

ALABAMA AG CREDIT, ACA

2026

Quarterly Report

For the Quarter Ended September 30, 2026

REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been prepared 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/ Nicolas Hartley
Nicolas Hartley, Chief Executive Officer
November 5, 2026

/s/ Larry H. Gibson, Jr.
Larry H. Gibson, Jr., Chairman, Board of Directors
November 5, 2026

/s/ Heather Smith
Heather Smith, EVP/Chief Financial Officer
November 5, 2026

/s/ Richard M. Stabler
Richard M. Stabler, CPA, retired, Chairman, Audit Committee
November 5, 2026

Third Quarter 2026 Financial Report

Table of Contents

Management's Discussion and Analysis 4

Consolidated Balance Sheets 8

Consolidated Statements of Comprehensive Income 9

Consolidated Statement of Changes in Members' Equity 10

Notes to the Consolidated Financial Statements 11

ALABAMA AG CREDIT, ACA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the financial performance of the Alabama Ag Credit, ACA, referred to as the Association, for the quarter ended September 30, 2026. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2025 Annual Report to Stockholders.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Loan Portfolio

Total loans outstanding at September 30, 2026, including nonaccrual loans and sales contracts, were $1,609,812,398 compared to $1,527,325,808 at December 31, 2025, reflecting an increase of 5.4 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.5 percent at September 30, 2026, compared to 0.8 percent at December 31, 2025.

The Association recorded $160,725 in recoveries and $66,987 in charge-offs for the three months ended September 30, 2026, and $1,062 in recoveries and $1,787,738 in charge-offs for the three months ended September 30, 2025. The Association recorded $160,725 in recoveries and $247,647 in charge-offs for the nine months ended September 30, 2026, and $2,131 in recoveries and $1,790,817 in charge-offs for the nine months ended September 30, 2025. The Association's allowance for loan losses was 0.5 percent and 0.4 percent of total loans outstanding as of September 30, 2026, and December 31, 2025, respectively.

Loan volume increased $82,486,590 since December 31, 2025, primarily due to loan growth. Nonaccrual loans decreased $5,078,024 to $7,768,654 at September 30, 2026, from $12,846,678 at December 31, 2025, and there were no accruing loans 90 days or more past due at September 30, 2026, compared to $1,703,981 at December 31, 2025. As a result, high-risk assets decreased $6,782,005 since year-end. Two large credits paid off during the third quarter.

Risk Exposure

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest and other property owned. The following table illustrates the Association's components and trends of high-risk assets.

	High-Risk Assets			
	September 30, 2026		**December 31, 2025**	
	Amount	**%**	**Amount**	**%**
Nonaccrual	**$ 7,768,654**	**100.0%**	$ 12,846,678	88.3%
90 days past due and still accruing interest	**-**	**0.0%**	1,703,981	11.7%
Total	**$ 7,768,654**	**100.0%**	$ 14,550,659	100.0%

Results of Operations

The Association had net income of $6,854,694 and $15,823,209 for the three and nine months ended September 30, 2026, as compared to net income of $1,828,739 and $13,805,043 for the same periods in 2025, reflecting an increase of 274.8

percent and 14.6 percent. Net interest income was $10,793,251 and $30,097,900 for the three and nine months ended September 30, 2026, compared to $9,947,337 and $29,129,819 for the same periods in 2025.

	Nine Months Ended			
	September 30, 2026		September 30, 2025	
	Average Balance	Interest	Average Balance	Interest
Loans	**$ 1,585,325,046**	**$ 72,049,771**	$ 1,469,880,657	$ 66,900,866
Interest-bearing liabilities	**1,366,387,463**	**41,951,871**	1,253,267,214	37,771,047
Impact of capital	**$ 218,937,583**		$ 216,613,443	
Net interest income		**$ 30,097,900**		$ 29,129,819

	2026 Average Yield	2025 Average Yield
Yield on loans	**6.1%**	6.1%
Cost of interest-bearing liabilities	**4.1%**	4.0%
Interest rate spread	**2.0%**	2.1%
Net interest income as a percentage of average earning assets	**2.5%**	2.6%

	Nine Months Ended September 30, 2026 vs. September 30, 2025		
	Increase (decrease) due to		
	Volume	Rate	Total
Interest income - loans	**$ 5,254,418**	**$ (105,513)**	**$ 5,148,905**
Interest expense	**3,409,185**	**771,639**	**4,180,824**
Net interest income	**$ 1,845,233**	**$ (877,152)**	**$ 968,081**

Interest income for the three and nine months ended September 30, 2026, increased by $1,711,771 and $5,148,905, or 7.3 percent and 7.7 percent, from the same periods of 2025, primarily due to an increase in average loan volume and, for the three-month period, higher yields on earning assets, including the recognition of $895,255 of interest income on nonaccrual loans. Interest expense for the three and nine months ended September 30, 2026, increased by $865,857 and $4,180,824, or 6.4 percent and 11.1 percent, from the same periods of 2025 due to an increase in interest rates and an increase in average debt volume. Average loan volume for the three and nine months ended September 30, 2026, was $1,601,906,465 and $1,585,325,046, compared to $1,518,071,511 and $1,469,880,657 for the same periods of 2025. The average net interest rate spread on the loan portfolio for the nine months ended September 30, 2026, was 2.0 percent, compared to 2.1 percent for the same period of 2025.

