*Puerto Rico Farm Credit, ACA*

# FIRST QUARTER 2026

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**CERTIFICATION**

The undersigned certify that we have reviewed the March 31, 2026 quarterly report of Puerto Rico Farm Credit, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

/s/ Rafael J. Borges
Chair of the Board of Directors

/s/ Hampton Jordan
Interim Chief Executive Officer

/s/ Marta E. Rodriguez
Chair of the Audit Committee

May 8, 2026

*Puerto Rico Farm Credit, ACA*

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

*(dollars in thousands)*

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

## LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's predominant chartered territory (CT) agricultural commodities were dairy and fruits & vegetables which totaled approximately $51,884 or 57.08% of the gross principal balance, net of sold loans, at March 31, 2026. Management monitors specific conditions in the dairy industry that could impact the credit quality of the Association's dairy portfolio. Currently, our member-borrowers are managing through these challenges, and Management does not expect a deterioration of the loan portfolio. The Association also maintains a portfolio of purchased loans (PL), originated by other Farm Credit System entities and non-system entities. The Participated loan portfolio is performing well; Management is pursuing opportunities to increase volume in this portfolio. Management will search for new transactions that diversify the risk of the entire loan portfolio and supplements growth in the CT loan portfolio. All other ag sectors continue to perform well as good weather has not caused major disruptions on farming operations.

The total loan volume of the Association as of March 31, 2026, was $164,395, a decrease of $1,167 as compared to $165,562 at December 31, 2025.

## ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans increased to $3,186 at March 31, 2026 from $3,151 at December 31, 2025. As a percent of total loans, nonaccrual loans were 1.93% and 1.90% at March 31, 2026 and December 31, 2025, respectively.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACLL). The ACLL at March 31, 2026, was $1,470 or 0.89% of total loans compared to $1,337 or 0.81% of total loans at December 31, 2025, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. See further detail on the Association's ACL within the Association's Annual Report and discussion of significant provision for credit loss within the *Results of Operations* below.

## RESULTS OF OPERATIONS

***For the three months ended March 31, 2026***

Net income for the three months ended March 31, 2026, was $321, a decrease of $523 as compared to net income of $844 for the same period ended in 2025. This decrease is mainly attributed to a decrease in net interest income of $295 and an increase in operating expenses of $283.

For the three months ended March 31, 2026, net interest income was $1,642, a decrease of $295 as compared to the same period ended in 2025, and the net interest margin was 2.36%, ending the same as compared to the same period ended in 2025. Decrease in net interest income is attributed to a decrease in the balance of the portfolio as compared to the same period during the previous year.

The provision for credit losses for the three months ended March 31, 2026, was $74, a decrease of $13 from the provision for credit losses of $87 for the same period ended during the prior year.

Noninterest income increased $42 to $377 during the first three months of 2026 compared with the first three months of 2025 primarily due to loan fees and insurance fund refunds increasing $57 and $37 respectively, partially offset by a decrease in gain of other transactions and patronage refunds of $34 and $18, respectively.

For the three months ended March 31, 2026, noninterest expense increased $283 to $1,624 compared with the first three months of 2025 primarily due to increases in salaries and personnel cost, purchased services, and other operating expenses of $118,$80, and $67 respectively.

## FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at March 31, 2026, was $105,301 as compared to $107,432 at December 31, 2025.

## CAPITAL RESOURCES

Total members' equity at March 31, 2026, was $60,542, an increase of $332 from a total of $60,210 at December 31, 2025. Total capital stock and participation certificates were $539 on March 31, 2026, compared to $528 on December 31, 2025.

