction and Payment Deferral
	Financial Effect
Production and intermediate-term	Reduced weighted average contractual interest rate from 12.16% to 9.25% and provided a weighted average 1.3 years payment deferral

	Combination - Term Extension and Payment Deferral
	Financial Effect
Real estate mortgage	Increased weighted average maturities by 2.4 years and provided a weighted average 1.2 years payment deferral
Production and intermediate-term	Increased weighted average maturities by 1.0 years and provided a weighted average 3.7 years payment deferral
Agribusiness	Increased weighted average maturities by 2.0 years and provided a weighted average 3.6 years payment deferral

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended June 30, 2026, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted	
	Interest Rate Reduction	**Term Extension**
Real estate mortgage	$115	$-
Production and intermediate-term	-	1,355
Agribusiness	-	2,409
Total	**$115**	**$3,764**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended June 30, 2025, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted				
	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction & Payment Deferral	Combination - Term Extension & Payment Deferral
Real estate mortgage	$4,475	$-	$1,061	$13,524	$196
Production and intermediate-term	-	476	18	-	249
Total	**$4,475**	**$476**	**$1,079**	**$13,524**	**$445**

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2026, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted	
	Interest Rate Reduction	Term Extension
Real estate mortgage	$115	$-
Production and intermediate-term	-	7,771
Agribusiness	-	2,409
Total	**$115**	**$10,180**

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2025, and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted				
	Interest Rate Reduction	Term Extension	Payment Deferral	Combination - Interest Rate Reduction & Payment Deferral	Combination - Term Extension & Payment Deferral
Real estate mortgage	$4,475	$-	$1,762	$13,572	$196
Production and intermediate-term	-	984	4,727	1	437
Total	**$4,475**	**$984**	**$6,489**	**$13,573**	**$633**

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2026:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$15,283	$-	$209
Production and intermediate-term	28,107	6,198	-
Agribusiness	32,074	-	-
Total	**$75,464**	**$6,198**	**$209**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2025:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	**30-89 Days Past Due**	**90 Days or More Past Due**
Real estate mortgage	$100,420	$1,805	$35,184
Production and intermediate-term	85,411	2,957	6,159
Agribusiness	16,283	-	1,970
Total	**$202,114**	**$4,762**	**$43,313**

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2026, were $2.9 million and $49.2 million during the year ended December 31, 2025.

ALLOWANCE FOR CREDIT LOSSES

The credit risk rating methodology is a key component of the allowance for credit losses evaluation and is incorporated into loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the Association's lending and leasing limit base but the Board of Directors has established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities, and to the Banks' (other than CoBank) loan participations.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

A summary of changes in the allowance for credit losses by portfolio segment for the three months ending June 30, 2026, and June 30, 2025, are as follows:

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Rural Infra-structure	Other	Total
Allowance for loan losses:						
Balance at March 31, 2026	$36,155	$12,752	$43,759	$2,212	$86	$94,964
Charge-offs	(6,050)	(15,389)	(2,244)	-	-	(23,683)
Recoveries	3,852	1,282	4	-	-	5,138
Provision for/(Reversal of) loan losses	7,053	14,847	4,124	4,391	(59)	30,356
Balance at June 30, 2026	**$41,010**	**$13,492**	**$45,643**	**$6,603**	**$27**	**$106,775**
Allowance for unfunded commitments:						
Balance at March 31, 2026	$327	$853	$2,989	$165	$21	$4,355
(Reversal of)/Provision for unfunded commitments	(90)	(207)	(282)	5	(11)	(585)
Balance at June 30, 2026	**$237**	**$646**	**$2,707**	**$170**	**$10**	**$3,770**
Total allowance for credit losses	**$41,247**	**$14,138**	**$48,350**	**$6,773**	**$37**	**$110,545**

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Rural Infra-structure	Agricultural Export Finance	Total
Allowance for loan losses:						
Balance at March 31, 2025	$23,841	$9,470	$12,443	$780	$129	$46,663
Charge-offs	(2,859)	(6,800)	(5)	-	-	(9,664)
Recoveries	180	613	101	-	-	894
Provision for/(Reversal of) loan losses	4,584	8,490	9,502	42	(3)	22,615
Balance at June 30, 2025	**$25,746**	**$11,773**	**$22,041**	**$822**	**$126**	**$60,508**
Allowance for unfunded commitments:						
Balance at March 31, 2025	$247	$408	$702	13	-	$1,370
(Reversal of)/Provision for unfunded commitments	(39)	(13)	(110)	20	-	(142)
Balance at June 30, 2025	**$208**	**$395**	**$592**	**$33**	**$-**	**$1,228**
Total allowance for credit losses	**$25,954**	**$12,168**	**$22,633**	**$855**	**$126**	**$61,736**

