Premier Farm Credit

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3rd QUARTER REPORT 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unaudited)

The following discussion summarizes the financial position and results of operations of Premier Farm Credit, ACA (the Association) for the nine months ended September 30, 2026, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2025 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The shareholders' investment in Premier Farm Credit, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2025 CoBank Annual Report to Shareholders, and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, www.cobank.com or may be obtained at no charge by contacting us at 202 Poplar Street, Sterling, Colorado 80751 or calling (970) 522-5295.

Economic conditions across Premier's territory continue to reflect significant challenges in the regional agricultural economy. Although periodic summer precipitation provided some relief, drought conditions remained widespread across Colorado through September, with continued moisture deficits affecting agricultural production and rangeland conditions. The 2026 winter wheat crop was severely affected by dry conditions and adverse weather earlier in the growing season, resulting in substantially reduced yields and production compared with 2025. Other crops also faced production risks associated with limited moisture, as irrigation demand and water availability remained important considerations for producers. These conditions have constrained agricultural output and increased uncertainty surrounding crop revenues, with relatively weak grain prices and elevated input costs continuing to pressure producer profit margins.

In contrast, the cattle sector continues to benefit from historically strong beef prices and limited cattle supplies, supporting favorable returns for many livestock operations. However, drought-related pressure on pasture and forage availability, along with the cost of maintaining or rebuilding herds, may temper profitability and limit herd expansion. Overall, net farm income is expected to remain under pressure in 2026 compared with 2025, particularly for grain producers, while stronger cattle prices may help offset lower crop returns for diversified operations. With production costs remaining elevated and crop prices providing limited support, adequate yields and careful expense management will remain critical to maintaining positive earnings.

Despite these economic headwinds, Premier's credit quality remains strong at 97.9%. Nevertheless, continued pressure on farm income, weather-related production risks, and elevated operating costs warrant ongoing monitoring of borrowers' repayment capacity, working capital, and liquidity, particularly among crop-dependent operations.

The U.S. economy showed signs of moderating growth during the third quarter of 2026. A cooling labor market and ongoing geopolitical uncertainty have contributed to a more challenging economic environment. Real GDP increased at an annual rate of 2.2% in the second quarter of 2026 supported by continued consumer spending, business investments, and exports. Imports, which are subtracted in the calculation of GDP, also increased. The labor market remained relatively steady during the quarter with unemployment rates at 4.2%. In September, the Federal Reserve raised the federal funds target range to 3.75% - 4.00% and cited solid economic activity, resilient domestic spending, continued labor market strength, and elevated inflation as reasons for the policy action. Net farm income is forecasted to decline modestly in 2026 compared with 2025. Direct government relief payments are projected to increase significantly, reflecting higher commodity program payments and disaster assistance. Farm income remains under pressure as production expenses are expected to increase by 4.5% in comparison to 2025.

LOAN PORTFOLIO

Loans outstanding at September 30, 2026, totaled $1.09 billion, a decrease of $25.3 million, or 2.26%, from loans of $1.12 billion at December 31, 2025. The decrease was primarily due to loan prepayments and principal reductions on term loans, partially offset by new loans booked.

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure, or other means. We had no other property owned at September 30, 2026, compared with $74 thousand at December 31, 2025.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2026, was $17.7 million, an increase of $625 thousand, or 3.65%, from the same period ended one year ago. The increase in net income was primarily attributed to a decrease

in provisions for credit losses and increases in noninterest income and net interest income, partially offset by an increase in noninterest expense.

For the nine months ended September 30, 2026, net interest income was $24.4 million, an increase of $418 thousand, or 1.74%, compared with the nine months ended September 30, 2025. Net interest income increased as a result of increased average loan volume.

The provision for credit losses for the nine months ended September 30, 2026, was $977 thousand, a decrease of $603 thousand from the provision for credit losses for the same period ended one year ago. The provision for credit losses decreased as a result of an improved macroeconomic outlook, partially offset by higher loss rates due to prior period charge-offs.