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

The following sets forth the regulatory capital ratios:

| | Regulatory Minimum Including Buffer* | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|---|
| Permanent Capital Ratio | 7.00% | 35.89% | 36.02% | 32.98% |
| Common Equity Tier 1 (CET1) Capital Ratio | 7.00% | 35.57% | 35.74% | 32.76% |
| Tier 1 Capital Ratio | 8.50% | 35.57% | 35.74% | 32.76% |
| Total Regulatory Capital Ratio | 10.50% | 36.53% | 36.59% | 33.35% |
| Tier 1 Leverage Ratio** | 5.00% | 34.71% | 34.85% | 32.46% |
| Unallocated Retained Earnings (URE) and URE Equivalents | 1.50% | 34.39% | 34.53% | 32.17% |

**Include full capital conservation buffers.*
***The Tier 1 Leverage Ratio must include a minimum of 1.50% of URE and URE equivalents.*

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

## REGULATORY MATTERS

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

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

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

## OTHER MATTERS

On March 6, 2026, the Association entered into a Supervisory Agreement with the Farm Credit Administration (FCA). This agreement was initiated as a result of ongoing weaknesses identified by FCA in the board's and management's oversight of operations. The Association did not fully comply with requirements previously outlined in Special Supervision Letters issued during 2023, 2024, and 2025.

The Supervisory Agreement requires the Association to remediate identified weaknesses in several areas, including internal controls and operations, regulatory compliance, board governance and oversight, corrective action tracking, and earnings management. The Board of Directors and management are committed and are actively working on established corrective actions to achieve full compliance of all requirements of the Supervisory Agreement. The Association has made progress towards compliance with the Supervisory Agreement by meeting applicable deadlines since the board entered into the Supervisory Agreement.

**NOTE**: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at its website, *www.agfirst.com*. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 1-800-981-3323, or writing Alice Rivera, Puerto Rico Farm Credit, ACA, PO Box 363649, San Juan, PR 00936-3649, or accessing the website, *www.prfarmcredit.com*. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the Association.

*Puerto Rico Farm Credit, ACA*

# Consolidated Balance Sheets

| *(dollars in thousands)* | | March 31, 2026 | | December 31, 2025 |
|---|---|---|---|---|
| | | *(unaudited)* | | *(audited)* |
| **Assets** | | | | |
| Cash | **$** | **193** | $ | 51 |
| Loans | | **164,395** | | 165,562 |
| Allowance for credit losses on loans | | **(1,470)** | | (1,337) |
| Net loans | | **162,925** | | 164,225 |
| Accrued interest receivable | | **963** | | 1,043 |
| Equity investments in other Farm Credit institutions | | **2,673** | | 2,785 |
| Premises and equipment, net | | **1,813** | | 1,816 |
| Other property owned | | **277** | | 374 |
| Accounts receivable | | **372** | | 990 |
| Other assets | | **82** | | 17 |
| Total assets | **$** | **169,298** | $ | 171,301 |
| **Liabilities** | | | | |
| Notes payable to AgFirst Farm Credit Bank | **$** | **105,301** | $ | 107,432 |
| Accrued interest payable | | **376** | | 378 |
| Patronage refunds payable | | **41** | | 2,102 |
| Accounts payable | | **285** | | 369 |
| Other liabilities | | **2,753** | | 810 |
| Total liabilities | | **108,756** | | 111,091 |
| Commitments and contingencies (Note 5) | | | | |
| **Members' Equity** | | | | |
| Capital stock and participation certificates | | **539** | | 528 |
| Unallocated retained earnings | | **60,003** | | 59,682 |
| Total members' equity | | **60,542** | | 60,210 |
| Total liabilities and members' equity | **$** | **169,298** | $ | 171,301 |

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

*Puerto Rico Farm Credit, ACA*

# Consolidated Statements of Comprehensive Income

*(unaudited)*

| *(dollars in thousands)* | For the Three Months Ended March 31, 2026 | For the Three Months Ended March 31, 2025 |
|---|---|---|
| **Interest Income** | | |
| Loans | **$ 2,729** | $ 3,220 |
| **Interest Expense** | **1,087** | 1,283 |
| Net interest income | **1,642** | 1,937 |
| Provision for credit losses | **74** | 87 |
| Net interest income after provision for credit losses | **1,568** | 1,850 |
| **Noninterest Income** | | |
| Loan fees | **131** | 74 |
| Patronage refunds from other Farm Credit institutions | **189** | 207 |
| Gains (losses) on other transactions | **—** | 34 |
| Insurance Fund refunds | **57** | 20 |
| Total noninterest income | **377** | 335 |
| **Noninterest Expense** | | |
| Salaries and employee benefits | **682** | 564 |
| Occupancy and equipment | **78** | 44 |
| Insurance Fund premiums | **23** | 26 |
| Purchased services | **535** | 455 |
| Data processing | **8** | 6 |
| Other operating expenses | **305** | 238 |
| (Gains) losses on other property owned, net | **(7)** | 8 |
| Total noninterest expense | **1,624** | 1,341 |
| **Net income** | **$ 321** | $ 844 |
| Other comprehensive income | **—** | — |
| **Comprehensive income** | **$ 321** | $ 844 |

