



**AgTrust**  
FARM CREDIT



**ANNUAL REPORT**



# A MESSAGE FROM OUR CEO

## Shared Purpose

### Dear Customer-Owner,

As a cooperatively structured lending institution, we know that solid financial performance is extremely important, but AgTrust's success has always been measured by more than financial performance alone. It is measured by how well we serve you—your operations, your livelihoods, and your long-term vision, while we work to ensure the Association remains strong for the generations that follow. That is why we believe, at our core, that **your purpose is our purpose**.

Beehives like the one on the cover owned by an AgTrust customer, Honey Bees Unlimited, thrive because every bee, no matter its role, works toward a common goal larger than itself. Each action—small on its own—contributes to the strength and sustainability of the whole. In the same way, our shared purpose unites individual efforts into something resilient, productive, and enduring.

Every decision we make is guided by a single question: Does this strengthen the Association, our customer-owners, and the agricultural communities we serve across Texas and New Mexico? Our work is grounded in four core values that define how we operate, and they are the reason AgTrust remains a strong, trusted partner to agriculture. These values are even represented in our logo by the four rows under the symbol of the rain drop:

**Character** guides our decision-making, knowing the right thing to do and doing it. We lead with integrity, accountability, and sound judgment, understanding that trust is the foundation of a cooperative. We are committed to transparency in communications with our stockholders and to being responsible stewards of the capital entrusted to us.

**Excellence** drives our operating philosophy, to be harder on ourselves than anyone else could be. In 2025, AgTrust exceeded \$3.8 billion in assets under management and closed more than \$1 billion in new loans, supporting producers, landowners, and rural businesses throughout our territory. These results reflect disciplined underwriting, strong growth, and consistent execution aligned with our cooperative mission.

**Respect** shapes our relationships. We respect the people we serve and those we work with, the work they do, and the communities they nurture. Every operation is different, and we listen first—building partnerships grounded in understanding, professionalism, and long-term commitment.

**1,307** LOANS ORIGINATED

**\$1 BILLION** IN NEW LOANS

**9.59%** TOTAL ASSET GROWTH

**4.9** Customer Satisfaction Rating



**MORE THAN 180**

Community Events Sponsored

**Innovation** ensures we continue to improve how we work and how we serve. In 2025, after diligent planning and preparation, we successfully replaced our legacy loan accounting system, positioning the Association to deliver more robust tools, improved efficiency, and enhanced service capabilities for our customer-owners as their needs evolve. Our technology roadmap includes many initiatives that focus on enhancing both the experiences of the customer and that of our team.

Underlying all of this is a commitment to fiscal and operational discipline, which has positioned AgTrust to remain resilient and well-capitalized during this season of economic and geopolitical volatility. As I have mentioned in the last two annual reports, our largest vendor and lender, the Farm Credit Bank of Texas (FCBT), has implemented significant changes to its business model. Those changes include a higher cost of funds, reduced services offered, and higher capitalization requirements for our direct note. During 2025, the increased stock investment requirement became effective, placing additional pressure on our capital ratios. Additionally, FCBT decreased the direct note patronage to AgTrust to historically low levels.

Just as you prepare for unforeseen circumstances, the Board of Directors and management have worked for several years to prepare for such volatility, which helped mitigate the impact of these changes. The work done to strengthen earnings, manage rising costs, and diversify revenue sources continues to pay off and reinforces the Association's long-term resiliency. As FCBT works to stabilize its own financial performance and capitalization plan, we will continue to make every effort to be in a position to withstand any future changes to its business model that impact the Association.

We recognize that many sectors of agriculture are operating under significant pressure from high input costs, lower commodity prices, and ongoing market uncertainty. These challenges are real, and they affect the day-to-day decisions of our customer-owners. AgTrust stands firmly with the industry we are charged to serve. Our cooperative purpose does not change with the cycle—in challenging times, it matters even more. We remain committed to providing reliable access to capital, thoughtful financial solutions, and steady guidance grounded in local knowledge and long-term perspective.

The results and progress described in the following report did not happen by chance. They reflect the hard work, discipline, and shared commitment of the Board and Team. Across Texas and New Mexico, our employees bring deep industry knowledge, sound judgment, and a genuine passion for serving our customer-owners. Their willingness to adapt, improve, and lead through change has been especially important during a period marked by economic uncertainty and operational transformation.

As we move forward, our focus will continue to drive operational efficiency through disciplined operations and prudent use of resources, while enhancing the effectiveness of how we serve you—through stronger relationships, better tools, and continued competitive financing. This balance is essential to sustaining the cooperative and supporting our customer-owners through every season.

Thank you for your continued trust and partnership. Together, we are building something that endures—**because your purpose is, and always will be, our purpose.**



**Joe H. Hayman**  
**Chief Executive Officer**

817.332.6565 office  
5600 Clearfork Main Street, Suite 600  
Fort Worth, TX 76109  
[www.AgTrustACA.com](http://www.AgTrustACA.com)

Total  
Capital Ratio

**13.71%**

**1.77%**

Return on  
Assets

# POLLINATING PRODUCTIVITY

## The Critical Role of Honey Bees Unlimited in Agriculture

### HONEY BEES UNLIMITED

Mike & Gary Barber, Founders | Sanger, Texas

[www.honeybeesultd.com](http://www.honeybeesultd.com)

In modern agriculture, few operations move with the season the way commercial migratory beekeepers do. Often described as the last true “cowboys” of American agriculture, these producers move their livestock, honey bee colonies, across landscapes to follow bloom cycles and deliver essential pollination services where they are needed most.

Honey Bees Unlimited, founded by brothers Mike and Gary Barber, represents this unique and vital segment of agricultural production. What began in 2014 with a local effort to protect pollinators in Denton County has grown into a professional operation providing large-scale pollination services across Texas.

### A Pollination-Focused Operation

While many associate beekeeping with honey production, Honey Bees Unlimited operates primarily as a commercial pollination provider. At peak season, the operation manages more than 1,000 hives. As days lengthen in January and February, colonies begin expanding, and the work intensifies.

Spring is the most demanding period. Colonies are split, strengthened, and prepared for deployment to farms, ranches, and agricultural properties across the region. Rather than focusing solely on honey harvest, the Barbers prioritize pollination demand, providing what they describe as “a blanket of pollinators across the state.”

Each hive has a working radius of approximately 3 miles, affecting as many as 17,000 acres. The benefit extends well beyond the specific acreage where the hive is placed. Crops, pastureland, native vegetation, and surrounding ecosystems all experience measurable gains from improved pollination activity.

### Measurable Impact on Land and Production

The agricultural impact of honey bees is both direct and generational. Pollination drives fruit set, seed development, forage quality, and crop yield consistency. In Texas agriculture, honey bees support specialty crops, vegetable production, orchard systems, and the vitality of native and improved pasture species.

The Barbers have seen firsthand how this translates on the ground. A neighboring cattle rancher who has worked the same land for more than 70 years reports visible improvement in clover production and increased blueberry blooms in wild areas since the bees were introduced. Forage diversity and plant vigor improve when pollination pressure increases.

Simply stated: if pollinators thrive, the land responds.



## Built for Growth, Supported by Partnership

Honey Bees Unlimited operates in a business segment that requires mobility, working capital, land access, and seasonal scaling. When the Barbers sought to purchase their current property, they were still building business history and credit.

AgTrust played a critical role in helping finance that transition. With an understanding of agriculture's seasonal realities and production cycles, AgTrust moved quickly to structure financing that enabled Honey Bees Unlimited to establish a permanent base of operations.

Today, the business continues to scale responsibly, preparing in winter months for spring expansion and managing labor, colony health, and logistics with long-term sustainability in mind.

## Essential Infrastructure for Agriculture

Commercial pollination is often overlooked in discussions about agricultural infrastructure, yet it remains foundational. According to USDA data, honey bees contribute billions of dollars annually to U.S. crop production through pollination services. Without managed pollinator populations, yield stability, crop diversity, and forage quality would decline significantly.

Honey Bees Unlimited is not simply producing honey; they are strengthening agricultural output, biodiversity, and land health across Texas.

Their work reflects a broader truth in agriculture: when we invest in the systems that sustain the land, soil, water, livestock, and pollinators, we invest in long-term productivity.

As Gary Barber puts it simply: "If we take care of the bees, they're going to take care of us."

For AgTrust, supporting customer-owners like Honey Bees Unlimited means supporting the critical, often unseen systems that keep agriculture productive and resilient.



SCAN TO  
WATCH  
THE VIDEO

## HONEY BEE IMPACT BY THE NUMBERS

1,000+ Hives at Peak Season

Managed and deployed during the spring expansion cycle.

Up to 17,000 Acres  
Affected per Hive

With a working radius of approximately 3 miles, each hive influences crops, forage, and native vegetation well beyond its placement.

January–February: Season Launch

Colony expansion begins as daylight increases, requiring rapid operational scaling.

Billions in Agricultural  
Contribution Nationwide

Honey bees contribute billions of dollars annually to U.S. crop production through managed pollination services. (USDA)

Forage & Crop Improvement

Improved clover density, increased bloom rates, and stronger plant vigor reported on surrounding rangeland.

Pollination Over Production

Primary focus: commercial pollination services supporting farms and ranches across Texas, not just honey harvest.



# AGTRUST BOARD MEMBERS



**BRENT NEUHAUS**  
Chairman  
Governance Committee  
FCBT SAC Committee  
Region 7



**ASA G. LANGFORD**  
Vice Chairman  
Audit Committee  
Alternate for FCBT SAC  
Committee  
Region 6



**MATT CARTER**  
Compensation Committee  
Region 2



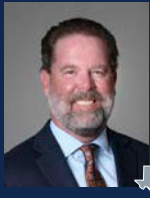
**DAVID W. CONRAD  
CPA**  
Chairman of the  
Audit Committee  
Director Appointed



**JOSH DREWS**  
Compensation Committee  
Audit Committee  
Region 7



**CODY HUGHES**  
Audit Committee  
Region 1



**CHAD LEE**  
Governance Committee  
Chairman of the  
Compensation Committee  
FCBT Nominating Committee  
Texas District FCCS Board  
Director Appointed



**CURT METZLER**  
Governance Committee  
Region 3



**TINA MURPHY**  
Audit Committee  
Region 5



**JEFF NELSON**  
Compensation Committee  
Governance Committee  
Region 8



**STACEY SCHUMACHER**  
Compensation Committee  
Governance Committee  
Region 4



**LINDA BROWN**  
Chair of the  
Governance Committee  
Region 10



**TED McCOLLUM**  
Audit Committee  
Alternate for the FCBT  
Nominating Committee  
Region 9 & 10



**BILLY RUCKER**  
Audit Committee  
Region 10



**TJ RUNYAN**  
Compensation Committee  
Region 9



**KENDAL WILSON**  
Compensation Committee  
Region 9

## EXECUTIVE MANAGEMENT



**JOE H. HAYMAN**  
Chief Executive Officer



**NICHOLAS ACOSTA**  
Chief Financial Officer



**MATT JAMES**  
Chief Credit and  
Lending Officer



**JEFF ROYAL**  
Chief Collateral  
Risk Officer



**HANS PETTIT**  
Chief Risk Officer

# SCHOLARSHIP WINNERS



**AVERY MCINVALLE**  
Angelo State University  
Desdemona, Texas



**CALEB MANNIX**  
Sul Ross State University  
Gatesville, Texas



**DYLAN MALLAT**  
Vanderbilt University  
Dallas, Texas



**ELIA ENCINIAS**  
West Texas A&M  
Moriarty, New Mexico



**GARRETT PENNINGTON**  
Hill College  
Bryson, Texas



**MADISON ELWELL**  
Adams State University  
Cuba, New Mexico



**SAGE EMERTERIO**  
Oklahoma State University  
Weatherford, Texas



**SARAH BECK**  
Texas A&M University  
Corsicana, Texas



**SYDNEY SHOUT**  
Cornell University  
Center, Texas



**TANNER DEAN**  
New Mexico State University  
Las Cruces, New Mexico

## INTERNS



**CAMDEN MARTIN**  
Texas A&M University  
Frost, Texas

**JORDAN JONES**  
Texas Tech University  
Idabel, Oklahoma

**KARA SIMS**  
Tarleton State University  
Palo Pinto, Texas

**JENTRIE DOTY**  
Tarleton State University  
Howe, Texas

**SAVANNAH WHITT**  
Tarleton State University  
Midlothian, Texas

**MELODY RUEBUSH**  
New Mexico State University  
Deming, New Mexico

## Table of Contents

Report of Management .....	8
Report on Internal Control Over Financial Reporting .....	9
Report of Audit Committee .....	10
Five-Year Summary of Selected Consolidated Financial Data.....	11
Management’s Discussion and Analysis of Financial Condition and Results of Operations (Unaudited).....	13
Report of Independent Auditors.....	24
Consolidated Financial Statements .....	26
Notes to Consolidated Financial Statements.....	31
Disclosure Information and Index (Unaudited) .....	62

## REPORT OF MANAGEMENT

The consolidated financial statements of AgTrust, ACA (Association) are prepared by management, who is responsible for the statements' integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Other financial information included in the annual report is consistent with that in the consolidated financial statements.

To meet its responsibility for reliable financial information, management depends on the Farm Credit Bank of Texas' (FCBT) and the Association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded, and transactions are properly authorized and recorded. The systems have been designed to recognize that the cost of controls must be related to the benefits derived. The consolidated financial statements are audited by PricewaterhouseCoopers LLP, independent auditors. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Association is also examined by the Farm Credit Administration.

The Board of Directors (Board) has overall responsibility for the Association's systems of internal control and financial reporting. The Board consults regularly with management and reviews the results of the audits and examinations referred to previously.

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

/s/ Joe H. Hayman  
Joe H. Hayman, Chief Executive Officer

March 6, 2026

/s/ Brent Neuhaus  
Brent Neuhaus, Chairman, Board of Directors

March 6, 2026

/s/ Nicholas Acosta  
Nicholas Acosta, Chief Financial Officer

March 6, 2026

/s/ David W. Conrad  
David Conrad, Chairman, Audit Committee

March 6, 2026

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Association’s management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2025. In making the assessment, management used the updated Internal Control-Integrated Framework, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission on May 14, 2013, commonly referred to as the “COSO 2013” Framework.

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

/s/ Joe H. Hayman  
Joe H. Hayman, Chief Executive Officer

March 6, 2026

/s/ Nicholas Acosta  
Nicholas Acosta, Chief Financial Officer

March 6, 2026

## REPORT OF AUDIT COMMITTEE

The Audit Committee (Committee) is composed of seven members from the Board of Directors of AgTrust, ACA. In 2025, 15 Committee meetings were held. The Committee oversees the scope of AgTrust, ACA's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Committee's approved responsibilities are described more fully in the Audit Committee Charter, which is available on request or on AgTrust, ACA's website. The Committee approved the appointment of PricewaterhouseCoopers LLP (PwC), independent auditors, to perform the consolidated financial statements audit for 2025.

Management is responsible for the Association's internal controls and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements are prepared under the oversight of the Committee. PwC is responsible for performing an independent audit of AgTrust, ACA's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and for issuing a report thereon. The Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Committee reviewed and discussed the Association's audited consolidated financial statements for the year ended December 31, 2025 (audited consolidated financial statements) with management and PwC. The Committee also reviews with PwC the matters required to be discussed by authoritative guidance "The Auditor's Communication With Those Charged With Governance," and both PwC's and the Association's internal auditors directly provide reports on significant matters to the Committee.

The Committee discussed with PwC its independence. The Committee also reviewed the non-audit services provided by PwC and concluded that these services were not incompatible with maintaining the independent accountant's independence. The Committee has discussed with management and PwC such other matters and received such assurances from them as the Committee deemed appropriate.

Based on the foregoing review and discussions and relying thereon, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Association's Annual Report to Stockholders for the year ended December 31, 2025.