Noninterest income increased $580 thousand during the first nine months of 2026 compared with the first nine months of 2025 primarily due to increases in our refund from Farm Credit System Insurance Corporation (FCSIC) and patronage income. Patronage distribution from Farm Credit institutions increased primarily due to a special cash patronage distribution from CoBank.

We received a refund of $534 thousand during the first nine months of 2026 from FCSIC, compared with a refund of $184 thousand received in the same period ended one year ago. These refunds represent our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts.

Mineral income of $490 thousand was recognized during the first nine months of 2026, which is distributed quarterly from CoBank. The increase for the nine months ended September 30, 2026, compared with the same period ended one year ago, is primarily driven by higher oil and gas commodity prices and new wells placed in production.

During the first nine months of 2026, noninterest expense increased $975 thousand to $10.7 million, primarily due to salaries and employee benefits and purchased services, partially offset by data processing services. The change in purchased service and data processing service expenses during the first nine months of 2026 is primarily due to changes in our service provider's pricing model. For the nine months ended September 30, 2025, $2.1 million was reclassified from purchased services to data processing services to conform to the current period's presentation.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2026, was $264.8 million, an increase from $246.8 million at December 31, 2025. This increase is primarily due to net income and the amortization of pension costs included in the net periodic benefit cost.

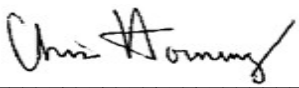
OTHER MATTERS

In July 2025, the Association purchased land in Sterling, Colorado for $693 thousand intended for the construction of a new office building. Construction started in May 2026 and is projected to be complete by May 2027. The land is recorded at cost and is not subject to depreciation. The project is being funded through our internal note with CoBank.

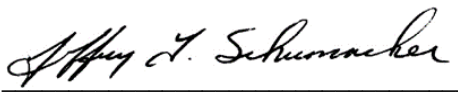
The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements, and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Lyndsey D. Graves
Chair of the Audit Committee
November 3, 2026



Christopher W. Hornung
President & CEO
November 3, 2026



Jeffrey L. Schumacher
Chief Financial Officer
November 3, 2026

Consolidated Statements of Condition

(Dollars in Thousands)

	September 30 2026	December 31 2025
	UNAUDITED	AUDITED
ASSETS		
Loans	**$ 1,094,411**	$ 1,119,670
Less allowance for loan losses	**2,705**	2,285
Net loans	**1,091,706**	1,117,385
Cash	**2,959**	12,271
Accrued interest receivable	**23,776**	18,744
Investment in CoBank, ACB	**26,351**	26,288
Premises and equipment, net	**3,212**	1,433
Prepaid benefit expense	**4,018**	4,116
Other assets	**5,441**	6,797
Total assets	**$ 1,157,463**	$ 1,187,034
LIABILITIES		
Note payable to CoBank, ACB	**$ 854,575**	$ 906,918
Advance conditional payments	**27,824**	17,154
Accrued interest payable	**2,598**	2,841
Patronage distributions payable	**-**	7,500
Accrued benefits liability	**165**	662
Reserve for unfunded commitments	**689**	542
Other liabilities	**6,803**	4,574
Total liabilities	**892,654**	940,191
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**794**	800
Unallocated retained earnings	**264,266**	246,533
Accumulated other comprehensive income/(loss)	**(251)**	(490)
Total shareholders' equity	**264,809**	246,843
Total liabilities and shareholders' equity	**$ 1,157,463**	$ 1,187,034

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

Consolidated Statements of Comprehensive Income

(Dollars in Thousands)