The Association's return on average assets for the nine months ended September 30, 2026, was 1.3 percent compared to 1.2 percent for the same period in 2025. The Association's return on average equity for the nine months ended September 30, 2026, was 8.2 percent, compared to 7.5 percent for the same period in 2025.

The increase in net income for the three and nine months ended September 30, 2026, was primarily due to decreases in the provision for credit losses of $3,724,933 and $2,674,016, respectively, compared to the same periods of 2025, along with the increase in net interest income discussed above.

Noninterest income for the three months ended September 30, 2026, increased by $386,454, or 77.4 percent, while noninterest income for the nine months ended September 30, 2026, decreased by $225,650, or 6.9 percent, compared to the same periods of 2025. The increase for the three-month period is primarily due to increases in patronage income from the Bank of $203,414, other noninterest income of $148,741 and loan fees of $53,160. The decrease for the nine-month period is primarily due to a decrease in patronage income from the Bank of $1,298,108, partially offset by a $663,263 refund of

excess insurance premiums from the Farm Credit System Insurance Corporation and increases in loan fees of $389,972 and other noninterest income of $8,834. The patronage income decrease was due to a conservative approach by management in accruing patronage based on prior years' distribution.

Noninterest expenses for the three months ended September 30, 2026, decreased by $68,654, or 1.5 percent, while noninterest expenses for the nine months ended September 30, 2026, increased by $1,398,281, or 9.6 percent, compared to the same periods of 2025. The decrease for the three-month period is primarily due to a decrease in salaries and employee benefits of $731,775, partially offset by increases in purchased services of $349,298 and other noninterest expense of $220,830. The increase for the nine-month period is primarily due to increases in purchased services of $1,172,517 and other noninterest expense of $478,653, partially offset by decreases in salaries and employee benefits of $260,895 and insurance fund premiums of $188,665. The decrease in salaries and benefits was due to the application of new time study data in the deferral of origination expenses. Purchased services increased primarily due to the addition of a monthly IT charge from the Bank. Other noninterest expense increased primarily due to increased fees from Farmer Mac.

Liquidity and Funding Sources

The Association secures the majority of its lendable funds from the Farm Credit Bank of Texas (the Bank), which obtains its funds through the issuance of System-wide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

	September 30, 2026	December 31, 2025
Note payable to the Bank	$ 1,385,688,081	$ 1,310,016,586
Accrued interest on note payable	4,777,356	4,448,710
Total	**$ 1,390,465,437**	$ 1,314,465,296

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA was renewed on October 1, 2026 and is effective through September 30, 2029. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $1,385,688,081 as of September 30, 2026, is recorded as a liability on the Association's balance sheet. The note carried a weighted average interest rate of 4.2 percent at September 30, 2026. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by the GFA. The increase in note payable to the Bank and related accrued interest payable since December 31, 2025, is due to the Association's increase in loan volume. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $224,625,854 at September 30, 2026. The maximum amount the Association may borrow from the Bank as of September 30, 2026, was $1,650,000,000 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2029, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

The Association is required to maintain an investment in the Bank in the form of Class A voting capital stock and allocated retained earnings. Beginning in 2025, the investment requirement of the Association increased to 2.50 percent of the average borrowings from the Bank, equalized semi-annually.

Capital Resources

The Association's capital position increased by $15,930,400 at September 30, 2026, compared to December 31, 2025. The Association's debt as a percentage of members' equity was 5.23:1 as of September 30, 2026, compared to 5.31:1 as of December 31, 2025.

Farm Credit Administration regulations require the Association to maintain minimums for various regulatory capital ratios. New regulations became effective January 1, 2017, which replaced the previously required core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The new regulations also added tier 1 leverage and unallocated retained earnings and equivalents (UREE) ratios. The permanent capital ratio continues to remain in effect, with some modifications to align with the new regulations. As of September 30, 2026, the Association exceeded all regulatory capital requirements.

Significant Recent Accounting Pronouncements

Refer to Note 1 – "Organization and Significant Accounting Policies" in this quarterly report for disclosures of recent accounting pronouncements which may impact the Association's consolidated financial position and results of operations and for critical accounting policies.

Relationship With the Farm Credit Bank of Texas

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2025 Annual Report of Association more fully describe the Association's relationship with the Bank.

The annual and quarterly stockholder reports of the Bank can be found at the Bank's website at *www.farmcreditbank.com*.

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Alabama Ag Credit, ACA, 7480 Halcyon Pointe Drive, Ste 201, Montgomery, AL 36117 or calling (334) 270-8687. The annual and quarterly stockholder reports for the Association are also available on its website at www.AlabamaAgCredit.com. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing info@AlabamaAgCredit.com. The quarterly stockholder reports will be available on the Association's website approximately 40 days after quarter end.