### Audit Committee Members

David W. Conrad, CPA, Chairman  
Josh Drews  
Cody Hughes  
Asa Langford  
Ted McCollum  
Tina Murphy  
Billy Rucker

*March 6, 2026*

AGTRUST, ACA

FIVE-YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA  
(unaudited)  
(dollars in thousands)

	2025	2024	2023	2022	2021
<b>Balance Sheet Data</b>					
<u>Assets</u>					
Cash	\$ 45	\$ 7	\$ 22	\$ 35	\$ 40
Loans	3,341,133	3,057,183	2,844,534	2,488,864	2,287,886
Less: allowance for credit losses on loans	(6,638)	(6,206)	(8,163)	(5,747)	(7,336)
Net loans	3,334,495	3,050,977	2,836,371	2,483,117	2,280,550
Investment in and receivable from the FCBT	80,883	64,992	56,936	42,995	35,337
Other property owned, net	299	1,580	3	-	-
Other assets	50,871	45,664	33,745	20,507	17,803
Total assets	\$ 3,466,593	\$ 3,163,220	\$ 2,927,077	\$ 2,546,654	\$ 2,333,730
<u>Liabilities</u>					
Obligations with maturities of one year or less	\$ 59,854	\$ 64,603	\$ 49,762	\$ 47,076	\$ 44,171
Obligations with maturities greater than one year	2,891,393	2,613,775	2,418,695	2,086,954	1,903,222
Total liabilities	2,951,247	2,678,378	2,468,457	2,134,030	1,947,393
<u>Members' Equity</u>					
Capital stock and participation certificates	6,360	6,246	6,213	5,816	5,930
Additional paid-in capital	123,814	123,814	124,214	91,344	91,344
Unallocated retained earnings	384,721	355,060	328,158	315,282	290,017
Accumulated other comprehensive income (loss)	451	(278)	35	182	(954)
Total members' equity	515,346	484,842	458,620	412,624	386,337
Total liabilities and members' equity	\$ 3,466,593	\$ 3,163,220	\$ 2,927,077	\$ 2,546,654	\$ 2,333,730
<b>Statement of Income Data</b>					
Net interest income	\$ 90,512	\$ 87,091	\$ 69,536	\$ 68,356	\$ 61,882
(Provision for) reversal of credit losses	(593)	688	(2,581)	1,621	1,301
Income from the FCBT	6,888	10,316	8,548	15,035	12,062
Other noninterest income	1,933	2,177	1,170	1,446	1,606
Noninterest expense	(40,654)	(40,918)	(36,520)	(35,350)	(30,724)
Benefit from (provision for) income taxes	12	(9)	(3)	(20)	30
Net income	\$ 58,098	\$ 59,345	\$ 40,150	\$ 51,088	\$ 46,157
<b>Key Financial Ratios for the Year</b>					
Return on average assets	1.8%	1.9%	1.5%	2.1%	2.1%
Return on average members' equity	11.3%	12.1%	9.2%	12.4%	12.0%
Net interest income as a percentage of average earning assets	2.9%	2.9%	2.7%	2.8%	2.9%
Net charge-offs (recoveries) as a percentage of average loans	0.0%	0.0%	0.1%	0.0%	0.0%

AGTRUST, ACA

FIVE-YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA  
(unaudited)  
(dollars in thousands)

	2025	2024	2023	2022	2021
<b>Key Financial Ratios at Year End</b>					
Members' equity as a percentage of total assets	14.9%	15.3%	15.7%	16.2%	16.6%
Debt as a percentage of members' equity	572.7%	552.4%	538.2%	517.2%	504.1%
Allowance for credit losses on loans as a percentage of loans	0.2%	0.2%	0.3%	0.2%	0.3%
Common equity tier 1 ratio	13.5%	14.4%	15.5%	15.3%	16.1%
Tier 1 capital ratio	13.5%	14.4%	15.5%	15.3%	16.1%
Total capital ratio	13.7%	14.6%	15.7%	15.5%	16.5%
Permanent capital ratio	13.5%	14.4%	15.5%	15.3%	16.2%
Tier 1 leverage ratio	13.7%	14.7%	15.8%	15.5%	16.5%
UREE leverage ratio	13.5%	14.5%	15.6%	15.2%	17.5%
<b>Net Income Distribution</b>					
Cash dividends	\$ 32,555	\$ 27,837	\$ 26,283	\$ 24,080	\$ 14,650

The Association's ratios remained well above the regulatory minimums, including the conservation and leverage buffers at December 31, 2025. For more information, see Note 10, "Members Equity," in the accompanying consolidated financial statements.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Unaudited)**

The following commentary explains management’s assessment of the principal aspects of the consolidated financial condition and results of operations of AgTrust, ACA, including its wholly owned subsidiaries, AgTrust, PCA and AgTrust, FLCA (collectively referred to as the “Association”) for the years ended December 31, 2025, 2024 and 2023, and should be read in conjunction with the accompanying consolidated financial statements. The accompanying financial statements were prepared under the oversight of the Association’s Audit Committee.

### **Forward-Looking Information:**

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

- political, legal, regulatory, financial markets and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural infrastructure, international and farm-related business sectors, as well as in the general economy that can affect the availability of off-farm sources of income;
- weather-related, food safety, disease and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income of borrowers;
- disruption of operations or disclosures of confidential information as a result of cybersecurity incidents;
- changes in United States government support of the agricultural industry and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government and government-sponsored enterprises;
- actions taken by the Federal Reserve System in implementing monetary, government and fiscal policy; and
- credit, interest rate, prepayment, and liquidity risk inherent in lending activities.

### **Merger Activity**

Effective December 1, 2023, Ag New Mexico, Farm Credit Services, ACA and its PCA and FLCA subsidiaries (Ag New Mexico) merged with and into Lone Star, ACA (the continuing association) and its PCA and FLCA subsidiaries (Lone Star), whereupon all shareholders of Ag New Mexico became shareholders of Lone Star Ag Credit (the continuing association). Additionally, upon the effective date of the merger, the continuing association and its PCA and FLCA subsidiaries changed their name to AgTrust, ACA, AgTrust, PCA and AgTrust, FLCA, respectively (AgTrust). The Association is headquartered in Fort Worth, Texas.

Beginning in 2023, the Association’s financial position, results of operations, equity and related metrics include the effects of the merger with Ag New Mexico. Results prior to 2023 do not reflect the impact of the merger.

The effects of the merger are included in the Association’s financial position, results of operations, equity, and related metrics. Upon the execution of the merger, assets increased by \$332,946,896, liabilities increased by \$300,074,964, and members’ equity increased by \$32,871,932. These amounts include adjustments to fair value, as required by accounting standards for business combinations. For additional information, refer to Note 1 to the consolidated financial statements, “Organization, Merger(s) and Operations,” included in this annual report.

### **Adoption of New Accounting Standard**

Effective January 1, 2023, the Association adopted the current expected credit losses (CECL) accounting guidance that replaced the incurred loss guidance. CECL established a single allowance framework for financial assets carried at amortized cost and certain off-balance-sheet credit exposures. CECL requires management to consider in its estimate of allowance for credit losses (ACL) relevant historical events, current conditions and reasonable and supportable forecasts that affect the collectability of the assets. The adoption of this guidance resulted in a cumulative effect transition adjustment at January 1, 2023, reflecting an increase in the Association’s ACL of \$132,373 on outstanding loans and unfunded commitments and a corresponding decrease in retained earnings.

### Patronage Distributions by Association:

In December 2025, the Board declared a cash patronage in the amount of \$28,070,595 to be paid in March 2026, based on 2025 patronage-sourced earnings. Patronage will be paid to eligible borrowers based on their net interest margin of all patronage transactions outstanding for the year ending December 31, 2025.

In December 2024, the Board declared a cash patronage in the amount of \$32,187,196 paid in March 2025, based on 2024 patronage-sourced earnings. Patronage was paid to eligible borrowers based on their net interest margin of all patronage transactions outstanding for the year ending December 31, 2024.

In December 2023, the Board declared a cash patronage in the amount of \$26,756,494 paid in March 2024, based on 2023 patronage-sourced earnings. The patronage was paid to eligible borrowers based on their net interest margin of all patronage transactions outstanding for the year ending December 31, 2023.

In November 2023, prior to the effective date of the merger, the Board of Directors of Ag New Mexico declared a \$825,000 cash patronage for the period commencing January 1, 2023, and ending on the day prior to the effective date of the merger (Stub Period). This cash patronage was paid by the Association in March 2024 to eligible Ag New Mexico borrowers based on their average outstanding loan balance for the Stub Period.

### Patronage Distributions Received from Farm Credit Bank of Texas (FCBT or Bank):

On a monthly basis, the Association accrues income for the direct loan earnings patronage it expects to receive in December of each year from the FCBT. The distribution of direct loan earnings patronage is at the discretion of the FCBT's Board of Directors. The Association's accrual rate is based on historical information and expectations set forth in the FCBT's annual strategic business plan.

In January 2026, the Board of Directors of the FCBT declared the reduced direct note patronage of approximately 18 basis points on the average daily balance of the Associations' direct loan with the FCBT. This 18 basis point distribution of direct note patronage was less than planned levels set forth in the FCBT's annual strategic business plan, which considered a distribution of between 33 basis points and 39 basis points. This reduced earnings available to the Association for its own patronage distribution.

Effective 2024, the FCBT has implemented a sustainable growth charge that reduces the direct loan earnings patronage by 25 basis points. In December 2025, the Association received a direct loan patronage of \$5,002,146 from the FCBT, representing 18 basis points on the average daily balance of the Association's direct loan with the FCBT after the 25 basis point sustainable growth charge.

The FCBT requires a minimum stock investment of the Association's average outstanding balance of borrowings from the Bank. Historically, the FCBT has paid patronage on the Association's stock investment to offset effective opportunity cost with the investment requirement. Effective in 2024, the Bank is no longer paying patronage on this investment, effectively reducing their patronage distribution to the Association. Effective March 2025, the minimum stock investment requirement was increased from 2.0 percent of the average outstanding balance of borrowings from the Bank as determined annually to 2.5 percent determined on a semiannual basis.

The following table provides information on the patronage distributions received from the FCBT for the years ended December 31, 2025, 2024 and 2023, respectively:

	2025	2024	2023
Direct loan patronage	\$ 5,002,146	\$ 8,864,362	\$ 5,938,045
Stock investment in the FCBT	-	-	1,327,293
Participation's patronage	1,853,016	1,326,371	1,171,798
Capitalized participation pool	-	80,769	61,190
Agricultural mortgage backed securities investment patronage	32,612	44,904	49,437
Total Patronage Received	\$ 6,887,773	\$ 10,316,406	\$ 8,547,763

The direct loan patronage received in 2024 and 2023 represents 35 and 28 basis points, respectively, on the average daily balance of the Association's direct loan with the FCBT. The direct loan patronage in 2023 was split on a 70/30 basis between cash and allocated equities in the FCBT.

## Premium Rate Assessment and Return of Excess Funds by the Farm Credit System Insurance Corporation (FCSIC):

The expense for FCSIC insurance premiums is directly impacted by the premium rate assessed by FCSIC. The FCSIC board meets periodically throughout the year to review premium rates. The annual accrual premium rates on adjusted insured debt were 10 basis points in 2025 and 2024, respectively, and 18 basis points in 2023. An additional premium rate of 10 basis points was added to the premium assessment for each of the three years on nonaccrual loans and impaired investments. In February 2026, the FCSIC board determined that it would assess an accrual premium rate of 10 basis points for 2026.

On an annual basis, FCSIC completes an analysis to determine if funds held in the Farm Credit Insurance Fund (Insurance Fund) exceed the secure base amount, as defined in the Farm Credit Act. Any excess funds may be held in the Insurance Fund or transferred to Allocated Insurance Reserves Accounts (AIRAs) for each System Bank that pays premiums into the Insurance Fund. The FCSIC board has authority to hold the excess funds in the AIRAs if conditions warrant. On February 11, 2026, the FCSIC board approved a return of excess funds in the AIRAs to the System Banks. On February 25, 2026, the Association received a return of excess funds of \$1,444,423 that will be reported as noninterest income during the first quarter of 2026.

The Association received a return of excess funds of \$491,473 and \$809,576 for the years ended December 31, 2025 and 2024, respectively. No return of excess funds was received for the year ended December 31, 2023.

### Loan Portfolio:

The Association makes and services loans to farmers, ranchers, rural homeowners, and certain farm-related businesses. These loan products are available to eligible borrowers with competitive variable, fixed, adjustable, SOFR-based, and prime-based interest rates. Commercial loans primarily consist of operating loans and short-term loans for working capital, equipment, and livestock. Mortgage loans primarily consist of 5- to 30-year maturities. Loans serviced by the Association offer several installment payment cycles, the timing of which usually coincides with the seasonal cash-flow capabilities of the borrower. The Association's loan portfolio consists of long-term farm mortgage loans, production and intermediate term loans, farm-related business loans, and rural infrastructure loans through purchased participations.

The composition of the Association's loan portfolio, including principal less funds held of \$3,341,132,695, \$3,057,183,145 and \$2,844,533,954 as of December 31, 2025, 2024 and 2023, respectively, is described more fully in detailed tables in Note 3, "Loans and Allowance for Credit Losses on Loans," in this annual report.

Loan volume by region of Association branch office as of December 31, follows:

Region	2025	2024	2023
Texas-Eastern Region	25.2%	26.0%	25.4%
Texas-Southern Region	26.6%	27.5%	27.2%
Texas-Western Region	18.0%	18.8%	17.9%
New Mexico Region	12.4%	11.5%	10.2%
Other	17.8%	16.2%	19.3%
Total	100.0%	100.0%	100.0%

Texas-Eastern region is composed of Denton, New Boston, Paris, and Sherman offices. Texas-Southern region is composed of Corsicana, Georgetown, Hillsboro, Lampasas, and Waco offices. Texas-Western region is composed of Abilene, Cleburne, Fort Worth, Stephenville, Sweetwater, and Weatherford offices. New Mexico region is composed of Clovis, Roswell, Albuquerque, and Las Cruces offices. Other is composed of agribusiness, capital markets, participations purchased and special assets. Agribusiness is a specialized branch created in 2019 dedicated to meeting the lending needs of large, complex commercial-type eligible borrowers. The loans made from this branch are most commonly eligible via processing and marketing or farm-related business.

The Association's concentration of credit risk in various agricultural commodities is shown in the following table. Though the amounts represent the Association's maximum potential credit risk as it relates to recorded loan principal, a substantial portion of the Association's lending activities is collateralized, and the Association's exposure to credit loss associated with lending activities is reduced accordingly. An estimate of the Association's credit risk exposure is considered in the determination of the allowance for credit losses on loans.

Operation/Commodity	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Livestock, except dairy and poultry	\$ 1,920,986,050	57.5%	\$ 1,762,738,819	57.7%	\$ 1,644,844,077	57.8%
General farms, primarily crops	291,990,086	8.7%	155,547,011	5.1%	139,907,155	4.9%
Hunting, trapping and game propagation	286,946,128	8.6%	229,273,983	7.5%	210,661,466	7.4%
Animal specialties	129,269,791	3.9%	115,965,780	3.8%	98,134,132	3.4%
Food and kindred products	128,908,364	3.9%	95,492,469	3.1%	103,880,400	3.7%
Cash grains	89,579,175	2.7%	73,904,521	2.4%	71,379,775	2.5%
Wholesale trade - nondurable goods	76,454,267	2.3%	87,286,363	2.9%	78,110,715	2.7%
Timber	57,394,756	1.7%	37,706,627	1.2%	38,379,062	1.3%
Dairy farms	55,055,499	1.7%	68,877,361	2.3%	51,523,175	1.8%
Agricultural services	42,762,185	1.3%	39,221,061	1.3%	22,053,723	0.8%
Communication	35,548,255	1.1%	35,883,966	1.2%	38,801,512	1.4%
Paper and allied products	33,093,281	1.0%	34,086,894	1.1%	40,410,153	1.4%
Field crops except cash grains	26,468,688	0.8%	150,383,297	4.9%	133,283,112	4.7%
Electric services	23,709,356	0.7%	28,781,156	0.9%	32,230,238	1.1%
Lumber and wood products, except furniture	20,301,065	0.6%	20,306,859	0.7%	20,000,000	0.7%
Rural home loans	19,444,365	0.6%	18,065,458	0.6%	13,066,096	0.5%
Fruit and tree nuts	17,933,406	0.5%	21,306,510	0.7%	25,701,860	0.9%
Chemical and allied products	16,405,956	0.5%	18,823,289	0.6%	22,636,964	0.8%
Horticultural specialties	14,994,529	0.4%	15,372,043	0.5%	15,737,193	0.6%
Real estate	13,687,037	0.4%	7,315,112	0.2%	5,094,276	0.2%
Farm and garden machinery equipment	11,595,948	0.3%	11,926,127	0.4%	13,368,331	0.5%
Vegetables and melons	9,517,270	0.3%	10,321,395	0.3%	8,178,120	0.3%
Other	7,464,866	0.2%	8,875,026	0.3%	11,001,426	0.4%
General farms, primarily livestock	4,828,850	0.1%	4,489,560	0.1%	2,822,731	0.1%
Poultry and eggs	3,512,827	0.1%	1,913,575	0.1%	2,799,332	0.1%
Public warehousing and storage	3,280,695	0.1%	3,318,883	0.1%	528,930	0.0%
Total	\$ 3,341,132,695	100.0%	\$ 3,057,183,145	100.0%	\$ 2,844,533,954	100.0%

The Association's portfolio is primarily concentrated in livestock, general farming, and hunting, trapping, and game propagation. Livestock, primarily beef cattle, represents the largest segment, reflecting the agricultural profile of the territory served by the Association, and is expected to remain the dominant commodity concentration. General farming is also characteristic of the region, with producers engaged in diversified operations that include beef cattle and row crop production. This mix of enterprises supports operational flexibility and revenue diversification across varying market and weather conditions. Hunting, trapping, and game propagation activities reflect the significant recreational use of land within the Association's territory. Although the portfolio reflects commodity concentrations, borrower repayment capacity is well diversified. A substantial percentage of borrowers supplement farm income with non-farm sources, strengthening their overall ability to service debt.

### Purchase and Sales of Loans:

The following table provides information on participations purchased and sold during the year ended December 31:

	2025	2024	2023
Participations purchased from:			
Entities in the district	\$ 442,471,666	\$ 381,897,694	\$ 470,363,820
Entities outside the district	40,603,410	13,330,652	7,835,516
Total	\$ 483,075,076	\$ 395,228,346	\$ 478,199,336
Entities in the district to total loans	13.2%	12.5%	16.5%
Entities outside the district to total loans	1.2%	0.4%	0.3%
Participations sold	\$ 397,807,602	\$ 276,177,915	\$ 302,705,745

### Risk Exposure:

Nonperforming assets include nonaccrual loans, accruing loans that are 90 days or more past due and other property owned, net. The following table illustrates the Association's components and trends of nonperforming assets serviced for the prior three years as of December 31:

	Nonperforming Assets					
	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Nonaccrual loans	\$ 4,511,684	87.6%	\$ 1,483,442	46.8%	\$ 10,570,087	100.0%
Accruing loans 90 days or more past due	338,253	6.6%	109,204	3.4%	-	0.0%
Nonperforming loans	4,849,937	94.2%	1,592,646	50.2%	10,570,087	100.0%
Other property owned, net	299,080	5.8%	1,579,844	49.8%	2,775	0.0%
Nonperforming assets	\$ 5,149,017	100.0%	\$ 3,172,490	100.0%	\$ 10,572,862	100.0%

At December 31, 2025, 2024 and 2023, nonperforming loans were \$4,849,937, \$1,592,646 and \$10,570,087 representing 0.1 percent, 0.1 percent and 0.4 percent of loan volume, respectively. During 2025, total nonperforming loans increased by 204.5 percent compared to 2024 primarily resulting from two loan relationships that went past due 90 days during the year and were subsequently transferred to nonaccrual status. The prior year had been lower due to reclassification of some nonaccrual loans to other property owned, which were ultimately sold, resulting in the reduced balance at year end 2024. At December 31, 2025, the Association held \$299,080 classified as other property owned, net. This was an agricultural production relationship that moved from nonaccrual status to other property owned in 2024. There have been multiple distributions of proceeds the Association has recovered from the sale of the other property owned, resulting in the reduced balance at year end compared to prior year.