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

A summary of changes in the allowance for credit losses by portfolio segment for the six months ending June 30, 2026, and June 30, 2025, are as follows:

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Rural Infra-structure	Other	Total
Allowance for loan losses:						
Balance at December 31, 2025	$34,358	$14,775	$36,849	$1,364	$115	$87,461
Charge-offs	(6,288)	(22,877)	(2,260)	-	-	(31,425)
Recoveries	4,020	2,125	15	-	-	6,160
Provision for/(Reversal of) loan losses	8,920	19,469	11,039	5,239	(88)	44,579
Balance at June 30, 2026	**$41,010**	**$13,492**	**$45,643**	**$6,603**	**$27**	**$106,775**
Allowance for unfunded commitments:						
Balance at December 31, 2025	$248	$766	$3,174	$136	$34	$4,358
(Reversal of)/Provision for unfunded commitments	(11)	(120)	(467)	34	(24)	(588)
Balance at June 30, 2026	**$237**	**$646**	**$2,707**	**$170**	**$10**	**$3,770**
Total allowance for credit losses	**$41,247**	**$14,138**	**$48,350**	**$6,773**	**$37**	**$110,545**

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Rural Infra-structure	Agricultural Export Finance	Total
Allowance for loan losses:						
Balance at December 31, 2024	$20,449	$7,426	$9,574	$652	$112	$38,213
Charge-offs	(7,024)	(23,071)	(3,002)	-	-	(33,097)
Recoveries	212	1,872	100	-	-	2,184
Provision for loan losses	12,109	25,546	15,369	170	14	53,208
Balance at June 30, 2025	**$25,746**	**$11,773**	**$22,041**	**$822**	**$126**	**$60,508**
Allowance for unfunded commitments:						
Balance at December 31, 2024	$247	$316	$588	$8	$-	$1,159
(Reversal of)/Provision for unfunded commitments	(39)	79	4	25	-	69
Balance at June 30, 2025	**$208**	**$395**	**$592**	**$33**	**$-**	**$1,228**
Total allowance for credit losses	**$25,954**	**$12,168**	**$22,633**	**$855**	**$126**	**$61,736**

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

DISCUSSION OF CHANGES IN ALLOWANCE FOR CREDIT LOSSES

The Association updates the quantitative and qualitative components of its allowance for credit losses each quarter to ensure the reserve remains responsive to changing credit conditions, emerging risks, and expected lifetime credit losses. Current and expected macroeconomic risks remain elevated due to uncertainty surrounding existing and potential tariffs, geopolitical conflicts, and increased input costs. These risks are reflected in both actual loss experience and credit deterioration, as well as future expected losses incorporated within the quantitative loss modeling process.

As of June 30, 2026, the allowance for credit losses, inclusive of loans and unfunded commitments, under the CECL methodology totaled $110.5 million, compared with $91.8 million at December 31, 2025, representing an increase of $18.7 million. Non-performing loan activity continued to increase during the period, contributing to $25.3 million of net charge-offs recorded during the six months ended June 30, 2026. Specific reserves increased $10.2 million, largely driven by the transfer of stressed credits to nonaccrual status. These credit migrations reflect ongoing portfolio stress and weaker loan performance, contributing to higher overall reserve levels

The Association estimates expected credit losses using a CECL framework that incorporates loan-level credit risk characteristics, historical loss experience, current conditions, and reasonable and supportable forecasts of future economic conditions over the contractual life of the loan portfolio. A significant component of the estimate is the Association's internal borrower risk rating system, which is used in conjunction with forecasted macroeconomic information to assess the likelihood of future credit losses. Macroeconomic forecasts obtained from an independent third-party provider are incorporated into the estimation process and include variables that are relevant to the Association's agricultural lending portfolio. These forecasts are intended to capture expected changes in agricultural commodity markets, borrower repayment capacity, farm profitability, collateral values, interest rates, and broader economic conditions. The specific variables utilized may differ across portfolio commodity segments based on their historical relationship to credit performance. Management regularly evaluates model assumptions, forecast inputs, portfolio performance, and prevailing economic conditions to ensure the allowance for credit losses remains reflective of the risk characteristics of the portfolio. As economic conditions, portfolio composition, and credit trends evolve, management may update modeling assumptions, forecast variables, and other qualitative considerations used in estimating expected credit losses.