Alabama Ag Credit, ACA

CONSOLIDATED BALANCE SHEETS

	September 30, 2026 (unaudited)	December 31, 2025
ASSETS		
Cash	$ 16,203	$ 14,340
Loans	1,609,812,398	1,527,325,808
Less: allowance for credit losses on loans	7,794,029	6,553,851
Net loans	1,602,018,369	1,520,771,957
Accrued interest receivable	17,488,492	17,362,045
Investment in and receivable from the Farm Credit Bank of Texas:		
Capital stock	33,627,565	32,130,385
Allocated equities	909,011	909,011
Accrued patronage receivable	2,578,840	3,187,889
Other	806,099	759,315
Premises and equipment, net	6,595,064	6,811,065
Other assets	824,836	1,764,641
Total assets	$ 1,664,864,479	$ 1,583,710,648
LIABILITIES		
Note payable to the Farm Credit Bank of Texas	$ 1,385,688,081	$ 1,310,016,586
Accrued interest payable	4,777,356	4,448,710
Drafts outstanding	261,846	73,868
Patronage distributions payable	133	10,297,197
Other liabilities	7,105,185	7,772,809
Total liabilities	1,397,832,601	1,332,609,170
MEMBERS' EQUITY		
Capital stock and participation certificates	4,907,505	4,737,285
Unallocated retained earnings	261,410,732	245,586,674
Accumulated other comprehensive income	713,641	777,519
Total members' equity	267,031,878	251,101,478
Total liabilities and members' equity	$ 1,664,864,479	$ 1,583,710,648

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

Alabama Ag Credit, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
INTEREST INCOME				
Loans	**$ 25,114,252**	$ 23,402,481	**$ 72,049,771**	$ 66,900,866
INTEREST EXPENSE				
Note payable to the Farm Credit Bank of Texas	**14,321,001**	13,455,144	**41,951,871**	37,771,047
Net interest income	**10,793,251**	9,947,337	**30,097,900**	29,129,819
PROVISION FOR LOAN LOSSES	**172,998**	3,897,931	**1,386,464**	4,060,480
Net interest income after provision for credit losses on loans	**10,620,253**	6,049,406	**28,711,436**	25,069,339
NONINTEREST INCOME				
Income from the Farm Credit Bank of Texas:				
Patronage income	**348,276**	144,862	**955,651**	2,253,759
Loan fees	**242,316**	189,156	**803,776**	413,804
Refunds from Farm Credit System Insurance Corporation	**-**	-	**663,263**	-
Financially related services income	**223**	326	**521**	765
Gain (loss) on sale of premises and equipment, net	**15,812**	34,570	**20,340**	9,707
Other noninterest income	**279,243**	130,502	**592,337**	583,503
Total noninterest income	**885,870**	499,416	**3,035,888**	3,261,538
NONINTEREST EXPENSES				
Salaries and employee benefits	**2,301,697**	3,033,472	**8,881,418**	9,142,313
Directors' expense	**97,765**	76,553	**288,756**	262,520
Purchased services	**492,991**	143,693	**1,611,622**	439,105
Travel	**277,686**	275,190	**873,334**	728,644
Occupancy and equipment	**348,877**	315,468	**996,363**	1,030,959
Communications	**65,449**	63,221	**230,272**	214,572
Advertising	**105,853**	98,090	**287,100**	296,114
Public and member relations	**173,541**	156,599	**507,088**	421,443
Supervisory and exam expense	**133,043**	130,391	**354,710**	348,600
Insurance fund premiums	**327,321**	308,330	**964,142**	1,152,807
Other components of net periodic postretirement benefit cost	**10,372**	23,072	**31,116**	69,216
Other noninterest expense	**316,834**	96,004	**898,194**	419,541
Total noninterest expenses	**4,651,429**	4,720,083	**15,924,115**	14,525,834
NET INCOME	**6,854,694**	1,828,739	**15,823,209**	13,805,043
Other comprehensive income:				
Change in postretirement benefit plans	**(21,291)**	(11,274)	**(63,878)**	(33,822)
COMPREHENSIVE INCOME	**$ 6,833,403**	$ 1,817,465	**$ 15,759,331**	$ 13,771,221

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

Alabama Ag Credit, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2024	$ 4,580,405	$ 233,621,719	$ 479,641	$ 238,681,765
Net income	-	13,805,043	-	13,805,043
Other comprehensive income	-	-	(33,822)	(33,822)
Capital stock/participation certificates issued	589,795	-	-	589,795
Capital stock/participation certificates retired	(454,665)	-	-	(454,665)
Balance at September 30, 2025	$ 4,715,535	$ 247,426,762	$ 445,819	$ 252,588,116
Balance at December 31, 2025	**$ 4,737,285**	**$ 245,586,674**	**$ 777,519**	**$ 251,101,478**
Net income	**-**	**15,823,209**	**-**	**15,823,209**
Other comprehensive income	**-**	**-**	**(63,878)**	**(63,878)**
Comprehensive income		**15,823,209**	**(63,878)**	**15,759,331**
Capital stock/participation certificates issued	**663,300**	**-**	**-**	**663,300**
Capital stock/participation certificates retired	**(493,080)**	**-**	**-**	**(493,080)**
Patronage distribution adjustment	**-**	**849**	**-**	**849**
Balance at September 30, 2026	**$ 4,907,505**	**$ 261,410,732**	**$ 713,641**	**$ 267,031,878**

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

Alabama Ag Credit, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2024	$ 4,580,405	$ 233,621,719	$ 479,641	$ 238,681,765
Net income	-	13,805,043	-	13,805,043
Other comprehensive income	-	-	(33,822)	(33,822)
Capital stock/participation certificates issued	589,795	-	-	589,795
Capital stock/participation certificates retired	(454,665)	-	-	(454,665)
Balance at September 30, 2025	$ 4,715,535	$ 247,426,762	$ 445,819	$ 252,588,116
Balance at December 31, 2025	**$ 4,737,285**	**$ 245,586,674**	**$ 777,519**	**$ 251,101,478**
Net income	**-**	**15,823,209**	**-**	**15,823,209**
Other comprehensive income	**-**	**-**	**(63,878)**	**(63,878)**
Capital stock/participation certificates issued	**663,300**	**-**	**-**	**663,300**
Capital stock/participation certificates retired	**(493,080)**	**-**	**-**	**(493,080)**
Patronage distribution adjustment	**-**	**849**	**-**	**849**
Balance at September 30, 2026	**$ 4,907,505**	**$ 261,410,732**	**$ 713,641**	**$ 267,031,878**