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

*Puerto Rico Farm Credit, ACA*

# Consolidated Statements of Changes in Members' Equity

*(unaudited)*

| *(dollars in thousands)* | Capital Stock and Participation Certificates | Unallocated Retained Earnings | Total Members' Equity |
|---|---|---|---|
| Balance at December 31, 2024 | $ 521 | $ 59,629 | $ 60,150 |
| Comprehensive income | | 844 | 844 |
| Capital stock/participation certificates issued/(retired), net | 6 | | 6 |
| Balance at March 31, 2025 | $ 527 | $ 60,473 | $ 61,000 |
| **Balance at December 31, 2025** | **$ 528** | **$ 59,682** | **$ 60,210** |
| **Comprehensive income** | | **321** | **321** |
| **Capital stock/participation certificates issued/(retired), net** | **11** | | **11** |
| **Balance at March 31, 2026** | **$ 539** | **$ 60,003** | **$ 60,542** |

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

# *Puerto Rico Farm Credit, ACA*

# Notes to the Consolidated Financial Statements

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

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

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

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

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

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

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

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*) and financial instruments (Note 4, *Fair Value Measurement*). Actual results could differ from those estimates.

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

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

In November 2025, the FASB issued ASU 2025-08 Financial Instruments - Credit Losses (Topic 326) - Purchased Loans. The amendment simplifies accounting for purchased loans by expanding the "gross-up" method to "purchased seasoned loans" (PSLs). This eliminates the Day 1 credit loss expense for most acquired loans, improves comparability, and reduces earnings volatility by creating a more consistent accounting approach similar to that used for previously purchased credit-deteriorated (PCD) loans. The standard is effective for annual periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The Association is currently evaluating the potential impact of adoption on its financial condition, results of operations, and cash flows.

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide all entities with a practical expedient which would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The amendments were effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. The impact of adoption did not have a significant impact on the Association's financial condition, results of operations, and cash flows.

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

## Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

| | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Real estate mortgage | $ 49,458 | $ 49,454 |
| Production and intermediate-term | 48,628 | 48,282 |
| Agribusiness: | | |
| Loans to cooperatives | 1,054 | 1,066 |
| Processing and marketing | 41,424 | 43,444 |
| Farm-related business | 620 | 612 |
| Rural infrastructure: | | |
| Communication | 12,929 | 12,525 |
| Power and water/waste disposal | 4,475 | 4,352 |
| Rural residential real estate | 3,917 | 3,943 |
| Other: | | |
| International | 1,890 | 1,884 |
| Total loans | $ 164,395 | $ 165,562 |

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

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

| | March 31, 2026 | December 31, 2025 |
|---|---|---|
| **Real estate mortgage:** | | |
| Acceptable | 95.92% | 98.82% |
| OAEM | 2.04 | 1.00 |
| Substandard/doubtful/loss | 2.04 | 0.18 |
| | 100.00% | 100.00% |
| **Production and intermediate-term:** | | |
| Acceptable | 95.96% | 95.84% |
| OAEM | 0.44 | 0.51 |
| Substandard/doubtful/loss | 3.60 | 3.65 |
| | 100.00% | 100.00% |
| **Agribusiness:** | | |
| Acceptable | 84.31% | 85.33% |
| OAEM | 5.06 | 4.80 |
| Substandard/doubtful/loss | 10.63 | 9.87 |
| | 100.00% | 100.00% |
| **Rural infrastructure:** | | |
| Acceptable | 100.00% | 100.00% |
| OAEM | – | – |
| Substandard/doubtful/loss | – | – |
| | 100.00% | 100.00% |
| **Rural residential real estate:** | | |
| Acceptable | 95.83% | 95.67% |
| OAEM | – | 0.01 |
| Substandard/doubtful/loss | 4.17 | 4.32 |
| | 100.00% | 100.00% |
| **Other:** | | |
| Acceptable | 100.00% | 100.00% |
| OAEM | – | – |
| Substandard/doubtful/loss | – | – |
| | 100.00% | 100.00% |
| **Total loans:** | | |
| Acceptable | 93.36% | 94.34% |
| OAEM | 2.07 | 1.75 |
| Substandard/doubtful/loss | 4.57 | 3.91 |
| | 100.00% | 100.00% |