NOTE 3 – INVESTMENT SECURITIES

A summary of the amortized cost of securities held-to-maturity by type is as follows:

June 30, 2026	Amortized Cost	Gross Unrealized Gains/(losses)	Fair Value	Weighted Average Yield
Asset-backed securities	$161,287	$(1,674)	$159,613	5.47%

A summary of the contractual maturity, amortized cost, fair value, and weighted average yield of investment securities (by investment category) at June 30, 2026, is as follows:

June 30, 2026	Due after 10 years or more	Total
Asset-backed securities:		
Amortized cost	$161,287	$161,287
Fair value	$159,613	$159,613
Weighted average yield	5.47%	5.47%

Accrued interest of $1.5 million as of June 30, 2026, has been excluded from the amortized cost basis of the total investment securities.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

NOTE 4 – PREMISES, EQUIPMENT, AND LEASES

PREMISES AND EQUIPMENT

Premises and equipment consist of the following, excluding right-of-use assets:

	June 30, 2026	December 31, 2025
Buildings and improvements	$57,974	$58,459
Furniture and equipment	10,136	10,136
Land	6,400	6,010
Construction in progress	25	-
Vehicles	187	356
Premises and equipment at cost	74,722	74,961
Less: accumulated depreciation	(30,655)	(29,849)
Premises and equipment, net	**$44,067**	**$45,112**

LEASES

The balance sheet effect of operating leases for office space, and finance leases for vehicles, are included in premises and equipment and other liabilities on the balance sheet. Right-of-use assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease.

Future minimum lease payments under non-cancellable leases as of June 30, 2026, were as follows:

	Operating Leases	Finance Leases	Total
2026 (excluding the six months ended 6/30/26)	$339	$895	$1,234
2027	615	1,057	1,672
2028	573	602	1,175
2029	384	278	662
2030	193	71	264
Thereafter	1,166	4	1,170
Total lease payments	**3,270**	**2,907**	**6,177**
Less: interest	-	(981)	(981)
Total	**$3,270**	**$1,926**	**$5,196**

Right-of-use assets, net of accumulated amortization, amounted to $4.9 million for the period ended June 30, 2026, and $5.3 million at December 31, 2025.

ASSETS HELD FOR SALE

As of June 30, 2026, assets held for sale totaled $49.5 million, compared to $55.3 million as of December 31, 2025. The balance primarily consisted of the former Santa Rosa, California headquarters building and land (along with other furniture and equipment). Certain assets previously classified as held for sale were disposed of during the first quarter, which included the Albuquerque, New Mexico office building and land held at $5.8 million.

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

NOTE 5 – SHAREHOLDERS' EQUITY

As previously disclosed in a letter to stockholders, in June of this year the Association discovered certain errors in the stockholder lists used for the mailing of the Association's 2026 Annual Meeting Information Statement, the 2025 Annual Report, and the ballots for the election of directors and nominating committee members. Specifically, the lists omitted certain categories of stockholders and included certain former borrowers. The Association promptly disclosed this matter to the Farm Credit Administration, and a determination was made to void the original 2026 director election. All ballots submitted in that election were declared to be void.

The Association undertook an extensive review of the root causes of all errors in the stockholder lists. The Association is in the process of remediating these errors to ensure the accuracy of future stockholder lists. The Association is preparing to conduct a new 2026 election for directors and nominating committee members utilizing stockholder lists that have been determined to be complete and accurate. Following the election process, the tabulation of the ballots is scheduled to be complete in November 2026, after which the Association will announce the election results. In addition, the Association will mail the 2025 Annual Report to those stockholders who were excluded from the original distribution. This matter did not impact the Association's day-to-day operations or affect its financial reporting, loan accounting, regulatory capital or patronage calculations.

The table below shows the Association's regulatory capital requirements and ratios as of June 30, 2026. The Association exceeded all regulatory minimum capital requirements as of June 30, 2026, and December 31, 2025.