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

ALABAMA AG CREDIT, ACA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Alabama Ag Credit, ACA (Agricultural Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the counties of Autauga, Baldwin, Barbour, Bibb, Bullock, Butler, Chambers, Chilton, Choctaw, Clarke, Coffee, Conecuh, Coosa, Covington, Crenshaw, Dale, Dallas, Elmore, Escambia, Geneva, Greene, Hale, Henry, Houston, Lee, Lowndes, Macon, Marengo, Mobile, Monroe, Montgomery, Perry, Pickens, Pike, Russell, Sumter, Tallapoosa, Tuscaloosa, Washington, and Wilcox in the state of Alabama. The Association is a lending institution of the Farm Credit System (the System), which was established by Acts of Congress to meet the needs of American agriculture.

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 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 Stockholders.

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 to Stockholders. 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 Adopted or Issued 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 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 interim reporting requirements, adding comprehensive lists of required disclosures from other Codification topics, and establishing a principle to disclose events that have material impact on the entity since the end of the last annual reporting period. This update 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. This update 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. This update 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 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. This update 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. This update 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 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 credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The update also provides 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 revenue recognition guidance. The Association adopted this guidance effective January 1, 2026 and elected to apply the practical expedient, as applicable. The adoption of this update did not have a material impact on the Association's financial condition, results of operations or cash flows.

In December 2023, the FASB issued ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this update 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 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 ON LOANS:

A summary of loans by type follows:

	September 30, 2026	December 31, 2025
Loan Type	**Amount**	Amount
Production agriculture:		
Real estate mortgage	**$ 1,164,443,973**	**$ 1,086,868,083**
Production and intermediate-term	**173,741,299**	**158,716,996**
Agribusiness:		
Loans to cooperatives	**6,274,154**	**8,299,322**
Processing and marketing	**127,046,477**	**129,448,238**
Farm-related business	**30,716,701**	**29,300,705**
Communication	**17,196,581**	**11,897,950**
Energy	**17,861,877**	**18,326,510**
Water and waste-water	**3,248,963**	**4,446,946**
Rural residential real estate	**58,752,641**	**69,492,067**
Agricultural export finance	**10,529,732**	**10,528,991**
Total	**$ 1,609,812,398**	**$ 1,527,325,808**

The Association purchases or sells participation interests with other parties in order 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		**Total**	
	Participations Purchased	**Participations Sold**	**Participations Purchased**	**Participations Sold**
Real estate mortgage	$ 15,845,044	$ 62,388,641	$ 15,845,044	$ 62,388,641
Production and intermediate-term	40,422,532	25,929,675	40,422,532	25,929,675
Agribusiness	139,806,904	81,990,341	139,806,904	81,990,341
Communication	17,196,581	-	17,196,581	-
Energy	17,861,877	-	17,861,877	-
Water and waste-water	3,248,963	-	3,248,963	-
Agricultural export finance	10,529,732	-	10,529,732	-
Total	$ 244,911,633	$ 170,308,657	$ 244,911,633	$ 170,308,657

The Association is authorized under the Farm Credit Act to accept "advance conditional payments" (ACPs) from borrowers. To the extent the borrower's access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in other liabilities. ACPs are

not insured, and interest is generally paid by the Association on such balances. Balances of ACPs were $7,113,620 and $7,499,657 at September 30, 2026, and December 31, 2025, respectively.

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 the 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, institutions that make 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 percent of the original appraised value of the property taken as security or up to 97 percent 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, or collateral pledged on the loan,
- Doubtful — assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable, and
- Loss — assets are considered uncollectible.

The following table shows the amortized cost of loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Real estate mortgage		
Acceptable	**98.7** %	**97.9** %
OAEM	**0.5**	**0.7**
Substandard/doubtful	**0.8**	**1.4**
	100.0	100.0
Production and intermediate-term		
Acceptable	**97.9**	**97.4**
OAEM	**1.3**	**2.5**
Substandard/doubtful	**0.8**	**0.1**
	100.0	100.0
Agribusiness		
Acceptable	**95.5**	**100.0**
OAEM	**-**	**-**
Substandard/doubtful	**4.5**	**-**
	100.0	100.0
Energy and water/waste-water		
Acceptable	**100.0**	**100.0**
OAEM	**-**	**-**
Substandard/doubtful	**-**	**-**
	100.0	100.0
Communication		
Acceptable	**100.0**	**100.0**
OAEM	**-**	**-**
Substandard/doubtful	**-**	**-**
	100.0	100.0
Rural residential real estate		
Acceptable	**99.2**	**99.9**
OAEM	**0.1**	**0.1**
Substandard/doubtful	**0.7**	**-**
	100.0	100.0
Agricultural export finance		
Acceptable	**100.0**	**100.0**
OAEM	**-**	**-**
Substandard/doubtful	**-**	**-**
	100.0	100.0
Total loans		
Acceptable	**98.4**	**98.2**
OAEM	**0.5**	**0.8**
Substandard/doubtful	**1.1**	**1.0**
	100.0 %	100.0 %

Accrued interest receivable on loans of $17,488,492 and $17,362,045 at September 30, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost of loans and reported separately in the Balance Sheet. The Association wrote off accrued interest receivable against interest income of $18,565 and $153,613 during the three and nine months ended September 30, 2026, respectively. During the three and nine months ended September 30, 2025, the Association wrote off accrued interest receivable against interest income of $0 and $3,079, respectively.