Except for the relationship between installment due date and seasonal cash-flow capabilities of the borrower, the Association is not affected by any seasonal characteristics. The factors affecting the operations of the Association are the same factors that would affect any agricultural real estate lender. To help mitigate and diversify credit risk, the Association has employed practices including obtaining credit guarantees and engaging in loan participations.

#### Allowance for Credit Losses on Loans:

The Association employs a disciplined process and methodology to establish its allowance for credit losses on loans that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with the Association's appraisal policy, the fair value of collateral-dependent loans is based upon independent third-party appraisals or on collateral valuations prepared by in-house appraisers. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed, or non-recoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the component of the allowance for credit losses on loans that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, commodity, credit quality rating, delinquency category or business segment or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating or delinquency buckets using historical life-of-loan analysis periods for loan types, and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool.

Prior to January 1, 2023, the allowance for loan losses was maintained at a level considered adequate to provide for probable losses existing in and inherent in the loan portfolio. The allowance was based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition and prior loan loss experience. The allowance for loan losses encompassed various judgments, evaluations, and appraisals with respect to the loans and their underlying collateral that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity would cause these various judgments, evaluations, and appraisals to change over time. Management considered a number of factors in determining and supporting the levels of the allowances for loan losses, which include, but are not limited to, the concentration of lending in

agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects, and weather-related influences.

Based upon ongoing risk assessment and the procedures outlined above, the allowance for credit losses on loans of \$6,637,506, \$6,206,255 and \$8,163,183 at December 31, 2025, 2024 and 2023, respectively, is considered adequate by management to compensate for losses in the loan portfolio at such dates. Management's process for the evaluation of allowance for credit losses includes a portfolio analysis, peer comparison with similar farm credit institutions and similar commercial banks and an analysis of historical loss experience and stress testing.

Management maintains an allowance for credit losses on unfunded commitments to address the need for allowance for loan commitments that have been established but are not yet drawn. This allowance for unfunded commitments is reflected in other liabilities and is not reflected in the allowance for credit losses on loans balance. Based on analyses completed, allowance for credit losses on unfunded commitment of \$324,463 \$257,535 and \$311,626 on December 31, 2025, 2024 and 2023, respectively, is considered adequate by management.

## Results of Operations:

The Association's net income for the year ended December 31, 2025, was \$58,099,324 as compared to \$59,344,754 for the year ended December 31, 2024, reflecting a decrease of \$1,245,430, or 2.1 percent. The Association's net income for the year ended December 31, 2023, was \$40,149,754. Net income increased \$19,195,000, or 47.8 percent, in 2024 versus 2023.

Net interest income for 2025, 2024 and 2023 was \$90,512,119, \$87,090,538 and \$69,536,688, respectively, reflecting increases of \$3,421,581, or 3.9 percent, for 2025 versus 2024 and \$17,553,850, or 25.2 percent, for 2024 versus 2023. Net interest income is the principal source of earnings for the Association and is impacted by volume, yields on assets and cost of debt. The effects of changes in average volume and interest rates on net interest income over the past three years are presented in the following tables:

	2025		2024		2023	
	Average Balance	Interest	Average Balance	Interest	Average Balance	Interest
Loans	\$ 3,170,712,829	\$ 208,967,633	\$ 2,959,526,034	\$ 193,255,788	\$ 2,530,576,869	\$ 139,084,121
Investments	-	-	-	-	-	-
Total interest-earning assets	3,170,712,829	208,967,633	2,959,526,034	193,255,788	2,530,576,869	139,084,121
Interest-bearing liabilities	2,728,333,077	118,455,514	2,529,496,824	106,165,250	2,133,413,889	69,547,433
Impact of capital	\$ 442,379,752		\$ 430,029,210		\$ 397,162,980	
Net interest income		\$ 90,512,119		\$ 87,090,538		\$ 69,536,688

	2025	2024	2023
	Average Yield	Average Yield	Average Yield
Yield on loans	6.59%	6.53%	5.50%
Total yield on interest-earning assets	6.59%	6.53%	5.50%
Cost of interest-bearing liabilities	4.34%	4.20%	3.26%
Interest rate spread	2.25%	2.33%	2.25%

	2025 vs. 2024			2024 vs. 2023		
	Increase (decrease) due to			Increase due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest income	\$ 13,790,498	\$ 1,921,347	\$ 15,711,845	\$ 23,575,475	\$ 30,596,192	\$ 54,171,667
Interest expense	8,345,356	3,944,908	12,290,264	12,911,908	23,705,909	36,617,817
Net interest income	\$ 5,445,142	\$ (2,023,561)	\$ 3,421,581	\$ 10,663,567	\$ 6,890,283	\$ 17,553,850

Interest income for 2025 increased by \$15,711,845, or 8.1 percent, compared to 2024, primarily due to an increase in average interest-earning assets and an increase in yields on interest-earning assets. Interest expense for 2025 increased by \$12,290,264, or 11.6 percent, compared to 2024 primarily due to an increase in interest-bearing liabilities and an increase in cost of interest-bearing liabilities. The interest rate spread decreased by 8 basis points to 2.25 percent in 2025 from 2.33 percent in 2024, primarily due to a more significant increase in the cost of interest-bearing liabilities compared to the increase in the yield of interest-earning assets. The interest rate spread increased by 9 basis points to 2.33 percent in 2024 from 2.24 percent in 2023, primarily due to a more significant increase in yields on interest-earning assets compared to the increase in cost of interest-bearing liabilities.

Provisions for loan losses increased by \$1,281,372, or 186.2 percent, compared to 2024. The increase stems from a 2024 transfer of an agricultural production relationship to other property owned. This resulted in the reversal of the specific allowance which had been established in 2023. In 2025, an increase in net loans over prior year and credit deterioration in a capital markets relationship resulted in a provision for credit loss need. This increase was offset by reductions resulting from the adoption of a less punitive probability of default (PD) curve compared to prior year. The PD curve is updated on an annual basis to incorporate changes in the internal default trend.

Noninterest income for 2025 decreased by \$3,672,213, or 29.4 percent, compared to 2024, primarily due to a decrease in patronage income from the FCBT directly resulting from the FCBT's financial performance issues impacting its ability to generate sufficient earnings to distribute patronage at planned levels. Additionally, the Association received \$318,103 less than prior year of excess insured funds balances in the Allocated Insurance Reserve Accounts (AIRAs) from the Farm Credit System Insurance Corporation (FCSIC). Noninterest income for 2024 increased by \$2,776,376, or 28.6 percent, compared to 2023 primarily due to an increase in patronage income from the FCBT and \$809,571 the Association received for excess insured funds balances in the AIRAs from FCSIC.

Operating expenses consist primarily of salaries, employee benefits, purchased services, travel, occupancy and equipment expenses, advertising, public and member relations, insurance fund premiums and other noninterest expense. Expenses for purchased services may include administrative services, marketing, information systems, accounting, and loan processing, among others. Net operating expenses for 2025, 2024 and 2023 were \$40,653,518, \$40,918,495 and \$36,520,324 respectively, reflecting a decrease of \$264,977, or 0.7 percent, and increase of \$4,398,171, or 12.0 percent for 2025 and 2024, respectively. The increase in operating expenses for 2024 was a result of the merger in December 2023.

Authoritative accounting guidance requiring the capitalization and amortization of loan origination fees and costs resulted in the capitalization of \$4,703,140, \$3,463,305 and \$2,353,842 for 2025, 2024 and 2023, respectively, in origination fees, and \$3,731,366, \$3,084,152 and \$2,184,365 for 2025, 2024 and 2023, respectively, in origination costs, which will be amortized over the life of the loans as an adjustment to yield in net interest income.

For the year ended December 31, 2025, the Association's return on average assets was 1.8 percent, as compared to 1.9 percent and 1.5 percent for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2025, the Association's return on average members' equity was 11.3 percent, as compared to 12.1 percent and 9.2 percent for the years ended December 31, 2024 and 2023, respectively.

Because the Association depends on the FCBT for funding, any significant positive or negative factors affecting the operations of the FCBT may influence the operations of the Association.

### **Liquidity and Funding Sources:**

The interest rate risk inherent in the Association's loan portfolio is substantially mitigated through the funding relationship with the FCBT. The FCBT manages interest rate risk through its direct loan pricing and asset/liability management process.

The primary source of liquidity and funding for the Association is a direct loan from the FCBT. The outstanding balance of \$2,881,347,414, \$2,605,072,254 and \$2,411,172,178 as of December 31, 2025, 2024 and 2023, respectively, is recorded as a liability on the Association's balance sheet. The note carried a weighted average interest rate of 4.15 percent, 3.82 percent, and 3.45 percent at December 31, 2025, 2024 and 2023, respectively. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the FCBT and is governed by a General Financing Agreement (GFA). The increase in note payable to the FCBT and related accrued interest payable since December 31, 2024, is directly correlated with an increase in the Association's loan volume. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were \$463,396,496, \$455,504,581 and \$436,702,570 at December 31, 2025, 2024 and 2023, respectively. The maximum amount the Association may borrow from the FCBT as of December 31, 2025, was \$3,405,053,774 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, unless sooner terminated by the FCBT upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the FCBT, upon giving the FCBT 30 calendar days' prior written notice, or in all other circumstances, upon giving the FCBT 120 days' prior written notice.

The liquidity policy of the Association is to manage cash balances, to maximize debt reduction and to increase accrual loan volume. This policy was implemented during 2025. As borrower payments are received, they are applied to the Association's note payable to the FCBT.

The Association will continue to fund its operations through direct borrowings from the FCBT, capital surplus from prior years, and borrower stock. It is management's opinion that funds available to the Association are sufficient to fund its operations for the coming year.

## Capital Resources:

The Association's capital position remains strong, with total members' equity of \$515,345,929, \$484,841,625 and \$458,619,908 at December 31, 2025, 2024 and 2023, respectively.

The Farm Credit Administration (FCA) sets minimum regulatory capital requirements, including capital conservation buffers, for banks and associations. These requirements are split into minimum requirements for risk-adjusted ratios and non-risk adjusted ratios. The risk adjusted ratios include common equity tier 1, tier 1 capital, total capital and permanent capital risk-based ratios. The non-risk adjusted ratios include a tier 1 leverage ratio and unallocated retained earnings (URE) and URE equivalent (UREE) leverage ratio. The Farm Credit Act has defined permanent capital to include all capital except stock and other equities that may be retired upon the repayment of the holder's loan or otherwise at the option of the holder or is otherwise not at risk. Risk-adjusted assets have been defined by regulations as the balance sheet assets and off-balance-sheet commitments adjusted by various percentages ranging from 0 to 1,250 percent, depending on the level of risk inherent in the various types of assets.

The ratios are based on a three-month average daily balance in accordance with FCA regulations and are calculated as follows:

- Common equity tier 1 ratio is statutory minimum purchased borrower stock, other required borrower stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to revolvement, unallocated retained earnings, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk weighted-assets.
- Tier 1 capital ratio is common equity tier 1 plus noncumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required borrower stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance for credit losses on loans and allowance for credit losses on unfunded commitments under certain limitations less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio (PCR) is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings, paid-in capital, subordinated debt and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings, paid-in-capital, allocated surplus not subject to revolvement less certain regulatory required deductions including the amount of allocated investments in other System institutions, divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the minimum regulatory requirements, including the buffer amounts, capital distributions and discretionary bonus payments to senior officers are restricted or prohibited without prior FCA approval.

Risk-adjusted assets are calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the deduction of the allowance for credit losses from risk-adjusted assets for the permanent capital ratio.

Regulatory ratios remain well above regulatory minimums. The following table reflects the Association’s capital ratios at December 31:

<b>Risk-adjusted:</b>	<b>Regulatory Minimums with Buffer</b>	<b>As of December 31, 2025</b>	<b>As of December 31, 2024</b>	<b>As of December 31, 2023</b>
Common equity tier 1 ratio	7.00%	13.51%	14.37%	15.46%
Tier 1 capital ratio	8.50%	13.51%	14.37%	15.46%
Total capital ratio	10.50%	13.71%	14.56%	15.75%
Permanent capital ratio	7.00%	13.53%	14.39%	15.51%
<b>Non-risk-adjusted:</b>				
Tier 1 leverage ratio	5.00%	13.71%	14.67%	15.79%
UREE leverage ratio	1.50%	13.52%	14.47%	15.56%

The Association’s members’ equity includes accumulated other comprehensive income (AOCI) related to 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 other liabilities. The AOCI includes net actuarial gains/losses and prior service credits that have been included in liabilities but have not yet been amortized into earnings.

In 2025, 2024 and 2023, the Association distributed \$32,554,569, \$27,836,601 and \$26,282,626, respectively. See Note 10 to the consolidated financial statements, “Members’ Equity,” included in this annual report for further information.

In December 2025, the Board approved a \$28,070,595 patronage distribution to be paid in March 2026.

In January 2025, the Board of Directors of the FCBT approved a change to the FCBT’s capitalization policy. Through 2024, associations were required to maintain a capital stock investment in the FCBT equal to 2.0 percent of the average outstanding balance of borrowings from the FCBT as determined on an annual basis. Beginning in 2025, this investment requirement increased to 2.5 percent and is determined on a semi-annual basis. This change results in an increase in the investment in and receivable from the FCBT and Note payable to the FCBT on the consolidated balance sheet. Additionally, this results in an increase in the regulatory deductions from the amount of allocated investments in other System Banks, which effectively reduces the Association’s risk-adjusted and non-risk adjusted capital.

### **Economic Conditions:**

The Association continues to fulfill its mission to support agriculture and rural communities by providing access to reliable and consistent credit. Persistent operating environment dynamics continue to present challenges, driven by factors such as commodity price volatility, elevated input and debt costs, and evolving trade policies, all of which are impacting performance across the agricultural sector. The Association closely monitors its loan portfolio overall and adjusts its portfolio monitoring and servicing practices, as applicable. Despite these challenges, overall credit quality in the Association remains stable.

On February 5, 2026, the United States Department of Agriculture (USDA) reported that net farm income (nominal) is forecasted at \$153.4 billion in 2026, down \$1.2 billion or 0.7 percent relative to 2025, but remaining above the 20-year average. Total animal and animal product receipts are projected to decrease year-over-year (YOY) by 5.8 percent to \$273.9 billion in 2026. Lower prices are expected to lead to lower cash receipts. Receipts for eggs and dairy are expected to see the largest declines. Total crop receipts are forecasted to increase YOY by 1.2 percent to \$240.8 billion in 2026. Corn and vegetables/melon receipts are expected to rise in 2026 while soybeans, cotton and wheat cash receipts are expected to decline. Total production expenses are forecasted to increase YOY (nominally) by 1.0 percent to \$477.7 billion in 2026. Livestock/poultry purchases are expected to see the largest increase in 2026. Farm sector assets and equity are forecasted to increase by 3.2 percent and 2.9 percent, respectively. Farm sector debt is expected to increase by 5.2 percent in 2026. Consequently, farm sector debt-to-asset ratio is forecasted to increase to 13.8 percent while working capital is forecasted to contract YOY by about 9.2 percent.

On December 8, 2025, the USDA announced \$12.0 billion in one-time financial support to farmers in the form of a Farmer Bridge Assistance (FBA) program. The payments are in response to temporary trade market disruptions and increased production costs. Up to \$11.0 billion will be used for the FBA program, which provides broad relief to United States row crop farmers who produce corn, cotton, rice, sorghum, soybeans and wheat, among other crops. On February 20, 2026, USDA announced that the FBA enrollment period opens February 23, 2026, and closes April 17, 2026. Farmers who qualify for the FBA program could receive a payment as early as February 28, 2026. The remaining \$1.0 billion of the \$12.0 billion in bridge payments is reserved for commodities not covered in the FBA program such as specialty crops and sugar. The payments are authorized under the Commodity Credit

Corporation Charter Act and will be administered by the Farm Service Agency. Specialty crop producers have until March 13, 2026, to report 2025 acres to USDA's Farm Service Agency.

After three consecutive 25 basis points cuts in the target federal funds rate, the FOMC voted for holding the target federal funds range constant at the 3.50 - 3.75 percent range during the January 27 - 28, 2026 meeting. The FOMC considers that there are risks on both sides of the dual mandate, high and persistent inflation as well as a downside risk to employment. The percentage change in the Consumer Price Index (inflation) for All Urban Consumers decreased YOY from 3.0 percent in December 2024 to 2.7 percent in December 2025 and similarly declined month-over-month (MOM) to 2.4 percent in January 2026. Inflation is gradually approaching the Federal Reserve's long-term target of approximately 2.0 percent.

The Bureau of Labor Statistics reported that the U.S. unemployment rate was 4.3 percent in January 2026, up from 4.0 percent YOY but slightly down from 4.4 percent in December 2025. December 2025 state unemployment rates in Texas and New Mexico were 4.3 percent. The Texas unemployment rate increased YOY from 4.2 to 4.3 percent in December 2025. The New Mexico unemployment rate decreased YOY from 4.4 to 4.3 percent in December 2025.