	For the three months ended September 30		For the nine months ended September 30	
UNAUDITED	**2026**	2025	**2026**	2025
INTEREST INCOME				
Loans	**$ 16,090**	$ 16,620	**$ 48,017**	$ 48,375
Total interest income	**16,090**	16,620	**48,017**	48,375
INTEREST EXPENSE				
Note payable to CoBank, ACB	**7,886**	8,347	**23,470**	24,153
Other	**55**	85	**163**	256
Total interest expense	**7,941**	8,432	**23,633**	24,409
Net interest income	**8,149**	8,188	**24,384**	23,966
(Credit loss reversal)/Provision for credit losses	**(952)**	757	**977**	1,580
Net interest income after credit loss reversal/ provision for credit losses	**9,101**	7,431	**23,407**	22,386
NONINTEREST INCOME				
Financially related services income	**222**	211	**342**	309
Loan fees	**174**	174	**453**	462
Patronage distribution from Farm Credit institutions	**1,025**	1,040	**3,119**	3,061
Farm Credit Insurance Fund distribution	**-**	-	**534**	184
Mineral income	**195**	99	**490**	375
Other noninterest income	**21**	23	**132**	99
Total noninterest income	**1,637**	1,547	**5,070**	4,490
NONINTEREST EXPENSE				
Salaries and employee benefits	**2,009**	1,720	**5,900**	4,872
Purchased services	**248**	130	**680**	251
Occupancy and equipment	**107**	85	**477**	436
Data processing services	**565**	706	**1,697**	2,134
Farm Credit Insurance Fund premium	**205**	208	**621**	607
Supervisory and examination costs	**78**	81	**302**	292
Other noninterest expense	**392**	492	**1,053**	1,163
Total noninterest expense	**3,604**	3,422	**10,730**	9,755
Income before income taxes	**7,134**	5,556	**17,747**	17,121
Provision for income taxes	**5**	4	**14**	13
Net income	**7,129**	5,552	**17,733**	17,108
COMPREHENSIVE INCOME				
Amortization of retirement costs	**79**	28	**239**	84
Total comprehensive income	**$ 7,208**	$ 5,580	**$ 17,972**	$ 17,192

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

Consolidated Statements of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2024	$ 811	$ 231,328	$ (439)	$ 231,700
Comprehensive income		17,108	84	17,192
Stock issued	19			19
Stock retired	(27)			(27)
Balance at September 30, 2025	$ 803	$ 248,436	$ (355)	$ 248,884
Balance at December 31, 2025	$ 800	$ 246,533	$ (490)	$ 246,843
Comprehensive income		17,733	239	17,972
Stock issued	30			30
Stock retired	(36)			(36)
Balance at September 30, 2026	**$ 794**	**$ 264,266**	**$ (251)**	**$ 264,809**

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Premier Farm Credit, ACA (the 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. These unaudited third quarter 2026 financial statements should be read in conjunction with the 2025 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles (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 to Shareholders.

In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary for a fair statement of results for the interim periods, have been made. 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 to Shareholders. 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.

Certain amounts in the prior period’s financial statements have been reclassified from purchased services to data processing services to conform to the current period’s financial statement presentation as a result of changes in the service provider’s pricing model.

Recently Issued or Adopted Accounting Pronouncements

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

In November 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 reporting 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 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 capitalization occurs when management has authorized and committed to funding, and 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 this amendment on its 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 – 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 allows 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 accounting policy election allows an entity to consider collection activity after the balance sheet date when estimating expected credit losses. 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 adoption of this guidance did not have a material impact on the Association's financial condition, results of operations, or cash flows.

NOTE 2 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans by type follows:

(dollars in thousands)	**September 30, 2026**	December 31, 2025
Real Estate Mortgage	**$ 505,699**	$ 505,131
Production and Intermediate-Term	**254,607**	286,988
Agribusiness	**201,128**	214,408
Rural Infrastructure	**123,013**	103,182
Agricultural Export Finance	**9,964**	9,961
Total loans	**$ 1,094,411**	$ 1,119,670

The Association purchases and sells participation interests with other parties to diversify risk, manage loan volume, and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at September 30, 2026:

	Other Farm Credit Institutions	
(dollars in thousands)	Purchased	Sold
Real Estate Mortgage	$ 75,285	$ 34,721
Production and Intermediate-Term	80,870	467
Agribusiness	199,676	-
Rural Infrastructure	123,013	-
Agricultural Export Finance	9,964	-
Total	$ 488,808	$ 35,188

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 retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail 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 the real estate (collateral). As required by Farm Credit Administration regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans 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.