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

	September 30, 2026	December 31, 2025
Nonaccrual loans:		
Real estate mortgage	**$ 6,499,233**	$ 12,831,239
Production and intermediate-term	**909,858**	$ 15,439
Rural residential real estate	**359,563**	-
Total nonaccrual loans	**$ 7,768,654**	$ 12,846,678
Accruing loans 90 days or more past due:		
Real estate mortgage	**$ -**	$ 116,693
Production and intermediate-term	**-**	1,447,341
Rural residential real estate	**-**	139,947
Total accruing loans 90 days or more past due	**$ -**	$ 1,703,981
Other property owned	**-**	-
Total nonperforming assets	**$ 7,768,654**	$ 14,550,659
Nonaccrual loans as a percentage of total loans	**0.5%**	0.8%
Nonperforming assets as a percentage of total loans and other property owned	**0.5%**	1.0%
Nonperforming assets as a percentage of capital	**2.9%**	5.8%

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 during the period:

	September 30, 2026			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without	Total	For the Three Months Ended September 30, 2026	For the Nine Months Ended September 30, 2026
Nonaccrual loans:					
Real estate mortgage	**$ 589,173**	**$ 5,910,061**	**$ 6,499,234**	**$ 895,255**	**$ 897,022**
Production and intermediate-term	**405,819**	**504,038**	**909,857**	**-**	**-**
Rural residential real estate	**-**	**359,563**	**359,563**	**-**	**-**
Total nonaccrual loans	**$ 994,992**	**$ 6,773,662**	**$ 7,768,654**	**$ 895,255**	**$ 897,022**

	December 31, 2025			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without	Total	For the Three Months Ended September 30, 2025	For the Nine Months Ended September 30, 2025
Nonaccrual loans:					
Real estate mortgage	$ -	$ 12,831,239	$ 12,831,239	$ 164,618	$ 245,606
Production and intermediate-term	-	15,439	15,439	-	-
Total nonaccrual loans	$ -	$ 12,846,678	$ 12,846,678	$ 164,618	$ 245,606

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

September 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	Amortized Cost >90 Days Past Due and Accruing
Real estate mortgage	**$ 4,936,617**	**$ 4,680,728**	**$ 9,617,345**	**$ 1,154,826,628**	**$ 1,164,443,973**	**$ -**
Production and intermediate term	**1,071,941**	**648,209**	**1,720,150**	**172,021,149**	**173,741,299**	**-**
Loans to cooperatives	**-**	**-**	**-**	**6,274,154**	**6,274,154**	**-**
Processing and marketing	**-**	**-**	**-**	**127,046,477**	**127,046,477**	**-**
Farm-related business	**-**	**-**	**-**	**30,716,701**	**30,716,701**	**-**
Communication	**-**	**-**	**-**	**17,196,581**	**17,196,581**	**-**
Energy	**-**	**-**	**-**	**17,861,877**	**17,861,877**	**-**
Water and waste-water	**-**	**-**	**-**	**3,248,963**	**3,248,963**	**-**
Rural residential real estate	**648,133**	**169,164**	**817,297**	**57,935,344**	**58,752,641**	**-**
Agricultural export finance	**-**	**-**	**-**	**10,529,732**	**10,529,732**	**-**
Total	**$ 6,656,691**	**$ 5,498,101**	**$ 12,154,792**	**$ 1,597,657,606**	**$ 1,609,812,398**	**$ -**

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	Amortized Cost >90 Days Past Due and Accruing
Real estate mortgage	$ 10,312,162	$ 1,799,464	$ 12,111,626	$ 1,074,756,457	$ 1,086,868,083	$ 116,693
Production and intermediate term	1,178,692	1,451,673	2,630,365	156,086,631	158,716,996	1,447,341
Loans to cooperatives	-	-	-	8,299,322	8,299,322	-
Processing and marketing	676,644	-	676,644	128,771,594	129,448,238	-
Farm-related business	-	-	-	29,300,705	29,300,705	-
Communication	-	-	-	11,897,950	11,897,950	-
Energy	-	-	-	18,326,510	18,326,510	-
Water and waste-water	-	-	-	4,446,946	4,446,946	-
Rural residential real estate	735,109	139,947	875,056	68,617,011	69,492,067	139,947
Agricultural export finance	-	-	-	10,528,991	10,528,991	-
Total	$ 12,902,607	$ 3,391,084	$ 16,293,691	$ 1,511,032,117	$ 1,527,325,808	$ 1,703,981

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral dependent loans are primarily real estate mortgage and rural residential real estate loans.

Loan Modifications to Borrowers Experiencing Financial Difficulties

There were no loan modifications granted to borrowers experiencing financial difficulty during the three months ended September 30, 2026.

For loan modifications granted to borrowers during the three months ended September 30, 2025, the following table shows the amortized cost basis of the outstanding balances reflected in our Balance Sheet as of September 30, 2025, disaggregated by loan type and type of modification granted.