	Regulatory Minimums	Capital Conservation Buffer	Total	Jun. 30, 2026	Dec. 31, 2025
Risk-adjusted:					
Common Equity Tier 1 capital	4.5%	2.5%	7.0%	**11.90%**	**11.69%**
Tier 1 capital	6.0%	2.5%	8.5%	**13.06%**	**12.85%**
Total capital	8.0%	2.5%	10.5%	**14.20%**	**13.94%**
Permanent capital	7.0%	0.0%	7.0%	**13.95%**	**13.77%**
Non-risk-adjusted:					
Tier 1 leverage	4.0%	1.0%	5.0%	**15.00%**	**14.83%**
URE and UREE leverage	1.5%	0.0%	1.5%	**13.62%**	**13.43%**

On June 14, 2021, the Association issued $300 million of Series A non-cumulative perpetual preferred stock at $1,000 par value per share. The issuance paid dividends at a fixed annual rate of 5.25%, payable quarterly, through the First Reset Date of June 15, 2026. Thereafter, the annual dividend rate resets to an amount equal to the sum of the Five-Year Treasury Rate as of the most recent Reset Dividend Determination Date plus 4.50%. Effective June 15, 2026, the annual dividend rate reset to 8.746%. The issuance was callable June 15, 2026, and quarterly thereafter.

Series A preferred stock is junior upon liquidation or dissolution to any subordinated debt, existing and future debt obligations, and to any series of preferred stock issued in the future with priority rights. Series A preferred stock has a preference as to dividends and is senior upon liquidation or dissolution to outstanding Class C common stock, Class F participation certificates, and patronage equities.

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

The following tables present the activity in the accumulated other comprehensive loss, net of tax by component:

	Pension and Other Benefit Plans	Accumulated Other Comprehensive Loss
Balance at December 31, 2025		
Other comprehensive loss before reclassifications	$(14,239)	$(14,239)
Amounts reclassified from accumulated other comprehensive loss	3,181	3,181
Net current period other comprehensive income	3,181	3,181
Balance at June 30, 2026	**$(11,058)**	**$(11,058)**

	Pension and Other Benefit Plans	Accumulated Other Comprehensive Loss
Balance at December 31, 2024		
Other comprehensive loss before reclassifications	$(13,320)	$(13,320)
Amounts reclassified from accumulated other comprehensive loss	2,875	2,875
Net current period other comprehensive income	2,875	2,875
Balance at June 30, 2025	**$(10,445)**	**$(10,445)**

The following table represents reclassifications out of accumulated other comprehensive loss:

	For the Six Months Ended		Location of Gain/(Loss) Recognized in Statement of Income
	Jun. 31, 2026	**Jun. 31, 2025**	
Pension and other benefit plans:			
Net actuarial gain	$3,181	$2,875	Salaries & Benefits
Total amounts reclassified	**$3,181**	**$2,875**	

NOTE 6 – SUBORDINATED NOTES

In June 2021, the Association issued $200 million of Subordinated Notes (Notes), due in 2036, which may be redeemed all or in part on any interest payment date on or after June 2031. The Notes bear a fixed interest rate of 3.375% per annum, payable semi-annually until June 15, 2031, at which point the rate changes to a floating rate equal to the benchmark rate, expected to be three-month term SOFR, plus a spread of 212 basis points through maturity date or the date of earlier redemption. The Notes are subordinate to all other creditor debt, including general creditors, and senior to all classes of stock. The Notes are not considered System debt and are not an obligation of, nor guaranteed by any System entity. Further, payments on the Notes are not insured by the FCSIC. The notes are presented net of unamortized issuance costs of approximately $1.7 million on the Consolidated Statements of Condition at June 30, 2026.

Notes to the Consolidated Financial Statements (dollars in thousands, except as noted.)

NOTE 7 – FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2025 Annual Report.

Assets and liabilities measured at fair value for each of the fair value hierarchy values are summarized below:

	June 30, 2026 Fair Value Measurement Using		December 31, 2025 Fair Value Measurement Using	
	Level 1	Level 3	Level 1	Level 3
Measured at fair value on a recurring basis:				
Assets held in nonqualified benefits trusts	$40,304		$42,687	
Measured at fair value on a non-recurring basis:				
Loans		$135,980		$67,003
Other property owned		$4,239		$5,081
Assets held for sale		$49,508		$55,284

During the reporting periods presented, the Association recorded no transfers in or out of Levels 1, 2, or 3. The Association had no liabilities measured at fair value on a recurring basis for the periods presented.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying amounts, estimated fair values, and the level within the fair value hierarchy of the Association's financial instruments not carried at fair value. Receivables and payables due in one year or less, equity securities without readily determinable fair values, and other financial assets or liabilities with no defined or contractual maturities are excluded. There were no significant changes in the valuation techniques during the period ending June 30, 2026.