Accrued interest receivable on loans of $963 and $1,043 at March 31, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

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

| | March 31, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | **30 Through 89 Days Past Due** | **90 Days or More Past Due** | **Total Past Due** | **Not Past Due or Less Than 30 Days Past Due** | **Total Loans** | **Accruing Loans 90 Days or More Past Due** |
| Real estate mortgage | $ 1,769 | $ 1,793 | $ 3,562 | $ 45,896 | $ 49,458 | $ – |
| Production and intermediate-term | 1,900 | 1,098 | 2,998 | 45,630 | 48,628 | – |
| Agribusiness | 13 | – | 13 | 43,085 | 43,098 | – |
| Rural infrastructure | – | – | – | 17,404 | 17,404 | – |
| Rural residential real estate | 114 | – | 114 | 3,803 | 3,917 | – |
| Other | – | – | – | 1,890 | 1,890 | – |
| Total | $ 3,796 | $ 2,891 | $ 6,687 | $ 157,708 | $ 164,395 | $ – |

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | 30 Through 89 Days Past Due | 90 Days or More Past Due | Total Past Due | Not Past Due or Less Than 30 Days Past Due | Total Loans | Accruing Loans 90 Days or More Past Due |
| Real estate mortgage | $ 1,343 | $ 1,854 | $ 3,197 | $ 46,257 | $ 49,454 | $ 49 |
| Production and intermediate-term | 237 | 1,139 | 1,376 | 46,906 | 48,282 | 64 |
| Agribusiness | – | – | – | 45,122 | 45,122 | – |
| Rural infrastructure | – | – | – | 16,877 | 16,877 | – |
| Rural residential real estate | 98 | – | 98 | 3,845 | 3,943 | – |
| Other | – | – | – | 1,884 | 1,884 | – |
| Total | $ 1,678 | $ 2,993 | $ 4,671 | $ 160,891 | $ 165,562 | $ 113 |

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

| | March 31, 2026 | | |
|---|---|---|---|
| Nonaccrual loans: | Amortized Cost with Allowance | Amortized Cost without Allowance | Total |
| Real estate mortgage | $ 910 | $ 884 | $ 1,794 |
| Production and intermediate-term | 655 | 590 | 1,245 |
| Rural residential real estate | – | 147 | 147 |
| Total | $ 1,565 | $ 1,621 | $ 3,186 |

| | December 31, 2025 | | |
|---|---|---|---|
| Nonaccrual loans: | Amortized Cost with Allowance | Amortized Cost without Allowance | Total |
| Real estate mortgage | $ 915 | $ 890 | $ 1,805 |
| Production and intermediate-term | 659 | 535 | 1,194 |
| Rural residential real estate | – | 152 | 152 |
| Total | $ 1,574 | $ 1,577 | $ 3,151 |

The Association recognized $145 and $198 of interest income on nonaccrual loans during the three months ended March 31, 2026 and March 31, 2025, respectively.

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2026 | 2025 |
| **Allowance for Credit Losses on Loans:** | | |
| Balance at beginning of period | $ 1,337 | $ 969 |
| Charge-offs | – | (3) |
| Recoveries | – | – |
| Provision for credit losses on loans | 133 | 80 |
| Balance at end of period | $ 1,470 | $ 1,046 |
| **Allowance for Credit Losses on Unfunded Commitments:** | | |
| Balance at beginning of period | $ 153 | $ 90 |
| Provision for unfunded commitments | (59) | 7 |
| Balance at end of period | $ 94 | $ 97 |
| **Total allowance for credit losses** | $ 1,564 | $ 1,143 |