	For the Three Months Ended September 30, 2025(1)		
	Term Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	**$ 109,804**	**$ 109,804**	**0.01%**
Production and Intermediate-Term	**67,451**	**67,451**	**0.04%**
Total	**$ 177,255**	**$ 177,255**	**0.01%**

(1) Excludes loans that were modified during the period but were paid off, sold or charged-off prior to period end.

There was no accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the three months ended September 30, 2026 and 2025.

There were no loan modifications granted to borrowers experiencing financial difficulty during the nine months ended September 30, 2026.

For loan modifications granted to borrowers during the nine months ended September 30, 2025, the following table shows the amortized cost basis of the outstanding balances reflected in our Balance Sheet as of September 30, 2025, disaggregated by loan type and type of modification granted.

	For the Nine Months Ended September 30, 2025		
	Term Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 3,418,138	$ 3,418,138	0.30%
Production and Intermediate-Term	2,327,619	2,327,619	1.30%
Total	$ 5,745,757	$ 5,745,757	0.50%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the nine months ended September 30, 2026 and 2025 was $0 and $645,901, respectively.

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

	Financial Effect For the Three Months Ended September 30, 2025
	Term Extension
Real estate mortgage	120 days
Production and intermediate-term	90 days

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

	Financial Effect For the Nine Months Ended September 30, 2025
	Term Extension
Real estate mortgage	112 days
Production and intermediate-term	97 days

There were no loans to borrowers experiencing financial difficulties that defaulted during the three months ended September 30, 2026 and 2025, and received a modification in the twelve months before default. There were no loans to borrowers experiencing financial difficulties that defaulted during the nine months ended September 30, 2026, and received a modification in the twelve months before default.

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

	Modified Loans that Subsequently Defaulted During the Three Months Ended September 30, 2025
	Term Extension
Real estate mortgage	$ 1,397,231
Production and intermediate-term	590,909
Total	**$ 1,988,140**

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

	September 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	**$ 3,000,000**	-	-
Production and intermediate-term	**649,563**	-	-
Total	**$ 3,649,563**	**$ -**	**$ -**

The following table sets forth an aging analysis at September 30, 2025 of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to September 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	$ -	$ 1,397,231	$ 110,887
Production and intermediate-term	2,509,008	-	-
Total	$ 2,509,008	$ 1,397,231	$ 110,887

There were no additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the nine months ended September 30, 2026 and during the year ended December 31, 2025.

Allowance for Credit Losses

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 percent of the Association's lending and leasing limit base but the Association's boards of directors have generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment for the three and nine months ended September 30, 2026 are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Total
Allowance for credit losses on loans:								
Balance at June 30, 2026	$ 5,614,091	$ 793,285	$ 884,803	$ 23,815	$ 12,736	$ 243,686	$ 4,176	$ 7,576,592
Charge-offs	(66,987)	-	-	-	-	-	-	(66,987)
Recoveries	160,725	-	-	-	-	-	-	160,725
Provision for credit losses (credit loss reversal)	(1,978,834)	652,221	1,421,668	9,566	18,167	1,388	(477)	123,699
Balance at September 30, 2026	$ 3,728,995	$ 1,445,506	$ 2,306,471	$ 33,381	$ 30,903	$ 245,074	$ 3,699	$ 7,794,029
Allowance for credit losses on unfunded commitments:								
Balance at June 30, 2026	$ 8,170	$ 31,256	$ 36,539	$ -	$ 769	$ 238	$ 5,612	$ 82,585
Provision for unfunded commitments	6,544	9,535	23,863	3,893	5,715	(7)	(243)	49,300
Balance at September 30, 2026	$ 14,714	$ 40,791	$ 60,402	$ 3,893	$ 6,484	$ 231	$ 5,369	$ 131,884

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Total
Allowance for credit losses on loans:								
Balance at December 31, 2025	$ 4,892,292	$ 781,025	$ 552,146	$ 25,765	$ 18,691	$ 279,032	$ 4,900	$ 6,553,851
Charge-offs	(237,246)	(10,401)	-	-	-	-	-	(247,647)
Recoveries	160,725	-	-	-	-	-	-	160,725
Provision for credit losses/(credit loss reversal)	(1,086,776)	674,882	1,754,325	7,616	12,212	(33,958)	(1,201)	1,327,100
Balance at September 30, 2026	$ 3,728,995	$ 1,445,506	$ 2,306,471	$ 33,381	$ 30,903	$ 245,074	$ 3,699	$ 7,794,029
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2025	$ 2,127	$ 34,769	$ 28,930	$ 1,724	$ 2,361	$ 1,509	$ 1,100	$ 72,520
Provision for unfunded commitments	12,587	6,022	31,472	2,169	4,123	(1,278)	4,269	59,364
Balance at September 30, 2026	$ 14,714	$ 40,791	$ 60,402	$ 3,893	$ 6,484	$ 231	$ 5,369	$ 131,884