The Association uses a two-dimensional loan risk rating model based on internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default over a period of time. Probability of default rating is management's assumption of the probability that a borrower will experience a default within 12 months from the date of the determination of the risk rating. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower is past due more than 90 days. The loss given default is management's assumption of the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. 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.

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 grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. These 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.

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

	September 30, 2026	December 31, 2025
Real Estate Mortgage		
Acceptable	**88.09%**	89.85%
OAEM	**10.22%**	8.37%
Substandard	**1.69%**	1.78%
Total	**100.00%**	100.00%
Production and Intermediate-Term		
Acceptable	**92.08%**	92.38%
OAEM	**5.82%**	5.06%
Substandard	**2.10%**	2.56%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**94.98%**	92.17%
OAEM	**1.84%**	5.39%
Substandard	**3.18%**	2.44%
Total	**100.00%**	100.00%
Rural Infrastructure		
Acceptable	**94.28%**	95.80%
OAEM	**3.17%**	3.30%
Substandard	**2.55%**	0.90%
Total	**100.00%**	100.00%
Agricultural Export Finance		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**91.09%**	91.58%
OAEM	**6.77%**	6.41%
Substandard	**2.14%**	2.01%
Total	**100.00%**	100.00%

Accrued interest receivable of $23.8 million on loans at September 30, 2026, and $18.7 million at December 31, 2025, is excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition. The Association did not write off any accrued interest during the first nine months of 2026 compared to $7 thousand during the first nine months of 2025.

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. The following table shows these nonperforming assets and related credit quality statistics as follows:

(dollars in thousands)	**September 30, 2026**	December 31, 2025
Nonaccrual loans		
Production and Intermediate-Term	**$ 543**	$ 1,685
Total nonaccrual loans	**$ 543**	$ 1,685
Other property owned	**-**	74
Total nonperforming assets	**$ 543**	$ 1,759
Nonaccrual loans to total loans	**0.05%**	0.15%
Nonperforming assets to total loans and other property owned	**0.05%**	0.16%
Nonperforming assets to total shareholders' equity	**0.21%**	0.71%

The Association had no accruing loans 90 days or more past due for the periods presented.

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 during the periods presented:

	September 30, 2026		
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Production and Intermediate-Term	$ -	$ 543	$ 543
Total	$ -	$ 543	$ 543

	December 31, 2025		
(dollars in thousands)	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Production and Intermediate-Term	$ 1,178	$ 507	$ 1,685
Total	$ 1,178	$ 507	$ 1,685

	Interest Income Recognized			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
(dollars in thousands)	**2026**	2025	**2026**	2025
Agribusiness	**$ -**	$ 92	**$ -**	$ 92
Total	**$ -**	$ 92	**$ -**	$ 92

The following tables provide an aging analysis of past due loans at amortized cost:

	September 30, 2026					
(dollars in thousands)	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	90 Days or More Past Due and Accruing
Real Estate Mortgage	$ -	$ -	$ -	$ 505,699	$ 505,699	$ -
Production and Intermediate-Term	-	160	160	254,447	254,607	-
Agribusiness	-	-	-	201,128	201,128	-
Rural Infrastructure	-	-	-	123,013	123,013	-
Agricultural Export Finance	-	-	-	9,964	9,964	-
Total	$ -	$ 160	$ 160	$1,094,251	$1,094,411	$ -

	December 31, 2025					
(dollars in thousands)	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	90 Days or More Past Due and Accruing
Real Estate Mortgage	$ 7,908	$ -	$ 7,908	$ 497,223	$ 505,131	$ -
Production and Intermediate-Term	1,178	90	1,268	285,720	286,988	-
Agribusiness	-	-	-	214,408	214,408	-
Rural Infrastructure	-	-	-	103,182	103,182	-
Agricultural Export Finance	-	-	-	9,961	9,961	-
Total	$ 9,086	$ 90	$ 9,176	$1,110,494	$1,119,670	$ -

Loan Modifications to Borrowers Experiencing Financial Difficulty

The following tables show the amortized cost basis at the end of the respective reporting periods for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted. These balances exclude loans that were modified during the period but were paid off or sold to period end.