On February 20, 2026, the U.S. Bureau of Economic Analysis (BEA) released its advance estimate of real gross domestic product (GDP) for the fourth quarter of 2025. U.S. real GDP increased at an annual rate of 1.4 percent, down from 4.4 percent in the prior quarter and from a 1.9 percent increase in the year-ago period. The higher U.S. real GDP in the fourth quarter of 2025 reflected increases in consumer spending and investment. The movements were partly offset by decreases in government spending and exports. Imports, which are a subtraction in the calculation of GDP, decreased. Annualized real GDP growth increased quarter-over-quarter (QOQ) in the third quarter of 2025 by 4.2 percent and 3.9 percent in Texas and New Mexico, respectively.

The quarterly average West Texas Intermediate (WTI) spot price (FOB) decreased QOQ by about 9.4 percent in the fourth quarter 2025, closing the quarter slightly below \$60 per barrel, but averaging about \$65 per barrel in 2025. The quarterly average WTI price also decreased YOY in the fourth quarter of 2025 by 15.7 percent. The Energy Information Administration's (EIA) February 2026 Short Term Energy Outlook estimates that the WTI crude oil spot price will average about \$54 per barrel in 2026 and \$49 per barrel in 2027. These prices are generally below the level needed to profitably drill a new well in the Permian Basin, but still generally above the level needed to cover operating expenses. Global oil prices are expected to decline as global oil production exceeds global demand, causing inventories to rise in 2026 and 2027. The U.S. benchmark Henry Hub natural gas spot price averaged \$2.19 per million British thermal units (MMBtu) in 2024 and increased by 61 percent to \$3.53/MMBtu in 2025. After increasing by 81 percent MOM in January 2026, EIA forecasts that the natural gas price will increase by 22 percent YOY in 2026 before increasing by 2 percent in 2027.

The January 2026 edition of S&P Global Agricultural Commodity Price Watch estimated that U.S. average farm prices of cotton and soybeans slightly increased QOQ in the fourth quarter of 2025 while corn and wheat farm prices declined. Additionally, average soybean farm prices increased YOY as of the fourth quarter 2025 while cotton, corn and wheat farm prices decreased YOY. Quarterly average cattle, chicken, hog and dairy prices are estimated to have declined QOQ in the fourth quarter 2025. Cattle and hog prices increased YOY while chicken and dairy prices declined. Beef cattle demand remains strong and supply is tight. In terms of lumber, the quarterly average physical cash price decreased QOQ by about 2.0 percent and YOY by about 4.1 percent in December 2025. The lumber physical cash price increased MOM in January 2026.

The combined Drought Monitor for Texas and New Mexico as of December 29, 2025, indicates that drought area categorized as moderate, severe, extreme and exceptional deteriorated from the prior quarter and from the conditions experienced over the same period a year ago. The Association's area in drought (from Moderate to Exceptional) deteriorated a bit further in January 2026, reaching about 61 percent as of the week of January 27, 2026, up from about 34 percent in the year-ago period. The National Weather Service states that La Niña's impacts are expected to remain through at least April 2026. Above-normal temperatures are favored over California, the Southwest, Southern Plains, Lower Mississippi Valley, and Southeast. Below-normal precipitation is also more likely for these same areas through April 2026.

The Association's loan portfolio is well-supported by industry diversification and conservative advance rates. Additionally, a high percentage of the Association's borrowers primarily rely on non-farm sources of income to repay their loans.

## **Farm Bill**

Approximately every five years, Congress considers legislation, commonly referred to as the "Farm Bill," that sets national agriculture, nutrition, conservation and forestry policy. The last Farm Bill enacted was the Agricultural Improvement Act of 2018 that was extended twice to September 30, 2025. On July 4, 2025, the President signed H.R.1, known as the One Big Beautiful Bill Act (the Act) into law, which enacted many of the provisions typically authorized and funded in a Farm Bill. This Act continues crucial commodities programs and increases spending for many agricultural programs over 10 years. Because the Act was passed

using the budget reconciliation process, it could only include measures that directly affect federal spending or revenue. There is the potential for a separate, smaller Farm Bill being introduced in 2026 to address outstanding issues.

### **Significant Recent Accounting Pronouncements:**

Refer to Note 2, “Summary of Significant Accounting Policies,” in this annual report for disclosures of recent accounting pronouncements that may impact the Association’s consolidated financial position and results of operations and for critical accounting policies.

### **Regulatory Matters:**

At December 31, 2025, the Association was not operating under written agreements with the Farm Credit Administration.

On December 5, 2025, the FCA published a proposed rule in the Federal Register that would amend FCA regulations by removing “Formally restructured loans” also known as troubled debt restructurings (TDR), as a loan performance category due to changes in generally accepted accounting principles (GAAP). This rulemaking also solicits comments on related disclosure issues. The proposed rule is subject to a 60-day public comment period ending on February 3, 2026.

On January 8, 2026, the FCA approved a proposed rule that would amend its permanent capital regulations and update other capital-related regulations. This rulemaking would replace references to permanent capital with references to tier 1 and tier 2 capital, simplify the calculation of the permanent capital ratio, eliminate permanent capital reporting requirements from published financial reports, and make other clarifications, corrections, and technical updates to capital-related regulations. Once published in the Federal Register, it will be subject to a 60-day public comment period.

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) exposures by assigning a 150 percent risk-weighting to such exposures, instead of the current 100 percent, to reflect their increased risk characteristics. The rule further ensures comparability between the FCA’s risk-weighting and the federal banking regulators. The final rule excludes certain acquisition, development and construction loans that do not present as much risk and, therefore, do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated for less than \$500,000. The final rule became effective on January 1, 2026.

### **Relationship With the FCBT:**

The Association’s statutory obligation to borrow only from the FCBT is discussed in Note 9 to the consolidated financial statements, “Note Payable to the FCBT,” included in this annual report.

The FCBT’s ability to access capital of the Association is discussed in Note 2 to the consolidated financial statements, “Summary of Significant Accounting Policies,” included in this annual report, within the section “Capital Stock Investment in the Farm Credit Bank of Texas.”

The FCBT’s role in mitigating the Association’s exposure to interest rate risk is described in the section “Liquidity and Funding Sources” of Management’s Discussion and Analysis and in Note 9 to the consolidated financial statements, “Note Payable to the FCBT,” included in this annual report.

The FCBT provides computer systems to support the critical operations of all District associations. In addition, each association has operating systems and facility-based systems that are not supported by the FCBT. As disclosed in Note 13 to the consolidated financial statements, “Related Party transactions,” included in this annual report, the FCBT provides many services that the Association can utilize, such as administrative, human resources, marketing, information systems and accounting services. Additionally, the FCBT bills District expenses to the District associations, such as the Farm Credit System Insurance Corporation insurance premiums.

### **Summary:**

Over the past 108 years, regardless of the state of the agricultural economy, your Association’s Board and management have been committed to offering their borrowers a ready source of financing at a competitive price. Your continued support will be critical to the success of this Association.



## **Report of Independent Auditors**

To the Board of Directors of AgTrust, ACA

### ***Opinion***

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

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

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

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

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

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

### ***Other Information***

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

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

PricewaterhouseCoopers LLP

Austin, Texas  
March 6, 2026

AGTRUST, ACA

CONSOLIDATED BALANCE SHEETS

	December 31,		
	2025	2024	2023
<b>Assets</b>			
Cash	\$ 44,515	\$ 7,092	\$ 22,095
Loans	3,341,132,695	3,057,183,145	2,844,533,954
Less: allowance for credit losses on loans	(6,637,506)	(6,206,255)	(8,163,183)
Net loans	3,334,495,189	3,050,976,890	2,836,370,771
Accrued interest receivable	31,273,554	26,335,028	23,636,251
Investment in and receivable from the FCBT:			
Capital stock	71,375,066	53,159,846	53,269,671
Other	9,508,122	11,832,183	3,666,387
Deferred taxes, net	-	-	280,822
Other property owned, net	299,080	1,579,844	2,775
Premises and equipment	6,911,327	6,388,761	5,063,913
Other assets	12,686,170	12,939,903	4,764,030
Total assets	<u>\$ 3,466,593,023</u>	<u>\$ 3,163,219,547</u>	<u>\$ 2,927,076,715</u>
<b>Liabilities</b>			
Note payable to the FCBT	\$ 2,881,347,414	\$ 2,605,072,254	\$ 2,411,172,178
Advance conditional payments	118,172	388,381	942,822
Accrued interest payable	10,045,622	8,702,836	7,523,088
Drafts outstanding	145,033	57,811	57,773
Patronage dividends payable	28,070,595	32,187,196	27,581,494
Other liabilities	31,520,258	31,969,444	21,179,452
Total liabilities	<u>2,951,247,094</u>	<u>2,678,377,922</u>	<u>2,468,456,807</u>
<b>Members' Equity</b>			
Capital stock and participation certificates	6,360,235	6,245,530	6,213,280
Additional paid-in capital	123,813,880	123,813,880	124,213,961
Unallocated retained earnings	384,721,349	355,059,993	328,157,542
Accumulated other comprehensive income (loss)	450,465	(277,778)	35,125
Total members' equity	<u>515,345,929</u>	<u>484,841,625</u>	<u>458,619,908</u>
Total liabilities and members' equity	<u>\$ 3,466,593,023</u>	<u>\$ 3,163,219,547</u>	<u>\$ 2,927,076,715</u>

The accompanying notes are an integral part of these consolidated financial statements.  
AgTrust, ACA — 2025 Annual Report

AGTRUST, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2025	2024	2023
<b><u>Interest Income</u></b>			
Loans	\$ 208,967,633	\$ 193,255,788	\$ 139,084,121
Total interest income	208,967,633	193,255,788	139,084,121
<b><u>Interest Expense</u></b>			
Note payable to the FCBT	118,439,340	106,152,083	69,540,752
Advance conditional payments	16,174	13,167	6,681
Total interest expense	118,455,514	106,165,250	69,547,433
Net interest income	90,512,119	87,090,538	69,536,688
Provision for (reversal of) credit losses	593,251	(688,121)	2,581,209
Net interest income after provision for (reversal of) credit losses	89,918,868	87,778,659	66,955,479
<b><u>Noninterest Income</u></b>			
Income from the FCBT:			
Patronage income	6,887,773	10,316,406	8,547,763
Loan fees	633,014	679,377	514,373
Refunds from Farm Credit System			
Insurance Corporation	491,473	809,576	-
Financially related services income	3,098	4,236	3,408
Gain (loss) on other property owned, net	-	4,586	(98)
Gain on sale of premises and equipment, net	190,336	205,813	203,494
Other noninterest income	616,164	474,077	448,755
Total noninterest income	8,821,858	12,494,071	9,717,695
<b><u>Noninterest Expenses</u></b>			
Salaries and employee benefits	23,116,907	24,182,232	18,081,227
Directors' expense	891,465	896,385	592,841
Purchased services	2,230,260	1,728,694	1,820,367
Travel	1,352,157	1,251,588	752,281
Occupancy and equipment	4,462,615	4,172,261	2,887,469
Communications	319,820	332,460	278,782
Advertising	803,406	903,442	799,586
Public and member relations	1,879,915	1,837,834	1,302,098
Supervisory and exam expense	856,574	934,893	726,627
Insurance Fund premiums	2,599,725	2,405,235	3,623,861
Merger-implementation and restructuring costs	-	-	909,440
Other components of net periodic postretirement benefit cost	315,687	300,058	200,664
Other noninterest expense	1,824,987	1,973,413	4,545,081
Total noninterest expenses	40,653,518	40,918,495	36,520,324
Income before income taxes	58,087,208	59,354,235	40,152,850
(Benefit from) provision for income taxes	(12,116)	9,481	3,096
<b>NET INCOME</b>	<b>58,099,324</b>	<b>59,344,754</b>	<b>40,149,754</b>
Other comprehensive income:			
Change in postretirement benefit plans	728,243	(312,903)	(146,659)
Other comprehensive income, net of tax	728,243	(312,903)	(146,659)
<b>COMPREHENSIVE INCOME</b>	<b>\$ 58,827,567</b>	<b>\$ 59,031,851</b>	<b>\$ 40,003,095</b>

The accompanying notes are an integral part of these consolidated financial statements.  
AgTrust, ACA — 2025 Annual Report

AGTRUST, ACA

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Capital Stock/ Participation Certificates	Additional Paid-in Capital	Retained Earnings		Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
			Allocated	Unallocated		
Balance at December 31, 2022	\$ 5,816,750	\$ 91,343,553	\$ -	\$ 315,281,755	\$ 181,784	\$ 412,623,842
Cumulative impact of adoption of new accounting standard	-	-	-	(132,373)	-	(132,373)
Comprehensive income	-	-	-	40,149,754	(146,659)	40,003,095
Capital stock/participation certificates issued	512,700	-	-	-	-	512,700
Capital stock/participation certificates retired	(517,775)	-	-	-	-	(517,775)
Dividends declared	-	-	-	(27,141,594)	-	(27,141,594)
Equity issued in connection with merger	401,605	32,870,408	-	-	-	33,272,013
Balance at December 31, 2023	6,213,280	124,213,961	-	328,157,542	35,125	458,619,908
Comprehensive income	-	-	-	59,344,754	(312,903)	59,031,851
Capital stock/participation certificates issued	624,005	-	-	-	-	624,005
Capital stock/participation certificates retired	(591,755)	-	-	-	-	(591,755)
Dividends declared	-	-	-	(32,442,303)	-	(32,442,303)
Equity issued in connection with merger	-	(400,081)	-	-	-	(400,081)
Balance at December 31, 2024	6,245,530	123,813,880	-	355,059,993	(277,778)	484,841,625
Comprehensive income	-	-	-	58,099,324	728,243	58,827,567
Capital stock/participation certificates issued	846,660	-	-	-	-	846,660
Capital stock/participation certificates retired	(731,955)	-	-	-	-	(731,955)
Dividends declared	-	-	-	(28,437,968)	-	(28,437,968)
<b>Balance at December 31, 2025</b>	<b>\$ 6,360,235</b>	<b>\$ 123,813,880</b>	<b>\$ -</b>	<b>\$ 384,721,349</b>	<b>\$ 450,465</b>	<b>\$ 515,345,929</b>

The accompanying notes are an integral part of these consolidated financial statements.  
AgTrust, ACA — 2025 Annual Report

AGTRUST, ACA

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2025	2024	2023
<b>Cash flows from operating activities:</b>			
Net income	\$ 58,099,324	\$ 59,344,754	\$ 40,149,754
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for (reversal of) credit losses	593,251	(688,121)	2,581,209
(Gain) loss on other property owned, net	-	(4,586)	98
Gain on sale of other property owned, net	-	-	-
Depreciation	2,089,880	797,247	157,056
Accretion of yield related to loans and notes payable acquired in merger	(3,129,014)	(3,129,014)	(260,751)
Gain on sale of premises and equipment, net	(190,336)	(205,813)	(203,494)
Collections on loans serviced for others			
Remittances on loans serviced for others			
Increase in accrued interest receivable	(4,938,526)	(2,698,777)	(2,960,144)
Decrease (increase) in other receivables from the FCBT	2,324,061	(8,165,796)	794,430
(Increase) decrease in deferred tax assets	-	(119,259)	37,275
(Increase) decrease in other assets	(1,114,481)	(8,591,020)	323,730
Increase in accrued interest payable	1,342,786	1,179,747	1,238,320
Increase in patronage refunds payable	-	-	-
Increase in payables due to the Farm Credit Bank of Texas	-	-	-
Increase (decrease) in other liabilities	212,129	10,531,180	(7,103,273)
Net cash provided by operating activities	55,289,074	48,250,542	34,754,210
<b>Cash flows from investing activities:</b>			
Increase in loans, net	(272,293,297)	(204,919,356)	(42,208,880)
Cash recoveries of loans previously charged off	1,244	4,346	27,100
(Purchase) redemption of investment in the FCBT	(18,215,220)	108,825	(4,111,431)
Purchases of premises and equipment	(1,836,044)	(2,517,089)	(1,050,087)
Proceeds from sales of premises and equipment	480,215	550,837	354,553
Proceeds from sales of other property owned	-	6,428	-
Net cash used in investing activities	(291,863,102)	(206,766,009)	(46,988,745)

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

*AgTrust, ACA — 2025 Annual Report*

AGTRUST, ACA

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2025	2024	2023
<b>Cash flows from financing activities:</b>			
Net draws on note payable to the FCBT	269,234,302	186,859,218	38,149,639
Increase (decrease) in drafts outstanding	87,222	38	(224,153)
(Decrease) increase in advance conditional payments	(270,209)	(554,441)	584,111
Issuance of capital stock and participation certificates	846,660	624,005	512,700
Retirement of capital stock and participation certificates	(731,955)	(591,755)	(517,775)
Cash dividends paid	(32,554,569)	(27,836,601)	(26,282,626)
Net cash provided by financing activities	236,611,451	158,500,464	12,221,896
Net increase (decrease) in cash	37,423	(15,003)	(12,639)
Cash at the beginning of the year	7,092	22,095	34,734
Cash at the end of the year	\$ 44,515	\$ 7,092	\$ 22,095

**Supplemental schedule of noncash investing and financing activities:**

Loans charged off	\$ 96,316	\$ 1,327,244	\$ 1,312,697
Dividends declared	28,437,968	32,442,303	27,141,594
Acquisition-related transactions			
Total assets acquired	-	-	333,264,993
Total liabilities assumed	-	-	299,992,980
Net assets acquired	-	-	33,272,013
Transfer of allowance for credit losses on loans from (into) reserve for credit losses on unfunded commitments	(66,928)	54,091	(197,032)
Cumulative impact of adoption of new accounting standard	-	-	132,373

**Supplemental cash flow information:**

Cash paid during the year for:			
Interest	\$ 117,112,728	\$ 104,985,502	\$ 68,309,113

*The accompanying notes are an integral part of these consolidated financial statements.  
AgTrust, ACA — 2025 Annual Report*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 — ORGANIZATION, MERGER(S) AND OPERATIONS:

#### A. Organization:

AgTrust, ACA, including its wholly owned subsidiaries, AgTrust, PCA and AgTrust, FLCA (collectively called 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 in the counties of Bell, Borden, Bosque, Bowie, Burnet, Camp, Cass, Cochran, Cooke, Coryell, Dallas, Delta, Denton, Eastland, Ellis, Erath, Falls, Fannin, Fisher, Freestone, Grayson, Hamilton, Hill, Hood, Johnson, Kent, Lamar, Lampasas, Limestone, McLennan, Milam, Mitchell, Morris, Navarro, Nolan, Palo Pinto, Parker, Red River, Scurry, Shackelford, Somervell, Stephens, Tarrant, Taylor, Throckmorton, Titus, Williamson, Wise and Young in the state of Texas, and all counties in the state of New Mexico with the exception of San Juan County and a portion of Rio Arriba County lying west of the Continental Divide.