A summary of changes in the allowance for credit losses by portfolio segment for the three and nine months ended September 30, 2025 are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Total
Allowance for credit losses on loans:								
Balance at June 30, 2025	$ 6,955,606	$ 781,217	$ 2,191,517	$ 25,407	$ 24,434	$ 273,849	$ 3,449	$ 10,255,479
Charge-offs	-	-	-	-	-	-	-	-
Recoveries	2,131	-	-	-	-	-	-	2,131
Provision for loan losses (credit loss reversal)	(1,478,154)	27,748	3,548,558	759	(717)	4,492	1,608	2,104,294
Balance at September 30, 2025	$ 5,479,583	$ 808,965	$ 5,740,075	$ 26,166	$ 23,717	$ 278,341	$ 5,057	$ 12,361,904
Allowance for credit losses on unfunded commitments:								
Balance at June 30, 2025	$ 18,213	$ 29,874	$ 24,476	$ 1,775	$ 4,739	$ 2,310	$ 1,470	$ 82,857
Provision for unfunded commitments	(6,162)	5,788	7,591	(6)	(1,069)	(378)	(934)	4,830
Balance at September 30, 2025	$ 12,051	$ 35,662	$ 32,067	$ 1,769	$ 3,670	$ 1,932	$ 536	$ 87,687

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Total
Allowance for credit losses on loans:								
Balance at December 31, 2024	$ 6,414,160	$ 1,237,901	$ 2,111,125	$ 26,305	$ 26,057	$ 280,503	$ 4,092	$ 10,100,143
Charge-offs	(3,078)	-	(1,787,740)	-	-	-	-	(1,790,818)
Recoveries	2,131	-	-	-	-	-	-	2,131
Provision for loan losses (credit loss reversal)	(933,630)	(428,936)	5,416,690	(139)	(2,340)	(2,162)	965	4,050,448
Balance at September 30, 2025	$ 5,479,583	$ 808,965	$ 5,740,075	$ 26,166	$ 23,717	$ 278,341	$ 5,057	$ 12,361,904
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2024	$ 10,833	$ 33,281	$ 19,123	$ 1,835	$ 9,210	$ 1,100	$ 2,271	**$ 77,653**
Provision for unfunded commitments	1,218	2,381	12,944	(66)	(5,540)	832	(1,735)	10,034
Balance at September 30, 2025	$ 12,051	$ 35,662	$ 32,067	$ 1,769	$ 3,670	$ 1,932	$ 536	$ 87,687

Discussion of Changes in Allowance for Credit Losses

The ACL increased $1,240,178 to $7,794,029 at September 30, 2026, as compared to $6,553,851 at December 31, 2025. This is largely due to increases in the agribusiness ($1,754,325) and production and intermediate-term ($664,481) segments, including a manual qualitative adjustment of $1,169,609 on production and intermediate-term loans, partially offset by a decrease in the real estate mortgage segment ($1,163,297). The qualitative reserve increase was primarily due to the downgrade of a large participation credit with substantial collateral deficiencies. The decrease in real estate mortgage was due to a change in underwriting standards for poultry that changed the probability of default on most poultry loans.

The Association’s macroeconomic forecasts include a weighted average selection of a third-party vendor’s economic scenarios over a reasonable and supportable forecast period of two years. The economic scenarios utilized in the September 30, 2026, estimate for the allowance for credit losses were based on the following: a baseline scenario, which represents a relatively stable economic environment; a downside scenario reflecting an economic recession during the forecast period; and an upside scenario that considers the potential for economic improvement relative to the baseline scenario. The economic forecast incorporates macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

NOTE 3 — CAPITAL:

The Association’s board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the Association's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association’s permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an Association's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the board.

Regulatory Capitalization Requirements

Risk-adjusted:	Regulatory Minimums wih Buffer	As of September 30, 2026
Common equity tier 1 ratio	7.0%	13.8%
Tier 1 capital ratio	8.5%	13.8%
Total capital ratio	10.5%	14.3%
Permanent capital ratio	7.0%	13.9%
Non-risk-adjusted:		
Tier 1 leverage ratio	5.0%	14.0%
UREE leverage ratio	1.5%	13.7%

The capital conservation buffer and leverage buffer are fully phased in. Failure to maintain the buffers would result in restrictions on capital distributions and discretionary senior executive bonuses.

The details for the amounts used in the calculation of the regulatory capital ratios as of September 30, 2026:

Risk-adjusted Capital Ratios

	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 257,014,776	$ 257,014,776	$ 257,014,776	$ 257,014,776
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	4,899,015	4,899,015	4,899,015	4,899,015
Allowance for loan losses and reserve for credit losses subject to certain limitations	-	-	7,669,337	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(34,536,576)	(34,536,576)	(34,536,576)	(34,536,576)
	227,377,215	227,377,215	235,046,552	227,377,215
Denominator:				
Risk-adjusted assets excluding allowance	1,679,435,805	1,679,435,805	1,679,435,805	1,679,435,805
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(34,536,576)	(34,536,576)	(34,536,576)	(34,536,576)
Allowance for loan losses	-	-	-	(7,586,204)
	$ 1,644,899,229	$ 1,644,899,229	$ 1,644,899,229	$ 1,637,313,025

Non-risk-adjusted Capital Ratios

	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	$ 257,014,776	$ 257,014,776
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	4,899,015	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(34,536,576)	(34,536,576)
	$ 227,377,215	$ 222,478,200
Denominator:		
Total Assets	1,654,589,340	1,654,589,340
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(35,330,198)	(35,330,198)
	$ 1,619,259,142	$ 1,619,259,142

The following table presents the components of capital as of:

	September 30, 2026	December 31, 2025
Capital stock and participation certificates	**$ 4,907,505**	$ 4,737,285
Accumulated other comprehensive loss	**713,641**	777,519
Unallocated retained earnings	**261,410,732**	245,586,674
Total Capital	**$ 267,031,878**	$ 251,101,478