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

The following tables show the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2026 and 2025, disaggregated by loan type and type of modification granted:

| | For the Three Months Ended March 31, 2026 | |
|---|---|---|
| | Payment Deferral | Percentage of Total by Loan Type |
| Production and intermediate-term | $ 24 | 0.05% |
| Total | $ 24 | 0.01% |

| | For the Three Months Ended March 31, 2025 | |
|---|---|---|
| | Maturity Extension | Percentage of Total by Loan Type |
| Real estate mortgage | $ 555 | 1.20% |
| Production and intermediate-term | 101 | 0.19% |
| Agribusiness | 598 | 1.14% |
| Total | $ 1,254 | 0.70% |

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2026:

| | Payment Deferral |
|---|---|
| | Financial Effect |
| Production and intermediate-term | Provided a weighted average 3.4 years of payment deferrals |

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2025:

| | Maturity Extension |
|---|---|
| | Financial Effect |
| Real estate mortgage | Added a weighted average 2.1 years to the life of loans |
| Production and intermediate-term | Added a weighted average 6.2 years to the life of loans |
| Agribusiness | Added a weighted average 5.0 years to the life of loans |

The following tables set forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended March 31, 2026 and 2025 and received a modification in the twelve months before default:

| | For the Three Months Ended March 31, 2026 |
|---|---|
| | Payment Deferral |
| Real estate mortgage | $ 287 |
| Production and intermediate-term | 87 |
| Total | $ 374 |

| | For the Three Months Ended March 31, 2025 |
|---|---|
| | Maturity Extension |
| Production and intermediate-term | $ 229 |
| Total | $ 229 |

The following tables set forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2026 and 2025:

| | March 31, 2026 | | | |
|---|---|---|---|---|
| | Current | 30-89 Days Past Due | 90 Days or More Past Due | Total |
| Real estate mortgage | $ 183 | $ 287 | $ – | $ 470 |
| Production and intermediate-term | 952 | 1,415 | – | 2,367 |
| Total | $ 1,135 | $ 1,702 | $ – | $ 2,837 |

| | March 31, 2025 | | | |
|---|---|---|---|---|
| | Current | 30-89 Days Past Due | 90 Days or More Past Due | Total |
| Real estate mortgage | $ 556 | $ – | $ – | $ 556 |
| Production and intermediate-term | 1,147 | 229 | 70 | 1,446 |
| Agribusiness | 598 | – | – | 598 |
| Total | $ 2,301 | $ 229 | $ 70 | $ 2,600 |

The Association had no accrued interest receivable at the end of the reporting period related to loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2026 and $1 during the three months ended March 31, 2025. There were no additional commitments to lend to borrowers experiencing financial difficulties whose loans have been modified at March 31, 2026 and December 31, 2025.

The Association had no loans held for sale at March 31, 2026 and December 31, 2025.

## Note 3 — Investments

***Equity Investments in Other Farm Credit System Institutions***

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

Associations are required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 0.35% of the issued stock and allocated retained earnings of the Bank as of March 31, 2026, net of any reciprocal investment. As of that date, the Bank's assets totaled $50.5 billion and shareholders' equity totaled $2.3 billion. The Bank's earnings were $117 million for the first three months of 2026. In addition, the Association held investments of $144 related to other Farm Credit institutions.

## Note 4 — Fair Value Measurement

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

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

| | March 31, 2026 | | | |
|---|---|---|---|---|
| | Fair Value Measurement Using | | | Total Fair |
| | Level 1 | Level 2 | Level 3 | Value |
| **Recurring assets** | | | | |
| Assets held in trust funds | $ – | $ – | $ – | $ – |
| **Nonrecurring assets** | | | | |
| Nonaccrual loans | $ – | $ – | $ 1,500 | $ 1,500 |
| Other property owned | $ – | $ – | $ 289 | $ 289 |

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Fair Value Measurement Using | | | Total Fair |
| | Level 1 | Level 2 | Level 3 | Value |
| **Recurring assets** | | | | |
| Assets held in trust funds | $ – | $ – | $ – | $ – |
| **Nonrecurring assets** | | | | |
| Nonaccrual loans | $ – | $ – | $ 1,510 | $ 1,510 |
| Other property owned | $ – | $ – | $ 385 | $ 385 |

### Valuation Techniques

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

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

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

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

### Note 5 — Commitments and Contingent Liabilities

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

**Note 6 — Subsequent Events**

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