In addition, the Association and American Ag Credit, ACA have entered into a “Territorial Concurrence Agreement” (the TCA) that allows, on a statewide basis, the Association to make mortgage loans and American Ag Credit, ACA to make production loans in New Mexico without obtaining territorial concurrence. The TCA has been in place since 2001 and was a result of Ag New Mexico, Farm Credit Services, ACA’s unique bifurcated charter that authorized the Association to make production loans or mortgage loans, but not both, in certain counties.

The Association is a lending institution of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations that was established by Acts of Congress to meet the credit needs of American agriculture and is subject to the provisions of the Farm Credit Act of 1971, as amended (Act). At December 31, 2025, the System consisted of three Farm Credit Banks (FCBs) and their affiliated associations, one Agricultural Credit Bank (ACB) and its affiliated associations, the Federal Farm Credit Banks Funding Corporation (Funding Corporation) and various service and other organizations.

The Farm Credit Bank of Texas (FCBT) and its related associations are collectively referred to as the “District.” The FCBT provides funding to all associations within the District and is responsible for supervising certain activities of the District associations. At December 31, 2025, the District consisted of the FCBT, one FLCA and 11 ACA parent companies, which have two wholly owned subsidiaries, a FLCA and a PCA, operating in or servicing the states of Alabama, Louisiana, Mississippi, New Mexico and Texas. ACA parent companies provide financing and related services through their FLCA and PCA subsidiaries. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans. The PCA makes short- and intermediate-term loans for agricultural production or operating purposes.

The Farm Credit Administration (FCA) is delegated authority by Congress to regulate the System banks and associations. The FCA examines the activities of System associations to ensure their compliance with the Farm Credit Act, FCA regulations, and safe and sound banking practices.

The Act established the Farm Credit System Insurance Corporation (FCSIC) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is required to be used (1) to ensure the timely payment of principal and interest on Systemwide debt obligations, (2) to ensure the retirement of protected borrower capital at par or stated value and (3) for other specified purposes. The Insurance Fund is also available for the discretionary uses, by FCSIC, of providing assistance to certain troubled System institutions and to cover the operating expenses of the FCSIC. Each System bank has been required to pay premiums, which may be passed on to the Association, into the Insurance Fund, based on its annual average adjusted outstanding insured debt until the monies in the Insurance Fund reach the “secure base amount,” which is defined in the Farm Credit Act as 2.0 percent of the aggregate insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or other such percentage of the aggregate obligations as FCSIC in its sole discretion determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, FCSIC is required to reduce premiums, as necessary to maintain the Insurance Fund at the 2.0 percent level. As required by the Farm Credit Act, as amended, FCSIC may return excess funds above the secure base amount to System banks, which may be passed on to the associations.

FCA regulations require borrower information to be held in strict confidence by Farm Credit institutions, their directors, officers, and employees. Directors and employees of the Farm Credit institutions are prohibited, except under specified circumstances, from disclosing nonpublic personal information about members.

## B. Intra-District Mergers and Restructurings:

Effective December 1, 2023, Ag New Mexico, Farm Credit Services, ACA and its PCA and FLCA subsidiaries (Ag New Mexico) merged with and into Lone Star, ACA (the continuing association) and its PCA and FLCA subsidiaries (Lone Star), whereupon all shareholders of Ag New Mexico became shareholders of Lone Star Ag Credit (the continuing association). Additionally, upon the effective date of the merger, the continuing association and its PCA and FLCA subsidiaries changed their name to AgTrust, ACA, AgTrust, PCA and AgTrust, FLCA, respectively (AgTrust). The Association is headquartered in Fort Worth, Texas. The merger was accounted for under the acquisition method of accounting. The effects of the merger are included in the Association's financial position, results of operations, equity and related metrics.

The acquisition method of accounting requires the financial statement presentation of combined balances as of the date of merger, but not for previous periods. The Consolidated Balance Sheets reflect the merged balances as of December 31, 2023. The Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Members' Equity reflect the results of AgTrust after December 1, 2023, and Lone Star prior to that date. Information in the Notes to Consolidated Financial Statements for 2023 reflects balances of the merged Association.

As cooperative organizations, Farm Credit associations operate for the mutual benefit of their members and other customers and not for the benefit of equity investors. As such, capital stock provides no significant interest in corporate earnings or growth. Specifically, due to restrictions in applicable regulations and the bylaws, associations can issue stock only at its par value of \$5 per share, the stock is not tradable, and the stock can be retired only for the lesser of par value or book value. The shares of Ag New Mexico were converted into shares of the continuing association, ultimately named AgTrust, as of the date of the merger, with identical rights and attributes. For this reason, the conversion of Ag New Mexico stock pursuant to the merger occurred at a one-for-one exchange ratio (i.e. each Ag New Mexico share was converted into one share of AgTrust stock with an equal par value).

Management believes that because the stock in each association is fixed in value (although subject to impairment), the AgTrust stock issued pursuant to the merger provided no basis for estimating the fair value of the consideration transferred pursuant to the merger. In the absence of a purchase price determination, AgTrust undertook a process to estimate the acquisition-date fair value of Ag New Mexico assets and liabilities instead of the acquisition-date fair value of AgTrust's equity interests transferred as consideration. The fair value of the assets acquired, and liabilities assumed from Ag New Mexico, were measured based on various estimates using assumptions that management believes are reasonable and using information available as of the merger date. Use of different estimates and judgments could yield materially different results.

The merger was accounted for as a business combination using the acquisition method of accounting as required under FASB ASC Topic 805, Business Combinations. Pursuant to these rules, AgTrust acquired the assets and assumed the liabilities of Ag New Mexico at their acquisition-date fair value. The fair value of the net identifiable assets acquired of \$32,871,932 was substantially equal to the fair value of the equity interest exchanged in the merger. No intangible assets were acquired; therefore, no goodwill was recorded. A net increase of \$32,871,932 was recorded in members' equity related to the merger.

The following condensed statement of net assets acquired reflects the fair value assigned to Ag New Mexico net assets as of the acquisition date. There was an immaterial purchased accounting adjustment made during 2024. The updated condensed statement of net assets acquired is shown.

<b>Assets:</b>	
Loans	\$ 312,185,981
Accrued interest receivable	8,061,589
Investment in and receivable from the FCBT	10,623,493
Other property owned, net	2,775
Premises and equipment	1,083,733
Other	989,325
<b>Total assets</b>	<b>\$ 332,946,896</b>
<b>Liabilities:</b>	
Note payable to the FCBT	\$ 290,465,368
Accrued interest payable	1,301,605
Drafts outstanding	24,111
Patronage dividends payable	825,000
Other liabilities	7,458,880
<b>Total liabilities</b>	<b>\$ 300,074,964</b>
<b>Fair value of net assets acquired</b>	<b>\$ 32,871,932</b>

The assets acquired included gross loans at fair value of \$312,185,981 with a contractual amount of \$384,560,322 . Business combination adjustments to Ag New Mexico’s assets included a \$72,374,341 net business combination discount to gross loans. With the adoption of CECL, loans acquired in a business combination that have experienced more-than-insignificant deterioration in credit quality since origination are considered purchased with credit deterioration (PCD). At the acquisition date, an estimate of expected credit losses was made for PCD loans of \$1,185,236 . This initial allowance for credit losses is allocated to individual PCD loans and added to the purchase price or acquisition date fair values to establish the initial amortized cost basis of the PCD loans. As the initial ACL is added to the purchase price, there is no provision for credit losses recognized upon acquisition of a PCD loan. For acquired loans not deemed PCD at acquisition, the differences between the initial fair value and the unpaid principal balance are recognized as interest income over the lives of the related loans. Allowance for credit losses is estimated and \$1,073,403 was recorded as a provision for credit losses as of December 1, 2023.

### C. Operations:

The Act sets forth the types of authorized lending activity, persons eligible to borrow and financial services that can be offered by the Association. The Association is authorized to provide, either directly or in participation with other lenders, credit, credit commitments and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related businesses. The Association makes and services short- and intermediate-term loans for agricultural production or operating purposes and secured long-term real estate mortgage loans, with funding from the FCBT.

The Association may act as an intermediary in offering credit life insurance.

The Association’s financial condition may be affected by factors that affect the FCBT. The financial condition and results of operations of the FCBT may materially affect stockholders’ investments in the Association. The FCBT’s Annual Report to Stockholders discusses the material aspects of the District’s financial condition, changes in financial condition and results of operations. In addition, the FCBT Annual Report to Stockholders identified favorable and unfavorable trends, significant events, uncertainties and impact of activities on the Insurance Fund. Upon request, stockholders of the Association will be provided with the FCBT’s Annual Report to Stockholders.

The lending and financial services offered by the FCBT are described in Note 1 to the consolidated financial statements, “Organization and Operations,” of the District’s annual report to stockholders.

## NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### *Basis of Presentation and Consolidation*

The consolidated financial statements (the “financial statements”) of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In consolidation, all significant intercompany accounts and transactions are eliminated, and all material wholly owned, and majority-owned subsidiaries are consolidated unless GAAP requires otherwise.

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of deferred tax assets, the determination of fair value of financial instruments and subsequent impairment analysis.

The accounting and reporting policies of the Association conform to generally accepted accounting principles in the United States of America (GAAP) and prevailing practices within the banking industry. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates are discussed in these notes, as applicable. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses on loans and the determination of fair value of financial instruments. The consolidated financial statements include the accounts of AgTrust, PCA and AgTrust, FLCA. All intercompany transactions have been eliminated in consolidation.

A. Recently Issued or Adopted Accounting Pronouncements:

In December 2025, Financial Accounting Standards Board (FASB) issued an update entitled, "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 since the end of the last annual reporting period that have a material impact on the entity. The 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 assessing the potential impact of this amendment on its financial condition, results of operations and cash flows.

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

In July 2025, the FASB issued an update entitled "Financial Instruments - Credit Losses - Measurement of Credit Losses for Accounts Receivable and Contract Assets." This update provides (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The practical expedient would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The accounting policy election allows an entity to consider collection activity after the balance sheet date when estimating expected credit losses. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. Early adoption is permitted for interim or annual periods in which financial statements have not yet been issued. The Association is currently assessing the potential impact of this amendment on its financial condition, results of operations and cash flows.

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

B. Cash:

Cash, as included in the financial statements, represents cash on hand and deposits at banks.

C. Loans and Allowance for Credit Losses on Loans:

Long-term real estate mortgage loans generally have original maturities ranging from five to 30 years. Substantially all short- and intermediate-term loans for agricultural production or operating purposes have maturities of 10 years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and net deferred loan fees or costs. Loan origination fees and direct loan origination costs are capitalized, and the net fee or cost is amortized over the life of the related loan as an adjustment to yield. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding.

*Nonaccrual Loans:* Nonaccrual loans are loans for which there is reasonable doubt that all principal and interest will not be collected according to the original contractual terms and are generally considered substandard or doubtful, which is in accordance with the loan rating model, as described below. A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan shall remain

contractually past due until it is modified or until the entire amount past due, including principal, accrued interest and penalty interest incurred as a result of past-due status, is collected or otherwise discharged in full.

Consistent with prior practice, loans are generally placed in nonaccrual status when principal or interest is delinquent for 90 days (unless adequately secured and in the process of collection), circumstances indicate that collection of principal and interest is in doubt or legal action, including foreclosure or other forms of collateral conveyance, has been initiated to collect the outstanding principal and interest. At the time a loan is placed in nonaccrual status, accrued interest deemed uncollectible is either reversed (if accrued in the current year) or charged against the allowance for credit losses on loans (if accrued in prior years). Loans are charged off at the time they are determined to be uncollectible.

When loans are in nonaccrual status, interest payments received in cash are recognized as interest income if collectability of the loan is fully expected and certain other criteria are met. Otherwise, payments received are applied against the amortized cost in the loan. Nonaccrual loans are returned to accrual status if all contractual principal and interest are current, the borrower has demonstrated payment performance, and collection is fully expected to fulfill the contractual repayment terms and after remaining current as to principal and interest for a sustained period or have a recent repayment pattern demonstrating future repayment capacity to make on-time payments is no longer in doubt. If previously unrecognized interest income exists at the time the loan is transferred to accrual status, cash received at the time of or subsequent to the transfer should first be recorded as interest income until such time as the recorded balance equals the contractual indebtedness of the borrower.

*Accrued Interest Receivable:* The Association elected to continue classifying accrued interest on loans and investment securities in accrued interest receivable and not as part of loans or investments on the balance sheet. The Association has also elected to not estimate an allowance on interest receivable balances because the nonaccrual policies in place provide for the accrual of interest to cease on a timely basis when all contractual amounts are not expected.

*Loan Modifications to Borrowers Experiencing Financial Difficulty:* Loan modifications may be granted to borrowers experiencing financial difficulty. Modifications can be in the form of one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant payment delay or a term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

*Collateral Dependent Loans:* Collateral dependent loans are loans secured by collateral, including but not limited to agricultural real estate, crop inventory, equipment, and livestock. CECL requires an entity to measure the expected credit losses based on fair value of the collateral at the reporting date when the entity determines that foreclosure is probable. Additionally, CECL allows a fair value practical expedient as a measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulties. Under the practical expedient measurement approach, the expected credit losses is based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

The adoption of CECL resulted in a change in the accounting for purchased credit impaired loans, which are considered PCD loans under CECL. PCD loans are loans that were acquired that as of the date of acquisition have experienced a more-than-insignificant deterioration in credit quality since origination. Purchased loans are recorded at their fair value at the acquisition date. An allowance for credit losses is recorded on the purchased loans at the purchase date through a provision for credit losses. Any loans that have experienced a more-than-insignificant deterioration in credit quality since origination are identified as PCD assets, and the entity is required to estimate and record an allowance for credit losses for these assets at the time of purchase. This allowance is then added to the purchase price to establish the initial amortized cost basis of the PCD assets, rather than being reported as a credit loss expense. The difference between the unpaid principal balance and the amortized cost basis is recorded into interest income over the life of the loan on a level-yield basis. Any subsequent changes in expected credit losses are recorded through the income statement with a provision for credit losses.

*Allowance for Credit Losses:* Effective January 1, 2023, the ACL represents the estimated current expected credit losses over the remaining contractual life of financial assets 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 unless the extension or renewal options are not unconditionally cancellable. The ACL comprises:

- the allowance for credit losses on loans (ACLL), which covers the loan portfolio and is presented separately on the balance sheet,
- the allowance for credit losses on unfunded commitments, which is presented on the balance sheet in other liabilities.

*Allowance for Credit Losses on Loans:* Determining the appropriateness of the ACLL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the loan portfolio considering macroeconomic conditions, forecasts and other factors prevailing at the time may result in significant changes in the ACL in those future periods. The ACLL represents management's estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums and discounts. The expected life of a loan is determined based on the contractual term of the loan, anticipated prepayment rates, cancellation features and certain extension and call options. The ACLL is estimated using a probability of default (PD) and loss given default (LGD) model wherein impairment is calculated by multiplying the PD (probability the loan will default in a given timeframe) by the LGD (percentage of the loan expected to be collected at default).

The Association employs a disciplined process and methodology to establish its ACLL that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed, or non-recoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the component of the ACLL that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type and credit quality rating, or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool.

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

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

The Association's macroeconomic forecast includes a weighted selection of the baseline, upside 10<sup>th</sup> percentile and downside 90<sup>th</sup> percentile from third party economic scenarios over a reasonable and supportable forecast period of two years. Subsequent to the forecast period, the Association reverts to long-run historical loss experience over a one-year reversion period to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts, which are updated quarterly, incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads. The FCBT also considers loan and borrower characteristics, such as internal risk ratings, industry, and the remaining term of the loan, adjusted for expected prepayments.

In addition to the quantitative calculation, the Association considers the imprecision inherent in the process and methodology, emerging risk assessments and other subjective factors, which may lead to a management adjustment to the modeled ACLL results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral. The economic forecasts are updated on a quarterly basis.

Prior to January 1, 2023, the allowance for loan losses was maintained at a level considered adequate to provide for probable losses existing in and inherent in the loan portfolio. The allowance was based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition and prior loan loss experience. The allowance for loan losses encompassed various judgments, evaluations, and appraisals with respect to the loans and their underlying collateral that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity would cause these various judgments, evaluations, and appraisals to change over time. Management considered a number of factors in determining and supporting the levels of the allowances for loan losses, which include, but are not limited to, the concentration of lending in agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects, and weather-related influences.

*Allowance for Credit Losses on Unfunded Commitments:* The Association evaluates the need for an allowance for credit losses on unfunded commitments under CECL and, if required, an amount is recognized and included in other liabilities on the consolidated balance sheet. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the institution and applying the loss factors used in the ACLL methodology to the results of the usage calculation. No allowance for credit losses is recorded for commitments that are unconditionally cancellable.