	Term Extension			
	For the Three Months Ended		For the Nine Months Ended	
(dollars in thousands)	**September 30, 2026**	% of Portfolio Segment	**September 30, 2026**	% of Portfolio Segment
Production and Intermediate-Term	**$ 482**	0.19%	**$ 3,193**	1.25%
Total	**$ 482**		**$ 3,193**	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was $23 thousand as of the three months ended September 30, 2026 and $150 thousand as of the nine months ended September 30, 2026.

	Term Extension			
	For the Three Months Ended		For the Nine Months Ended	
(dollars in thousands)	September 30, 2025	% of Portfolio Segment	September 30, 2025	% of Portfolio Segment
Production and Intermediate-Term	$ 164	0.06%	$ 3,996	1.57%
Agribusiness	-	-	1,864	0.88%
Total	$ 164		$ 5,860	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was $3 thousand as of the three months ended September 30, 2025 and $328 thousand as of the nine months ended September 30, 2025.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the periods presented:

	Weighted-Average Term Extension (in months)			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2026	2025	**2026**	2025
Production and Intermediate-Term	**21.0**	6.6	**17.5**	10.2
Agribusiness	**-**	-	**-**	22.0

None of the loans to borrowers experiencing financial difficulty that received a payment modification during the nine months ended September 30, 2026 or September 30, 2025 experienced a subsequent default.

The following tables set forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the periods presented:

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended September 30, 2026		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Production and Intermediate-Term	$ 3,193	$ -	$ -
Total	$ 3,193	$ -	$ -

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended September 30, 2025		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Production and Intermediate-Term	$ 3,996	$ -	$ -
Agribusiness	1,864	-	-
Total	$ 5,860	$ -	$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the nine months ended September 30, 2026 were $3.6 million and during the year ended December 31, 2025 were $4.1 million.

The Association had no loans held for sale at September 30, 2026 and December 31, 2025.

Allowance for Credit Losses

The allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures. The ACL

takes into consideration relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications. The Association uses a single economic scenario over a reasonable and supportable forecast period of 12 months. After the forecast period, the Association explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the remaining contractual life of the loan portfolio. The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables such as agricultural commodity prices, unemployment rates, Gross Domestic Product (GDP) annual growth rates, real consumer spending, agricultural exports, inflation, and Fed Funds rates.

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association 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 Association's board of directors has generally established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities.

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

(dollars in thousands)	Balance at June 30, 2026	Charge-offs	Recoveries	Loan Loss Reversals	Balance at September 30, 2026
Real Estate Mortgage	$ 608	$ -	$ -	$ (44)	$ 564
Production and Intermediate-Term	609	-	9	(73)	545
Agribusiness	1,219	-	34	(220)	1,033
Rural Infrastructure	984	-	-	(421)	563
Total	$ 3,420	$ -	$ 43	$ (758)	$ 2,705

(dollars in thousands)	Balance at December 31, 2025	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2026
Real Estate Mortgage	$ 60	$ -	$ -	$ 504	$ 564
Production and Intermediate-Term	592	455	11	397	545
Agribusiness	802	-	34	197	1,033
Rural Infrastructure	831	-	-	(268)	563
Total	$ 2,285	$ 455	$ 45	$ 830	$ 2,705

(dollars in thousands)	Balance at June 30, 2025	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2025
Real Estate Mortgage	$ 48	$ -	$ -	$ (2)	$ 46
Production and Intermediate-Term	671	-	1	13	685
Agribusiness	838	-	-	255	1,093
Rural Infrastructure	397	-	-	329	726
Total	$ 1,954	$ -	$ 1	$ 595	$ 2,550

(dollars in thousands)	Balance at December 31, 2024	Charge-offs	Recoveries	Provision for Loan Losses	Balance at September 30, 2025
Real Estate Mortgage	$ 45	$ -	$ -	$ 1	$ 46
Production and Intermediate-Term	565	-	2	118	685
Agribusiness	99	-	109	885	1,093
Rural Infrastructure	452	-	-	274	726
Total	$ 1,161	$ -	$ 111	$ 1,278	$ 2,550