June 30, 2026	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial assets:			
Loans, net of allowance (recorded at amortized cost)	$21,939,619	$21,435,450	Level 3
Cash	$34,035	$34,035	Level 1
Asset-backed securities held to maturity	$161,287	$159,613	Level 2
Financial liabilities (recorded at amortized cost):			
Notes payable to CoBank	$18,503,026	$18,279,599	Level 3
Subordinated debt	$198,339	$175,432	Level 3

December 31, 2025	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial assets:			
Loans, net of allowance (recorded at amortized cost)	$22,238,610	$21,799,078	Level 3
Cash	$52,767	$52,767	Level 1
Asset-backed securities held to maturity	$50,819	$50,021	Level 2
Financial liabilities (recorded at amortized cost):			
Notes payable to CoBank	$18,921,166	$18,753,220	Level 3
Subordinated debt	$198,256	$176,706	Level 3

VALUATION TECHNIQUES

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. The following represent a brief summary of the valuation techniques used for the Associations' assets and liabilities.

Loans: Fair value is estimated by discounting the expected future principal and interest cash flows to present value. The discount rate is a spread over an applicable yield curve, based on interest rates at which similar loans would be made to borrowers with similar credit risk regarding recent loan origination rates and management's estimates of credit risk. Management has no basis to determine whether the estimated fair values presented would be indicative of the assumptions and adjustments that a purchaser of the Association's loans would seek in an actual sale.

Fair value of loans in nonaccrual status is estimated as described above, but cash flows are principal only, meaning no interest cash flows occur, and the maturity date is adjusted to assume resolution occurs within two to three years.

For certain loans evaluated for impairment 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.

Assets Held in Nonqualified Benefits Trusts: Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

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.

Assets Held for Sale: Assets held for sale are primarily categorized as real estate. The fair value of the property is estimated by using the market approach, which relies on independent third-party appraisals that analyze recent sales of comparable properties and adjust for factors such as location, use, condition, utility, and market conditions. Accordingly, the fair value of assets held for sale are classified within Level 3 of the fair value hierarchy. Costs to sell represent transaction costs and are not included as a component of the assets' fair value.

Cash: Fair value of cash approximates amortized cost.

Notes Payable to CoBank: Fair value is estimated by discounting the expected future principal and interest cash flows to present value. The discount rate is a spread over an applicable yield curve based on current market rates of similar securities with similar maturities and characteristics. The current market rates used were obtained from the Federal Farm Credit Banks Funding Corporation.

Subordinated Debt: Fair value is estimated by discounting the future expected principal and interest cash flows to present value. This discount rate is a spread over an applicable yield curve based on expected market rates of similar securities. The expected market rates are derived from current market interest rates and the change in applicable corporate BBB finance spread obtained from an independent third party since the trade date. Management has no basis to determine whether the estimated fair value presented would be indicative of the assumptions and adjustments that a purchaser of the subordinated debt would seek in an actual sale.

Investment Securities: The fair value of our asset-backed investment securities classified as Level 2 is determined by a third-party pricing service that uses valuation models to estimate current market prices. Inputs and assumptions related to these models are typically observable in the marketplace. If quoted prices are not available in an active market, the fair value of securities is estimated using quoted prices for similar securities received from pricing services or discounted cash flows.

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

NOTE 8 – SEGMENT REPORTING

The Association is engaged in a single line of business which, by regulation, provides, 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 chief operating decision maker (CODM) is the Chief Executive Officer (CEO), who uses net interest income and net income, provision for credit losses, salaries and benefits, purchased services and technology expenses along with regulatory capital ratios reported in the accompanying Financial Statements, to evaluate the Association's performance, and make operational decisions such as whether to reinvest profits. The Association's operations constitute a single operating segment and therefore, a single reportable segment, as the CODM manages the business activities using information of the Association as a whole. The accounting policies of the segment, including those used to measure the profit and loss of the segment, are the same as those disclosed in the summary of significant accounting policies disclosed in the Annual Report to Shareholders. The measure of segment assets is reported on the Statements of Condition as Total Assets. There is no separate segment financial information as the entity has only one segment.

The Association does not have any individual customers whose revenue contributions exceed 10% of the Association's total revenue, which includes both interest and non-interest income. Therefore, no segment reporting is required based on customer concentration.

NOTE 9 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 5, 2026, which is the date the financial statements were available to be issued and has determined there were no other events requiring disclosure.