Also adopted, effective January 1, 2023, was guidance requiring a creditor to determine whether a modification results in a new loan or a continuation of an existing loan, among other disclosures specific to modifications with borrowers that are experiencing financial difficulties. The guidance eliminated the accounting guidance for troubled debt restructurings by creditors. The guidance also requires disclosure of current period gross charge-offs by year of origination for financing receivables and net investments in leases on a prospective basis.

#### D. Capital Stock Investment in the Farm Credit Bank of Texas:

The Association's investment in the FCBT is in the form of Class A voting capital stock and allocated retained earnings. This investment is adjusted periodically based on the Association's proportional utilization of the FCBT compared to other District associations. For 2025, the investment required of the Association was 2.5 percent of the Association's average borrowings from the FCBT. For 2024 and 2023, the investment requirement was 2.0 percent of the Associations' average borrowings from the FCBT. This investment is carried at cost plus allocated equities in the accompanying consolidated balance sheet. Estimating the fair value of the Association's investment in the FCBT is not practical, because the stock is not traded.

If needed to meet regulatory capital adequacy requirements, the Board of Directors of the FCBT may increase the percentage of stock held by an association from 2.5 percent of the average outstanding balance of borrowings from the FCBT to a maximum of 5.0 percent of the average outstanding balance of borrowings from the FCBT.

#### E. Other Property Owned, Net:

Other property owned, net, consists of real and personal property acquired through foreclosure or deed in lieu of foreclosure, and is recorded at fair value less estimated selling costs upon acquisition and is included in other assets in the consolidated balance sheet. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for loan losses. On at least an annual basis, revised estimates to the fair value less cost to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations and carrying value adjustments are included in net gains (losses) on other property owned in the statements of comprehensive income.

#### F. Premises and Equipment:

Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method using estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operations. Maintenance and repairs are charged to operating expense, and improvements are capitalized. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset group may not be recoverable.

#### G. Advance Conditional Payments:

The Association is authorized under the Act to accept advance payments from borrowers. To the extent that the borrower's access to such funds is restricted, the advance conditional payments are netted against the borrower's related loan balance. Amounts in excess of the related loan balance and amounts to which the borrower has unrestricted access are presented as liabilities in the accompanying consolidated balance sheet. Advance conditional payments are not insured. Interest is generally paid by the Association on such accounts at rates established by the Board of Directors.

#### H. Employee Benefit Plans:

Substantially all employees of the Association may be eligible to participate in either the District defined benefit retirement plan (DB plan) or the defined contribution plan (DC plan). All eligible employees may participate in the Farm Credit Benefits Alliance 401(k) Plan. Also, the Association sponsors a nonqualified defined contribution 401(k) plan. The DB plan is closed to new participants. Participants generally include employees hired prior to January 1, 1996. The DB plan is noncontributory and provides benefits based on salary and years of service. The "projected unit credit" actuarial method is used for financial reporting and funding purposes for the DB plan.

Participants in the DC plan generally include employees who elected to transfer from the DB plan prior to January 1, 1996, and employees hired on or after January 1, 1996. Participants in the DC plan direct the placement of their employers' contributions, 5.0 percent of eligible pay for the year ended December 31, 2024, made on their behalf into various investment alternatives.

The structure of the District's DB plan is characterized as multi-employer, since neither the assets nor costs of the plan are segregated or separately accounted for by the Associations. No portion of any surplus assets is available to the associations, nor are the associations required to pay for plan liabilities upon withdrawal from the plans. As a result, the associations recognize as pension cost the required contribution to the plans for the year. Contributions due and unpaid are recognized as a liability. The Association recognized pension costs for the DC plan of \$1,016,514, \$858,147 and \$874,893 for the years ended December 31, 2025, 2024 and 2023, respectively. For the DB plan, the Association recognized pension costs of \$239,145, \$180,282 and \$237,044 for the years ended December 31, 2025, 2024 and 2023, respectively.

The Association also participates in the Farm Credit Benefits Alliance 401(k) Plan, which requires the associations to match 100 percent of employee contributions up to 3.0 percent of eligible earnings and to match 50 percent of employee contributions for the next 2.0 percent of employee contributions, up to a maximum employer contribution of 4.0 percent of eligible earnings. Association 401(k) plan costs are expensed as incurred. The Association's contributions to the 401(k) plan were \$768,382, \$647,853 and \$646,411 for the years ended December 31, 2025, 2024 and 2023, respectively.

In addition to the DB plan, the DC plan, and the Farm Credit Benefits Alliance 401(k) plans above, the Association sponsors a defined contribution supplemental retirement plan. This plan is a nonqualified 401(k) plan; therefore, the associated liabilities are included in the Association's consolidated balance sheet in other liabilities. The expenses of the nonqualified plan included in the Association's employee benefit costs were \$356,332, \$219,142 and \$187,140 for the years ended December 31, 2025, 2024 and 2023, respectively.

In addition to pension benefits, the Association provides certain health care and life insurance 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 other liabilities on the consolidated balance sheet.

#### I. Income Taxes:

The ACA holding company conducts its business activities through two wholly owned subsidiaries. Long-term mortgage lending activities are operated through the wholly owned FLCA subsidiary, which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through the wholly owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on estimated relative service. All significant transactions between the subsidiaries and the

parent company have been eliminated in consolidation. The ACA, along with the PCA subsidiary, is subject to income tax. The Association is eligible to operate as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the Association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. Deferred taxes are provided on the Association's taxable income on the basis of a proportionate share of the tax effect of temporary differences not allocated in patronage form. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (over 50 percent probability), based on management's estimate, that they will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the Association's expected patronage program, which reduces taxable earnings.

Deferred income taxes have not been provided by the Association on patronage stock distributions from the FCBT prior to January 1, 1993, the adoption date of the FASB guidance on income taxes. Management's intent is (1) to permanently invest these and other undistributed earnings in the FCBT, thereby indefinitely postponing their conversion to cash, or (2) to pass through any distribution related to pre-1993 earnings to Association borrowers through qualified patronage allocations.

The Association has not provided deferred income taxes on amounts allocated to the Association that relate to the FCBT's post-1992 earnings to the extent that such earnings will be passed through to Association borrowers through qualified patronage allocations. Additionally, deferred income taxes have not been provided on the FCBT's post-1992 unallocated earnings. The FCBT currently has no plans to distribute unallocated FCBT earnings and does not contemplate circumstances that, if distributions were made, would result in taxes being paid at the Association level.

#### J. Patronage Refunds From the Farm Credit Bank of Texas:

The Association records patronage refunds from the FCBT on an accrual basis.

#### K. Fair Value Measurement:

The FASB guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain U.S. Treasury, other U.S. government and agency mortgage-backed debt securities that are highly liquid and are actively traded in over-the-counter markets. Also included in Level 1 are assets held in trust funds, which relate to deferred compensation and the supplemental retirement plan. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace. Pension plan assets that are invested in equity securities, including mutual funds and fixed-income securities that are actively traded, are also included in Level 1.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates; and (d) inputs derived principally from or corroborated by observable market data by correlation or other means. This category generally includes certain U.S. government and agency mortgage-backed debt securities, corporate debt securities, and derivative contracts. Pension plan assets that are derived from observable inputs, including corporate bonds and mortgage-backed securities, are reported in Level 2.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities are considered Level 3. These unobservable inputs reflect the reporting entity's own assumptions about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, asset-backed securities, highly structured or long-term derivative contracts, certain loans and other property owned. Pension plan assets such as certain mortgage-backed securities that are supported by little or no market data in determining the fair value are included in Level 3.

The fair value disclosures are presented in Note 14 to the consolidated financial statements, “Fair Value Measurements.”

L. Off-balance-sheet credit exposures:

Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. Commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and third party. The credit risk associated with commitments to extend credit and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management’s assessment of the customer’s creditworthiness. The Association’s exposure in off-balance-sheet credit exposures is further disclosed in Note 16 to the consolidated financial statements, “Commitments and Contingencies.”

M. Merger Accounting:

The FASB guidance on business combinations applies to all transactions in which an entity obtains control of one or more businesses and requires the acquirer to use the acquisition method of accounting and recognize assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date.

Because the stock in each association is fixed in value, the stock issued pursuant to the merger provides no basis for estimating the fair value of the consideration transferred pursuant to the merger. In the absence of a purchase price determination, the acquiring association will identify and estimate the acquisition date fair value of the equity interests (net assets) of the acquired association instead of the acquisition date fair value of the equity interests transferred as consideration. The fair value of the assets acquired, including specific intangible assets and liabilities assumed, are measured based on various estimates using assumptions that management believes are reasonable utilizing information currently available. The excess value received, by the acquiring association from the acquired association, over the par value of capital stock and participation certificates issued in the merger is considered to be additional paid-in capital.

**NOTE 3 — LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS:**

A summary of loans as of December 31 follows:

Loan Type	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Real estate mortgage	\$ 2,551,782,373	76.5%	\$ 2,422,443,376	79.3%	\$ 2,237,942,282	78.7%
Production and intermediate-term	385,569,067	11.5%	251,979,243	8.2%	222,416,841	7.8%
Agribusiness:						
Loans to cooperatives	10,560,229	0.3%	10,772,567	0.4%	17,044,890	0.6%
Processing and marketing	234,193,397	7.0%	198,526,087	6.5%	192,769,838	6.7%
Farm-related business	51,576,696	1.5%	53,547,454	1.8%	55,955,011	2.0%
Communication	35,516,774	1.1%	41,141,056	1.3%	45,161,278	1.6%
Energy	33,902,712	1.0%	38,966,911	1.3%	35,789,645	1.3%
Water and wastewater	7,443,787	0.2%	10,131,879	0.3%	12,754,486	0.4%
Rural residential real estate	14,690,146	0.4%	13,408,476	0.4%	10,544,054	0.4%
International Loans	15,127,258	0.5%	15,265,890	0.5%	12,931,775	0.5%
Lease receivables	770,256	0.0%	1,000,206	0.0%	1,223,854	0.0%
Total	<u>\$ 3,341,132,695</u>	<u>100.0%</u>	<u>\$ 3,057,183,145</u>	<u>100.0%</u>	<u>\$ 2,844,533,954</u>	<u>100.0%</u>

The Association may purchase or sell 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 participations purchased and sold as of December 31, 2025:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations	Participations	Participations	Participations	Participations	Participations
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ 53,339,006	\$ 245,325,163	\$ 5,013,636	\$ -	\$ 58,352,642	\$ 245,325,163
Production and intermediate-term	110,227,856	135,112,311	18,306,137	-	128,533,993	135,112,311
Agribusiness	195,264,405	16,151,216	8,163,249	1,218,912	203,427,654	17,370,128
Communication	35,516,774	-	-	-	35,516,774	-
Energy	33,902,712	-	-	-	33,902,712	-
Water and wastewater	7,443,787	-	-	-	7,443,787	-
International	15,127,257	-	-	-	15,127,257	-
Lease receivables	770,256	-	-	-	770,256	-
Total	\$ 451,592,053	\$ 396,588,690	\$ 31,483,022	\$ 1,218,912	\$ 483,075,075	\$ 397,807,602

## 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 entity 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, 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 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 entity uses a two-dimensional risk rating model based on an 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. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. 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 or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The institution reviews the probability of default category at least annually, or when a credit action is taken.

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 factors, conditions and values that make collection in full highly questionable; and,
- loss — assets are considered uncollectible.

The following table shows loans and related accrued interest classified under the Farm Credit Administration's Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of December 31, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Real estate mortgage			
Acceptable	99%	99%	100%
OAEM	1%	0%	0%
Substandard/doubtful	0%	1%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Production and intermediate term			
Acceptable	98%	97%	95%
OAEM	2%	2%	1%
Substandard/doubtful	0%	1%	4%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Loans to cooperatives			
Acceptable	100%	100%	100%
OAEM	0%	0%	0%
Substandard/doubtful	0%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Processing and marketing			
Acceptable	91%	93%	95%
OAEM	0%	5%	5%
Substandard/doubtful	9%	2%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Farm-related business			
Acceptable	100%	100%	100%
OAEM	0%	0%	0%
Substandard/doubtful	0%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Communication			
Acceptable	100%	100%	100%
OAEM	0%	0%	0%
Substandard/doubtful	0%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Energy			
Acceptable	100%	100%	99%
OAEM	0%	0%	0%
Substandard/doubtful	0%	0%	1%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Water and wastewater			
Acceptable	100%	100%	100%
OAEM	0%	0%	0%
Substandard/doubtful	0%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Rural residential real estate			
Acceptable	95%	100%	99%
OAEM	3%	0%	0%
Substandard/doubtful	2%	0%	1%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
International			
Acceptable	100%	100%	100%
OAEM	0%	0%	0%
Substandard/doubtful	0%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Lease receivables			
Acceptable	100%	100%	100%
OAEM	0%	0%	0%
Substandard/doubtful	0%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Total Loans			
Acceptable	98%	99%	99%
OAEM	1%	1%	1%
Substandard/doubtful	1%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Accrued interest receivable on loans of \$31,273,554, \$26,335,028 and \$23,636,251 at December 31, 2025, 2024 and 2023, respectively, have been excluded from the amortized cost of loans and reported separately in the consolidated balance sheet. The Association did not write off any accrued interest receivable during 2025, 2024 and 2023, respectively.

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies but typically includes farmland and income-producing property, such as crops and livestock, as well as receivables. Long-term real estate loans are secured by the first liens on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85 percent (or 97 percent if guaranteed by a government agency) of the property's appraised value. However, a decline in a property's market value subsequent to loan origination or advances, or other actions necessary to protect the financial interest of the Association in the collateral, may result in the loan-to-value ratios in excess of the regulatory maximum.

To mitigate the risk of loan losses, the Association has obtained loan guarantees in the form of long-term standby commitments to purchase agreements with Farmer Mac. The agreements, which will remain in place until the loans are paid in full, give the Association the right to sell the loans identified in the agreements to Farmer Mac in the event of defaults (typically four months past due), subject to certain conditions. At December 31, 2025, 2024 and 2023, loans totaling \$315,518,435, \$108,988,064 and \$131,866,824, respectively, were guaranteed by these commitments. Fees paid for these guarantees totaled \$529,237, \$474,227 and \$250,584 in 2025, 2024 and 2023, respectively, and are included in "other noninterest expense."

The following table reflects nonperforming assets, which consists of nonaccrual loans, accruing loans 90 days or more past due and other property owned:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<b>Nonaccrual loans:</b>			
Real estate mortgage	\$ 3,621,442	\$ 930,581	\$ 2,071,781
Production and intermediate-term	590,772	512,812	8,202,822
Energy	-	-	221,814
Rural residential real estate	299,470	40,049	73,670
Total nonaccrual loans	<u>4,511,684</u>	<u>1,483,442</u>	<u>10,570,087</u>
<b>Accruing loans 90 days or more past due:</b>			
Real estate mortgage	313,144	109,204	-
Production and intermediate-term	25,109	-	-
Total accruing loans 90 days or more past due	<u>338,253</u>	<u>109,204</u>	<u>-</u>
<b>Other property owned</b>	<u>299,080</u>	<u>1,579,844</u>	<u>2,775</u>
<b>Total nonperforming assets</b>	<u>\$ 5,149,017</u>	<u>\$ 3,172,490</u>	<u>\$ 10,572,862</u>
Nonaccrual loans as a percentage of total loans	0.1%	0.0%	0.4%
Nonperforming assets as a percentage of total loans and other property owned	0.2%	0.1%	0.4%
Nonperforming assets as a percentage of capital	1.0%	0.7%	2.3%

The following table provides 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:

	<u>December 31, 2025</u>			<u>Interest Income Recognized For the Year Ended December 31, 2025</u>
	<u>Amortized Cost with Allowance</u>	<u>Amortized Cost without Allowance</u>	<u>Total</u>	
<b>Nonaccrual loans:</b>				
Real estate mortgage	\$ 72,263	\$ 3,549,179	\$ 3,621,443	\$ 481,455
Production and intermediate-term	218,500	372,272	590,772	14,596
Rural residential real estate	-	299,470	299,470	6,835
Total nonaccrual loans	<u>\$ 290,763</u>	<u>\$ 4,220,922</u>	<u>\$ 4,511,684</u>	<u>\$ 502,886</u>

	December 31, 2024			Interest Income Recognized For the Year Ended December 31, 2024
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	
<b>Nonaccrual loans:</b>				
Real estate mortgage	\$ -	\$ 930,581	\$ 930,581	\$ 605,903
Production and intermediate-term	81,804	431,008	512,812	70,725
Energy	-	-	-	62,395
Rural residential real estate	-	40,049	40,049	5,840
Total nonaccrual loans	\$ 81,804	\$ 1,401,638	\$ 1,483,442	\$ 744,863

	December 31, 2023			Interest Income Recognized For the Year Ended December 31, 2023
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	
<b>Nonaccrual loans:</b>				
Real estate mortgage	\$ -	\$ 2,071,781	\$ 2,071,781	\$ 62,580
Production and intermediate-term	8,178,719	24,103	8,202,822	42,684
Energy	221,814	-	221,814	-
Rural residential real estate	-	73,670	73,670	5,804
Total nonaccrual loans	\$ 8,400,533	\$ 2,169,554	\$ 10,570,087	\$ 111,068

The following tables provide an aging analysis of past due loans at amortized cost by portfolio segment as of December 31, 2025:

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 and Accruing
Real estate mortgage	\$ 10,266,327	\$ 2,902,312	\$ 13,168,639	\$ 2,538,613,734	\$ 2,551,782,373	\$ 313,144
Production and intermediate-term	1,372,744	314,624	1,687,368	383,881,699	385,569,067	25,109
Loans to cooperatives	-	-	-	10,560,229	10,560,229	-
Processing and marketing	-	-	-	234,193,397	234,193,397	-
Farm-related business	-	-	-	51,576,696	51,576,696	-
Communication	-	-	-	35,516,774	35,516,774	-
Energy	-	-	-	33,902,712	33,902,712	-
Water and wastewater	-	-	-	7,443,787	7,443,787	-
Rural residential real estate	341,811	-	341,811	14,348,335	14,690,146	-
International	-	-	-	15,127,258	15,127,258	-
Lease receivables	-	-	-	770,256	770,256	-
<b>Total</b>	<b>\$ 11,980,882</b>	<b>\$ 3,216,936</b>	<b>\$ 15,197,818</b>	<b>\$ 3,325,934,877</b>	<b>\$ 3,341,132,695</b>	<b>\$ 338,253</b>

December 31, 2024:	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 and Accruing
Real estate mortgage	\$ 15,035,360	\$ 109,204	\$ 15,144,564	\$ 2,407,298,812	\$ 2,422,443,376	\$ 109,204
Production and intermediate-term	231,040	401,293	632,333	251,346,910	251,979,243	-
Loans to cooperatives	-	-	-	10,772,567	10,772,567	-
Processing and marketing	-	-	-	198,526,087	198,526,087	-
Farm-related business	-	-	-	53,547,454	53,547,454	-
Communication	-	-	-	41,141,056	41,141,056	-
Energy	-	-	-	38,966,911	38,966,911	-
Water and wastewater	-	-	-	10,131,879	10,131,879	-
Rural residential real estate	-	-	-	13,408,476	13,408,476	-
International	-	-	-	15,265,890	15,265,890	-
Lease receivables	-	-	-	1,000,206	1,000,206	-
<b>Total</b>	<b>\$ 15,266,400</b>	<b>\$ 510,497</b>	<b>\$ 15,776,897</b>	<b>\$ 3,041,406,248</b>	<b>\$ 3,057,183,145</b>	<b>\$ 109,204</b>

December 31, 2023:	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
Real estate mortgage	\$ 3,875,450	\$ 640,906	\$ 4,516,356	\$ 2,233,425,926	\$ 2,237,942,282
Production and intermediate-term	7,117,760	1,512,002	8,629,762	213,787,080	222,416,842
Loans to cooperatives	-	-	-	17,044,890	17,044,890
Processing and marketing	-	-	-	192,769,838	192,769,838
Farm-related business	-	-	-	55,955,011	55,955,011
Communication	-	-	-	45,161,278	45,161,278
Energy	-	-	-	35,789,645	35,789,645
Water and wastewater	-	-	-	12,754,486	12,754,486
Rural residential real estate	169,322	-	169,322	10,374,731	10,544,053
International	-	-	-	12,931,775	12,931,775
Lease receivables	-	-	-	1,223,854	1,223,854
<b>Total</b>	<b>\$ 11,162,532</b>	<b>\$ 2,152,908</b>	<b>\$ 13,315,440</b>	<b>\$ 2,831,218,514</b>	<b>\$ 2,844,533,954</b>

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 agribusiness and energy loans.

### Loan Modifications to Borrowers Experiencing Financial Difficulties:

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during 2025 and 2024, disaggregated by loan type and type of modification granted. The Association had no loan modifications to borrowers experiencing financial difficulty during 2023 that have an active status or amortized cost greater than zero.

For the Year Ended December 31, 2025	Production and intermediate-term		
	Amortized Cost Basis	% of Total Loans	Financial Effect of Loan Modifications
Payment Deferral	\$ 260,474	0%	Provided payment deferral with delayed amounts added to loan maturity.
<b>Total</b>	<b>\$ 260,474</b>		

For the Year Ended December 31, 2025	Production and intermediate-term		
	Amortized Cost Basis	% of Total Loans	Financial Effect of Loan Modifications
Term Extension	\$ 218,500	0%	Provided two month payment extension.
<b>Total</b>	<b>\$ 218,500</b>		

For the Year Ended December 31, 2024	Production and intermediate-term		
	Amortized Cost Basis	% of Total Loans	Financial Effect of Loan Modifications
Payment Deferral	\$ 59,015	0%	Provided three month payment deferral with delayed amounts added to loan maturity.
<b>Total</b>	<b>\$ 59,015</b>		

For the Year Ended December 31, 2024	Agribusiness		
	Amortized Cost Basis	% of Total Loans	Financial Effect of Loan Modifications
Term Extension	\$ 405,186	0%	Provided three month extension.
<b>Total</b>	<b>\$ 405,186</b>		

There was no accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the year ended December 31, 2025. Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the year ended December 31, 2024, was \$31,383. There was no accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the year ended December 31, 2023.

There were no loans to borrowers experiencing financial difficulty that received a modification that defaulted during the year ended December 31, 2025, 2024, and 2023, respectively.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty as of December 31, 2025 and 2024. The Association had no loan modifications to borrowers experiencing financial difficulty during 2023 that have an active status or amortized cost greater than zero.

	<b>Payment Status of Loans Modified in the Past 12 Months*</b>		
	<b>Current</b>	<b>30-89 Days Past Due</b>	<b>90 Days or More Past Due</b>
<b>December 31, 2025</b>			
Production and intermediate term	\$ -	\$ 218,499	\$ 260,475
<b>Total</b>	<b>\$ -</b>	<b>\$ 218,499</b>	<b>\$ 260,475</b>

	<b>Payment Status of Loans Modified in the Past 12 Months*</b>		
	<b>Current</b>	<b>30-89 Days Past Due</b>	<b>90 Days or More Past Due</b>
<b>December 31, 2024</b>			
Production and intermediate-term	\$ -	\$ -	\$ 59,015
Agribusiness	405,186	-	-
<b>Total</b>	<b>\$ 405,186</b>	<b>\$ -</b>	<b>\$ 59,015</b>

\*Excludes loans that were modified during the period but paid off or sold prior to period end.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were \$641,501 at December 31, 2025 and \$594,841 at December 31, 2024. The Association has no loan modifications to borrowers experiencing financial difficulty during 2023 that have been in active status or an amortized cost greater than zero.

### 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 Board of Directors has generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment for the years ended December 31, 2025, December 31, 2024 and December 31, 2023, are as follows:

	Real Estate Mortgage	Production and Intermediate- Term	Agribusiness	Communi- cations	Energy	Water and Wastewater	Rural Residential Real Estate	International	Leases Receivable	Total
<b>Allowance for Credit Losses on Loans:</b>										
Balance at December 31, 2024	\$ 4,829,360	\$ 306,224	\$ 930,090	\$ 71,891	\$ 21,492	\$ 9,415	\$ 27,811	\$ 9,797	\$ 175	\$ 6,206,255
Charge-offs	-	(96,316)	-	-	-	-	-	-	-	(96,316)
Recoveries	-	-	1,244	-	-	-	-	-	-	1,244
Provision for (reversal of) credit losses on loans	(295,562)	73,951	738,143	(7,584)	(5,623)	7,798	15,218	54	(72)	526,323
Balance at December 31, 2025	<b>\$ 4,533,798</b>	<b>\$ 283,859</b>	<b>\$ 1,669,477</b>	<b>\$ 64,307</b>	<b>\$ 15,869</b>	<b>\$ 17,213</b>	<b>\$ 43,029</b>	<b>\$ 9,851</b>	<b>\$ 103</b>	<b>\$ 6,637,506</b>
<b>Allowance for Credit Losses on Unfunded Commitments:</b>										
Balance at December 31, 2024	\$ 73,752	\$ 49,104	\$ 121,740	\$ 3,227	\$ 992	\$ 2,667	\$ -	\$ 6,053	\$ -	\$ 257,535
Provision for (reversal of) credit losses on unfunded commitments	65,492	(3,729)	15,506	(2,968)	(766)	(1,602)	-	(5,005)	-	66,928
Balance at December 31, 2025	<b>\$ 139,244</b>	<b>\$ 45,375</b>	<b>\$ 137,246</b>	<b>\$ 259</b>	<b>\$ 226</b>	<b>\$ 1,065</b>	<b>\$ -</b>	<b>\$ 1,048</b>	<b>\$ -</b>	<b>\$ 324,463</b>
<b>Total Allowance for Credit Losses:</b>	<b>\$ 4,673,042</b>	<b>\$ 329,234</b>	<b>\$ 1,806,723</b>	<b>\$ 64,566</b>	<b>\$ 16,095</b>	<b>\$ 18,278</b>	<b>\$ 43,029</b>	<b>\$ 10,899</b>	<b>\$ 103</b>	<b>\$ 6,961,969</b>

	Real Estate Mortgage	Production and Intermediate- Term	Agribusiness	Communi- cations	Energy	Water and Wastewater	Rural Residential Real Estate	International	Leases Receivable	Total
Allowance for Credit Losses on Loans:										
Balance at December 31, 2023	\$ 4,757,449	\$ 2,225,962	\$ 942,233	\$ 60,465	\$ 120,123	\$ 12,188	\$ 32,316	\$ 12,092	\$ 355	\$ 8,163,183
Charge-offs	-	(1,327,244)	-	-	-	-	-	-	-	(1,327,244)
Recoveries	-	3,300	1,046	-	-	-	-	-	-	4,346
(Reversal of) provision for credit losses on loans	71,911	(595,794)	(13,189)	11,426	(98,631)	(2,773)	(4,505)	(2,295)	(180)	(634,030)
Balance at December 31, 2024	\$ 4,829,360	\$ 306,224	\$ 930,090	\$ 71,891	\$ 21,492	\$ 9,415	\$ 27,811	\$ 9,797	\$ 175	\$ 6,206,255
Allowance for Credit Losses on Unfunded Commitments:										
Balance at December 31, 2023	\$ 23,994	\$ 31,049	\$ 241,357	\$ 2,953	\$ 475	\$ 2,767	\$ -	\$ 9,031	\$ -	\$ 311,626
(Reversal of) provision for credit losses on unfunded commitments	49,758	18,055	(119,617)	274	517	(100)	-	(2,978)	-	(54,091)
Balance at December 31, 2024	\$ 73,752	\$ 49,104	\$ 121,740	\$ 3,227	\$ 992	\$ 2,667	\$ -	\$ 6,053	\$ -	\$ 257,535
Total Allowance for Credit Losses:	\$ 4,903,112	\$ 355,328	\$ 1,051,830	\$ 75,118	\$ 22,484	\$ 12,082	\$ 27,811	\$ 15,850	\$ 175	\$ 6,463,790

	Real Estate Mortgage	Production and Intermediate- Term	Agribusiness	Communi- cations	Energy	Water and Wastewater	Rural Residential Real Estate	International	Leases Receivable	Total
Allowance for Credit Losses on Loans:										
Balance at December 31, 2022	\$ 4,342,114	\$ 385,628	\$ 769,541	\$ 83,506	\$ 130,241	\$ 1,752	\$ 17,835	\$ 16,377	\$ -	\$ 5,746,994
Cumulative effect of a change in accounting principle	224,230	(244,862)	67,965	(45,873)	(21,401)	(1,429)	1,217	(9,925)	-	(30,078)
Balance at January 1, 2023	4,566,344	140,766	837,506	37,633	108,840	323	19,052	6,452	-	5,716,916
Charge-offs	-	(1,312,697)	-	-	-	-	-	-	-	(1,312,697)
Recoveries	-	25,930	1,170	-	-	-	-	-	-	27,100
Provision for credit losses on loans	191,105	2,186,727	103,557	22,832	11,283	11,865	13,264	5,640	355	2,546,628
Initial allowance for credit losses on PCD loans	-	1,185,236	-	-	-	-	-	-	-	1,185,236
Balance at December 31, 2023	\$ 4,757,449	\$ 2,225,962	\$ 942,233	\$ 60,465	\$ 120,123	\$ 12,188	\$ 32,316	\$ 12,092	\$ 355	\$ 8,163,183
Allowance for Credit Losses on Unfunded Commitments:										
Balance at December 31, 2022	\$ 45	\$ 26,375	\$ 83,273	\$ 935	\$ 707	\$ -	\$ -	\$ 3,259	\$ -	\$ 114,594
Cumulative effect of a change in accounting principle	2	(7,263)	163,127	1,090	692	-	-	4,803	-	162,451
Balance at January 1, 2023	47	19,112	246,400	2,025	1,399	-	-	8,062	-	277,045
Provision for (reversal of) credit losses on unfunded commitments	23,947	11,937	(5,043)	928	(924)	2,767	-	969	-	34,581
Balance at December 31, 2023	\$ 23,994	\$ 31,049	\$ 241,357	\$ 2,953	\$ 475	\$ 2,767	\$ -	\$ 9,031	\$ -	\$ 311,626
Total Allowance for Credit Losses:	\$ 4,781,443	\$ 2,257,011	\$ 1,183,590	\$ 63,418	\$ 120,598	\$ 14,955	\$ 32,316	\$ 21,123	\$ 355	\$ 8,474,809

The allowance for credit losses as of December 31, 2025, was \$6,961,969, reflecting an increase of \$498,179 from December 31, 2024. This increase was primarily driven by an increase in net loan assets over prior year and credit deterioration in a capital markets relationship during the quarter ended September 30, 2025. This increase was offset by reductions resulting from the adoption of a less punitive probability of default (PD) curve as compared to prior year. The PD curve is updated on an annual basis to incorporate changes in internal default trends.

The Association's macroeconomic forecast includes a weighted average selection of third-party vendor's economic scenarios over a reasonable and supportable forecast period of two years. The economic scenarios utilized in the December 31, 2025 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. The economic forecasts incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

#### NOTE 4 — LEASES:

The Association entered into a 10-year operating lease of an administrative and branch lending office in Fort Worth, TX. The commencement date of the lease was July 24, 2024.

The components of lease expense were as follows:

	Classification	2025	2024	2023
Operating lease cost		\$ 1,694,660	\$ 1,266,914	\$ 635,280
Net lease cost		\$ 1,694,660	\$ 1,266,914	\$ 635,280

Other information related to leases was as follows:

	<u>2025</u>	2024	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 1,275,984	\$ 718,912	\$ 638,088
Right-of-use assets obtained in exchange for new lease obligations:			
Operating leases	374,713	9,210,731	179,089

Lease term and discount rate are as follows:

	<u>December 31, 2025</u>	December 31, 2024	<u>December 31, 2023</u>
Weighted average remaining lease term in years			
Operating leases	8.4	9.4	2.5
Weighted average discount rate			
Operating leases	3.9%	3.9%	2.8%

Future minimum lease payments under non-cancellable leases as of December 31, 2025, were as follows:

	<u>Operating Leases</u>
2026	\$ 1,486,178
2027	1,346,317
2028	1,329,896
2029	1,334,004
2030	1,263,593
Thereafter	5,322,922
Total lease payments	<u>\$ 12,082,910</u>

**NOTE 5 — INVESTMENT IN THE FARM CREDIT BANK OF TEXAS:**

The investment in the FCBT is a requirement of borrowing from the FCBT and is carried at cost plus allocated equities in the accompanying consolidated balance sheet. Estimating the fair value of the Association's investment in the FCBT is not practicable because the stock is not traded. The Association owned 9.9 percent, 9.8 percent and 10.3 percent of the issued stock of the FCBT as of December 31, 2025, 2024 and 2023, respectively. As of those dates, the FCBT's assets totaled \$42.2 billion, \$39.5 billion and \$37.3 billion, and members' equity totaled \$2.1 billion, \$1.8 billion and \$1.7 billion. The FCBT's earnings were \$212.3 million, \$222.0 million and \$199.9 million during 2025, 2024 and 2023, respectively.

**NOTE 6 — PREMISES AND EQUIPMENT:**

Premises and equipment consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 1,502,263	\$ 1,502,263	\$ 1,538,139
Building and improvements	5,174,054	3,679,066	3,915,350
Furniture and equipment	311,344	299,929	398,194
Computer equipment and software	512,795	530,650	710,689
Automobiles	3,380,115	3,302,151	2,926,904
Construction in progress	197,956	974,945	-
	<u>11,078,527</u>	<u>10,289,004</u>	<u>9,489,276</u>
Accumulated depreciation	(4,167,200)	(3,900,243)	(4,425,363)
Total	<u>\$ 6,911,327</u>	<u>\$ 6,388,761</u>	<u>\$ 5,063,913</u>

The Association leases office space in Abilene, Georgetown, Fort Worth, Sherman, and Weatherford, Texas. The Association also leases office space in Albuquerque, Clovis, Las Cruces, and Roswell, New Mexico. Lease expense was \$1,694,660, \$1,266,914, and \$635,280 for 2025, 2024 and 2023, respectively. All Association leases are considered operating leases.

**NOTE 7 — OTHER PROPERTY OWNED, NET:**

Net gain (loss) on other property owned, net consists of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Gain on sale, net	\$ -	\$ 3,653	\$ -
Operating income (expense), net	-	933	(98)
Net gain (loss) on other property owned	<u>\$ -</u>	<u>\$ 4,586</u>	<u>\$ (98)</u>

**NOTE 8 — OTHER ASSETS AND OTHER LIABILITIES:**

Other assets comprised the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 1,130,568	\$ 1,033,323	\$ 1,397,424
Right-of-use assets	8,752,896	9,512,074	1,172,221
Other assets	2,802,706	2,394,506	2,194,385
Total	<u>\$ 12,686,170</u>	<u>\$ 12,939,903</u>	<u>\$ 4,764,030</u>

Other liabilities comprised the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts payable	\$ 13,538,763	\$ 13,742,719	\$ 11,462,716
Lease liability	10,121,110	9,928,221	1,195,977
Accumulated postretirement obligation	5,951,372	6,511,415	6,064,696
Other liabilities	1,909,013	1,787,089	2,456,063
Total	<u>\$ 31,520,258</u>	<u>\$ 31,969,444</u>	<u>\$ 21,179,452</u>

**NOTE 9 — NOTE PAYABLE TO THE FCBT:**

The interest rate risk inherent in the Association's loan portfolio is substantially mitigated through the funding relationship with the FCBT. The FCBT manages interest rate risk through its direct loan pricing and asset/liability management process. The Association's indebtedness to the FCBT represents borrowings by the Association to fund the majority of its loan portfolio. The indebtedness is collateralized by a pledge of substantially all of the Association's assets and is governed by a GFA. The interest rate on the direct loan is based upon the FCBT's cost of funding the loans the Association has outstanding to its borrowers. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, unless sooner terminated by the

FCBT upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the FCBT, upon giving the FCBT 30 calendar days' prior written notice, or in all other circumstances, upon giving the FCBT 120 days' prior written notice.