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statements of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statements of Comprehensive Income, along with the provision for loan losses. A summary of changes in the reserve for unfunded commitments follows:

(dollars in thousands)	**For the Three Months Ended September 30, 2026**	**For the Nine Months Ended September 30, 2026**
Balance at beginning of period	$ 883	$ 542
(Reversal of)/Provision for reserve for unfunded commitments	(194)	147
Total	$ 689	$ 689

(dollars in thousands)	For the Three Months Ended September 30, 2025	For the Nine Months Ended September 30, 2025
Balance at beginning of period	$ 433	$ 293
Provision for reserve for unfunded commitments	162	302
Total	$ 595	$ 595

NOTE 3 – CAPITAL

A summary of select capital ratios based on a three-month average and minimums set by the Farm Credit Administration follows:

	As of September 30, 2026	As of December 31, 2025	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	**18.59%**	17.97%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**18.59%**	17.97%	6.0%	2.5%	8.5%
Total capital ratio	**18.94%**	18.24%	8.0%	2.5%	10.5%
Permanent capital ratio	**18.64%**	18.01%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**20.64%**	19.72%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**20.57%**	19.64%	1.5%	-	1.5%

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

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

(dollars in thousands)	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2026	2025	**2026**	2025
Pension and other benefit plans:				
Beginning balance	**$ (330)**	$ (383)	**$ (490)**	$ (439)
Amounts reclassified from accumulated other comprehensive income/loss	**79**	28	**239**	84
Net current period other comprehensive income	**79**	28	**239**	84
Ending balance	**$ (251)**	$ (355)	**$ (251)**	$ (355)

The following tables represent reclassifications out of accumulated other comprehensive income/loss:

(dollars in thousands)	Amount Reclassified from Accumulated Other Comprehensive Income/Loss For the Three Months Ended September 30		Location of Gain/Loss Recognized in Statements of Income
	2026	2025	
Pension and other benefit plans:			
Net actuarial loss	**$ 79**	$ 28	Salaries and employee benefits
Total reclassifications	**$ 79**	$ 28	

(dollars in thousands)	Amount Reclassified from Accumulated Other Comprehensive Income/Loss For the Nine Months Ended September 30		Location of Gain/Loss Recognized in Statements of Income
	2026	2025	
Pension and other benefit plans:			
Net actuarial loss	**$ 239**	$ 84	Salaries and employee benefits
Total reclassifications	**$ 239**	$ 84	

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting guidance defines 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 of the 2025 Annual Report to Shareholders for a more complete description.

Assets measured at fair value on a recurring basis are summarized below:

(dollars in thousands)	**Fair Value Measurement Using**			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
Assets held in nonqualified benefits trusts				
September 30, 2026	**$ 400**	**$ -**	**$ -**	**$ 400**
December 31, 2025	$ 583	$ -	$ -	$ 583

The Association had no liabilities measured at fair value on a recurring basis at September 30, 2026, or December 31, 2025.

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

(dollars in thousands)	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
September 30, 2026				
Loans	**$ -**	**$ -**	**$ -**	**$ -**
Other property owned	**$ -**	**$ -**	**$ -**	**$ -**
December 31, 2025				
Loans	$ -	$ -	$ 974	$ 974
Other property owned	$ -	$ -	$ 79	$ 79

With regard to impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and consider unobservable inputs such as income and expense, comparable sales, replacement cost, and comparability adjustments.

The Association had no liabilities measured at fair value on a non-recurring basis at September 30, 2026, or December 31, 2025.

Valuation Techniques

As more fully discussed in Note 2 of the 2025 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an Association to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

Assets Held in Non-Qualified 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.

Loans Evaluated for Impairment

For impaired loans measured on a non-recurring basis, the fair value is based upon the underlying collateral since the loans are collateral dependent loans. 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, these fair value measurements fall within Level 3 of the hierarchy. When the value of the collateral, 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 measured on a non-recurring basis 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 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 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 3, 2026, which is the date the financial statements were issued, and no material subsequent events were identified.