The Association's accumulated other comprehensive income (loss) relates entirely to its non-pension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Other components of net periodic postretirement benefit cost" in the Consolidated Statements of Comprehensive Income. The following table summarizes the change in accumulated other comprehensive income (loss) for the nine months ended September 30:

	2026	2025
Accumulated other comprehensive income (loss) at January 1	**$ 777,519**	$ 479,641
Amortization of actuarial (gain) loss included in salaries and employee benefits	**(63,878)**	(33,822)
Accumulated other comprehensive income (loss) at September 30	**$ 713,641**	$ 445,819

NOTE 4 — INCOME TAXES:

Alabama Ag Credit, ACA, conducts its business activities through two wholly-owned subsidiaries. Long-term mortgage lending activities are conducted through a wholly-owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are conducted through a wholly-owned PCA subsidiary. The PCA subsidiary and the ACA holding company are subject to income tax. Alabama Ag Credit, ACA, operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, Alabama Ag Credit, ACA, can exclude from taxable income amounts distributed as qualified patronage dividends in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage dividends. Deferred taxes are recorded at the tax effect of all temporary differences, and a valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized.

NOTE 5 — 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 13 in the 2025 Annual Report to Stockholders for a more complete description.

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

September 30, 2026	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in non-qualified benefits trusts	**$ 270,412**	**-**	**-**	**$ 270,412**

December 31, 2025	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in non-qualified benefits trusts	**$ 302,625**	**$ -**	**$ -**	**$ 302,625**

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

September 30, 2026	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$ 946,265**	**$ 946,265**

December 31, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ -	$ -

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

With regard to nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs, as each collateral property is unique. The Associations utilize appraisals to value these loans and other property owned and take into account unobservable inputs, such as income and expense, comparable sales, replacement cost and comparability adjustments.

Valuation Techniques

As more fully discussed in Note 13 to the 2025 Annual Report to Stockholders, authoritative 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 Association's assets and liabilities. For a more complete description, see the 2025 Annual Report to Stockholders.

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.

Loans Evaluated for Impairment

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.

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 the other property owned involves the use of independent appraisals and other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. As a result, these fair value measurements fall within Level 3 of the hierarchy.

Commitments to Extend Credit

The fair value of commitments is estimated using the fees currently charged for similar agreements, taking into account the remaining terms of the agreements and the creditworthiness of the counterparties. For fixed-rate loan commitments, estimated fair value also considers the difference between current levels of interest rates and the committed rates.

NOTE 6 — EMPLOYEE BENEFIT PLANS:

Employee Retirement Plans: As discussed in Note 2 and Note 11 to the 2025 Annual Report to Stockholders, employees of the Association participate in either the Texas Farm Credit District's (District) defined benefit pension plan (DB Plan) or the District's defined contribution plan (DC Plan).

The structure of the District's defined benefit pension plan is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (Bank and Associations). The Association recognizes its amortized annual contributions to the plan as an expense. The annual contribution is paid in January of each year and amortized into expense on a monthly basis; unamortized contributions are included in "Other Assets" in the consolidated balance sheet. The following table represents DB contributions made, amounts amortized into expense, and the remaining unamortized contributions amounts as of September 30:

	2026	2025
DB Contribution	$ 140,304	$ 232,478
YTD Amortization	105,255	174,358
Unamortized Contributions	$ 35,049	$ 58,120

Association contributions to the DC Plan are expensed as incurred. For the three months ended September 30, 2026 and 2025, the Association recognized pension costs for the DC Plan of $109,047 and $100,727, respectively. For the nine months ended September 30, 2026 and 2025, the Association recognized pension costs for the DC Plan of $412,294 and $402,953, respectively.

Employees are also eligible to participate in the Farm Credit Benefits Alliance 401(k) Plan. Contributions to the 401(k) plan are expensed as incurred. The Association's contributions to the 401(k) plan were $72,827 and $256,322 for the three and nine months ended September 30, 2026, respectively, compared to $67,995 and $255,243 for the same periods in 2025.

Other Postretirement Benefits: In addition to pension benefits, the Association provides certain health care benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multi-employer, and consequently, the liability for these benefits is included in the consolidated balance sheet.

The following table summarizes the components of net periodic benefit costs for other postretirement benefit costs for the three and nine months ended September 30:

	Other Benefits	
Three months ended September 30:	**2026**	**2025**
Service cost	**$ 3,985**	$ 4,053
Interest cost	**31,664**	34,348
Amortization of prior service (credits) costs	**-**	(1,062)
Amortization of net actuarial (gain) loss	**(21,292)**	(10,214)
Net periodic benefit cost	**$ 14,357**	$ 27,125

	Other Benefits	
Nine Months Ended September 30:	**2026**	**2025**
Service cost	**$ 11,955**	$ 12,160
Interest cost	**94,992**	103,043
Amortization of prior service (credits) costs	**-**	(3,185)
Amortization of net actuarial (gain) loss	**(63,878)**	(30,641)
Net periodic benefit cost	**$ 43,069**	$ 81,377

The Association's liability for the unfunded accumulated obligation for these benefits at September 30, 2026, was $2,334,665 and is included in other liabilities on the Balance Sheet.

The components of net periodic benefit cost other than the service cost component are included in the line item "other components of net periodic postretirement benefit cost" in the income statement.

NOTE 7 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Association is involved in various legal proceedings in the normal course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the Association.

NOTE 8 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through November 5, 2026, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of November 5, 2026.