The total amount and the weighted average interest rate of the Association's direct loan from the FCBT at December 31, 2025, 2024 and 2023, was \$2,881,347,414 at 4.15 percent, \$2,605,072,254 at 3.82 percent, and \$2,411,172,178 at 3.45 percent, respectively.

Under the Act, the Association is obligated to borrow only from the FCBT unless the FCBT approves borrowing from other funding sources. The FCBT and FCA regulations have established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2025, 2024 and 2023, the Association's note payable was within the specified limitations. The maximum amount the Association may borrow from the FCBT as of December 31, 2025, was \$3,405,053,774 as defined by the GFA.

In addition to borrowing limits, the financing agreement establishes certain covenants including limits on leases, investments, other debt, and dividend and patronage distributions; minimum standards for return on assets and for liquidity; and provisions for conducting business, maintaining records, reporting financial information, and establishing policies and procedures. Remedies specified in the GFA associated with the covenants include additional reporting requirements, development of action plans, increases in interest rates on indebtedness, reduction of lending limits or repayment of indebtedness. As of and for the years ended December 31, 2025, 2024 and 2023, the Association was not subject to remedies associated with the covenants in the GFA.

Other than our funding relationship with the FCBT, we have no other uninsured or insured debt.

#### **NOTE 10 — MEMBERS' EQUITY:**

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

In accordance with the Act and the Association's capitalization bylaws, each borrower is required to invest in the Association as a condition of borrowing. The investment in Class B capital stock (for farm loans) or participation certificates (for rural home loans) is equal to 2 percent of the loan amount, up to a maximum amount of \$1,000. The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made, usually by adding the aggregate par value of the capital stock or participation certificates to the principal amount of the related loan obligation. The capital stock or participation certificates are subject to a first lien by the Association. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding capital stock or participation certificates.

Association bylaws generally permit stock and participation certificates to be retired at the discretion of the Board of Directors and in accordance with the Association's capitalization plans, provided prescribed capital standards have been met. At December 31, 2023, the Association exceeded the prescribed standards. The Association does not anticipate any significant changes in capital that would affect the normal retirement of stock.

All classes of stock are transferable to other customers who are eligible to hold such class of stock as long as the Association meets the regulatory minimum capital requirements.

If needed to meet regulatory capital adequacy requirements, the Board of Directors of the Association may increase the percentage of stock requirement for each borrower up to a maximum of 10 percent of the loan amount.

Each owner of Class B capital stock is entitled to a single vote, while participation certificates provide no voting rights to their owners.

Within two years after repayment of a loan, the Association capital bylaws require the conversion of any borrower's outstanding Class B to Class A stock. Class A stock has no voting rights except in a case where a new issuance of preferred stock has been submitted to stockholders affected by the preference. Redemption of Class A shares is made solely at the discretion of the Association's Board. At December 31, 2025, 2024, and 2023, the Association had 0, 1,200, and 0 shares of Class A stock, respectively.

All borrower stock is at-risk. As such, losses that result in impairment of capital stock or participation certificates shall be borne on a pro rata basis by all holders of Class A, Class B capital stock and participation certificates. In the event of liquidation of the Association, capital stock and participation certificates would be utilized as necessary to satisfy any remaining obligations in excess

of the amounts realized on the sale or liquidation of assets. Any excess of the amounts realized on the sale or liquidation of assets over the Association's obligations to external parties and to the FCBT would be distributed to the Association's stockholders.

Dividends and patronage distributions may be paid on the capital stock and participation certificates of the Association, as the Board may determine by resolution, subject to capitalization requirements as defined by the FCA. Amounts not distributed are retained as unallocated retained earnings. The following dividends and patronage distributions were declared and paid in 2025, 2024 and 2023, respectively:

<u>Date Declared</u>	<u>Date Paid (to be Paid)</u>	<u>Patronage</u>
<b>December 2025</b>	<b>March 2026</b>	<b>\$ 28,070,595</b>
December 2024	March 2025	\$ 32,187,196
December 2023	March 2024	\$ 26,756,494

The Farm Credit Administration sets minimum regulatory capital requirements for banks and associations. As of December 31, 2025, the Association is not prohibited from retiring stock or distributing earnings. Furthermore, the Association is unaware of any such prohibitions that may apply during 2026.

The following sets forth the regulatory capital ratio requirements and ratios at December 31, 2025:

<b>Risk-adjusted:</b>	<b>Regulatory Minimums with Buffer</b>	<b>As of December 31, 2025</b>	<b>As of December 31, 2024</b>	<b>As of December 31, 2023</b>
Common equity tier 1 ratio	7.00%	13.51%	14.37%	15.46%
Tier 1 capital ratio	8.50%	13.51%	14.37%	15.46%
Total capital ratio	10.50%	13.71%	14.56%	15.75%
Permanent capital ratio	7.00%	13.53%	14.39%	15.51%
<b>Non-risk-adjusted:</b>				
Tier 1 leverage ratio	5.00%	13.71%	14.67%	15.79%
UREE leverage ratio	1.50%	13.52%	14.47%	15.56%

Risk-adjusted assets have been defined by FCA Regulations as the Statement of Condition assets and off-balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets. The primary changes that generally have the impact of increasing risk-adjusted assets (decreasing risk-based regulatory capital ratios) were as follows:

- Inclusion of off-balance-sheet commitments less than 14 months.
- Increased risk-weighting of most loans 90 days past due or in nonaccrual status.

Risk-adjusted assets is calculated differently for the permanent capital ratio (referred to herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the deduction of the allowance for loan losses from risk-adjusted assets for the permanent capital ratio.

The ratios are based on a three-month average daily balance in accordance with FCA regulations and are calculated as follows:

- Common equity tier 1 ratio is statutory minimum purchased borrower stock, other required borrower stock held for a minimum of seven years, allocated equities held for a minimum of seven years or not subject to revolving, unallocated retained earnings, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required borrower stock held for a minimum of five years, allocated equities held for a minimum of five years, subordinated debt, and limited-life preferred stock greater than five years to maturity at issuance

subject to certain limitations, allowance, and reserve for credit losses under certain limitations less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.

- Permanent capital ratio (PCR) is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings, paid-in capital, subordinated debt and preferred subject to certain limitations, less certain allocated and purchased investments in other System institutions, divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings, paid-in capital, allocated surplus not subject to revolvment less certain regulatory required deductions including the amount of allocated investments in other System institutions, divided by average assets less regulatory deductions subject to tier 1 capital.

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

The components of the Association's risk-adjusted capital, based on 90-day average balances, were as follows at December 31, 2025:

(dollars in thousands)	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
<b>Numerator:</b>				
Unallocated retained earnings	\$ 335,958,945	\$ 335,958,945	\$ 335,958,945	\$ 335,958,945
Paid-in capital	123,813,880	123,813,880	123,813,880	123,813,880
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	6,347,875	6,347,875	6,347,875	6,347,875
Nonqualified allocated equities not subject to retirement	65,733,966	65,733,966	65,733,966	65,733,966
Allowance for loan losses and reserve for credit losses subject to certain limitations*	-	-	6,858,467	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(68,304,938)	(68,304,938)	(68,304,938)	(68,304,938)
	<u>\$ 463,549,728</u>	<u>\$ 463,549,728</u>	<u>\$ 470,408,195</u>	<u>\$ 463,549,728</u>
<b>Denominator:</b>				
Risk-adjusted assets excluding allowance	\$ 3,500,024,969	\$ 3,500,024,969	\$ 3,500,024,969	\$ 3,500,347,226
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(68,304,938)	(68,304,938)	(68,304,938)	(68,304,938)
Allowance for loan losses	-	-	-	(6,858,467)
	<u>\$ 3,431,720,031</u>	<u>\$ 3,431,720,031</u>	<u>\$ 3,431,720,031</u>	<u>\$ 3,425,183,821</u>

\*Capped at 1.25 percent of risk-adjusted assets

The components of the Association's non-risk-adjusted capital, based on 90-day average balances, were as follows at December 31, 2025:

(dollars in thousands)	Tier 1 leverage ratio	UREE leverage ratio
<b>Numerator:</b>		
Unallocated retained earnings	\$ 335,958,945	\$ 335,958,945
Paid-in capital	123,813,880	123,813,880
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	6,347,875	-
Nonqualified allocated equities not subject to retirement	65,733,966	65,733,966
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(68,304,938)	(68,304,938)
	<u>\$ 463,549,728</u>	<u>\$ 457,201,853</u>
<b>Denominator:</b>		
Total Assets	\$ 3,454,178,622	\$ 3,454,178,622
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(73,654,243)	(73,654,243)
	<u>\$ 3,380,524,379</u>	<u>\$ 3,380,524,379</u>

The Association's Board 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 standard. The Plan monitors projected dividends, patronage distribution equity retirements and other actions that may decrease the Association's permanent capital, in addition to factors that must be considered in meeting the operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for credit losses to absorb potential losses within the loan and lease

portfolios; sufficiency of liquid funds; needs of an institution'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 and other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the Board.

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

At December 31, the Association had the following shares of Class A stock, Class B stock, and participation certificates outstanding at a par value of \$5 per share:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Class A stock	-	1,200	-
Class B stock	<b>1,234,668</b>	1,210,155	1,206,342
Participation certificates	<b>37,379</b>	37,751	36,314
Total	<b><u>1,272,047</u></b>	<u>1,249,106</u>	<u>1,242,656</u>

The Association's accumulated other comprehensive income (loss) relates entirely to its non-pension other postretirement benefits. The following table summarizes the changes in accumulated other comprehensive (loss) income and the location on the income statement for the year ended December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accumulated other comprehensive (loss) income at January 1	\$ (277,778)	\$ 35,125	\$ 181,784
Actuarial gains (losses)	754,757	(286,389)	(120,145)
Amortization of prior service credits included in salaries and employee benefits	<b>(26,514)</b>	(26,514)	(26,514)
Other comprehensive income (loss), net of tax	<b>728,243</b>	(312,903)	(146,659)
Accumulated other comprehensive income (loss) at December 31	<b><u>\$ 450,465</u></b>	<u>\$ (277,778)</u>	<u>\$ 35,125</u>

#### NOTE 11 — INCOME TAXES:

The provision for (benefit from) income taxes follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Deferred:			
Federal	\$ (10,263)	\$ 8,031	\$ 3,096
State	(1,853)	1,450	-
Total deferred	<b>(12,116)</b>	9,481	3,096
Total (benefit of) provision for income taxes	<b><u>\$ (12,116)</u></b>	<u>\$ 9,481</u>	<u>\$ 3,096</u>

The Association has a net operating loss carryforward of \$49,772,543 available to offset against future taxable income. Net operating losses incurred prior to 2018 total \$43,179,291 and began to expire in 2021. Net operating losses incurred after 2018 that total \$6,593,252 have an indefinite carryforward period.

The Association did not have any income tax to be paid for the years ended December 31, 2025, 2024 and 2023, respectively.

The provision for income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Federal tax at statutory rate	\$ 12,198,313	\$ 12,464,389	\$ 8,432,944
State tax, net	132,260	130,005	-
Effect of nontaxable FLCA subsidiary	(11,465,863)	(11,744,422)	(8,462,458)
Patronage deductions	(644,671)	(600,273)	(65,721)
Change in valuation allowance	(241,821)	(263,282)	10,709
Prior years NOL carryback expiration	9,666	23,064	-
Other	-	-	87,622
(Benefit of) provision for income taxes	<u>\$ (12,116)</u>	<u>\$ 9,481</u>	<u>\$ 3,096</u>

Deferred tax assets and liabilities comprise the following at December 31:

Deferred Tax Assets

Allowance for credit losses	\$ 82,445	\$ 56,457	\$ 47,116
Loss carryforwards	10,453,487	10,463,152	10,404,797
Postretirement benefits, other	-	-	302,852
Business combination, net	1,269,207	1,527,351	-
Gross deferred tax assets	<u>11,805,139</u>	<u>12,046,960</u>	<u>10,754,765</u>
Deferred tax asset valuation allowance	<u>(11,805,139)</u>	<u>(12,046,960)</u>	<u>(10,754,765)</u>

Deferred Tax Liabilities

Other	(116,507)	(128,624)	(38,062)
Gross deferred tax liabilities	<u>(116,507)</u>	<u>(128,624)</u>	<u>(38,062)</u>
Net deferred liability	<u>\$ (116,507)</u>	<u>\$ (128,624)</u>	<u>\$ (38,062)</u>

The calculation of tax assets and liabilities involves various management estimates and assumptions as to the future taxable earnings. The expected future tax rates are based upon enacted tax laws.

The ACA is required to maintain an investment in the FCBT of 2.5 percent of the average direct note. This investment can be held by both the PCA and FLCA. A deferred tax liability is established for the PCA for any excess investment in the FCBT over that allocated to the 2.5 percent investment requirement. Upon formation of the ACA, additional amounts of excess investment previously held by the PCA were included in the calculation of the 2.5 percent requirement of the ACA. The PCA did not hold any excess investment as of December 31, 2025, 2024 and 2023, respectively.

The Association recorded valuation allowances of \$11,805,139, \$12,046,960, and \$10,754,765 during 2025, 2024 and 2023, respectively. The Association will continue to evaluate the realizability of the deferred tax assets and adjust the valuation allowance accordingly.

**NOTE 12 — EMPLOYEE BENEFIT PLANS:**

**Employee Retirement Plans:** Employees of the Association participate in either the defined benefit retirement plan (DB Plan) or the defined contributions plan (DC Plan) and are eligible to participate in the Farm Credit Benefits Alliance 401(k) Plan. These plans are described more fully in section H of Note 2, “Summary of Significant Accounting Policies.” The structure of the District’s DB Plan is characterized as multi-employer, since neither the assets, liabilities nor cost of any plan is segregated or separately accounted for by participating employers (FCBT and associations). No portion of any surplus assets is available to any participating employer. As a result, participating employers of the DB plan only recognize as cost the required contributions for the period and a liability for any unpaid contributions required for the period of their financial statements. DB Plan obligations, assets and the components of annual benefit expenses are recorded and reported upon District combination only. The Association records current contributions to the DB Plan as an expense in the current year.

The CEO and certain executive or highly compensated employees in the Association are eligible to participate in a separate nonqualified supplemental 401(k) plan, named the Farm Credit Benefits Alliance Nonqualified Supplemental 401(k) Plan (Supplemental 401(k) Plan). The Supplemental 401(k) Plan allows District employers to elect to participate in any or all of the following benefits:

- Restored Employer Contributions – to allow “make-up” contributions for eligible employees whose benefits to the qualified 401(k) plan were limited by the Internal Revenue Code during the year.
- Elective Deferrals – to allow eligible employees to make pre-tax deferrals of compensation above and beyond any deferrals into the qualified 401(k) plan.
- Discretionary Contributions – to allow participating employers to make a discretionary contribution to an eligible employee’s account in the plan, and to designate a vesting schedule.

The Association elected to participate in a supplemental 401(k) plan. Contributions of \$356,332, \$219,142, and \$187,140 were made to this plan for the years ended December 31, 2025, 2024 and 2023. There were no payments made from the Supplemental 401(k) Plan to active employees during 2025, 2024 and 2023.

The DB Plan is non-contributory, and benefits are based on salary and years of service. The legal name of the plan is Farm Credit Bank of Texas Pension Plan; its employer identification number is 74-1110170. The DB Plan is not subject to any contractual expiration dates. The DB Plan’s funding policy is to fund current year benefits expected to be earned by covered employees plus an amount to improve the accumulated benefit obligation funded status by a percentage approved by the plan sponsor. The DB Plan sponsor is the board of the FCBT. The “projected unit credit” actuarial method is used for both financial reporting and funding purposes. District employers have the option of providing enhanced retirement benefits, under certain conditions, within the DB plan, to facilitate reorganization and/or restructuring. The actuarial present value of vested and nonvested accumulated benefit obligation exceeded the net assets of the DB plan as of December 31, 2025.

The risks of participating in these multi-employer plans are different from those of single-employer plans in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Association chooses to stop participating in some of its multi-employer plans, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The following table includes additional information regarding the funded status of the DB Plan, the Association’s contributions, and the percentage of Association contribution to total plan contributions for the years ended December 31, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Funded status of plan	78.1 %	75.7 %	73.3 %
Association's contribution	\$ 239,145	\$ 180,282	\$ 237,044
Percentage of Association's contribution to total contributions	6.0 %	4.9 %	3.6 %

The funded status presented above is based on the percentage of plan assets to projected benefit obligations. DB plan funding is based on the percentage of plan assets to the accumulated benefit obligation, which was 78.3 percent, 76.2 percent and 74.1 percent at December 31, 2025, 2024 and 2023, respectively.

**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 liability section of the Association's consolidated balance sheet. Association employees hired after January 1, 2004, will be eligible for retiree medical benefits for themselves and their spouses but will be responsible for 100 percent of the related premiums.

The following table reflects the benefit obligation, cost, and actuarial assumptions for the Association's other postretirement benefits:

### Retiree Welfare Benefit Plans

<b>Disclosure Information Related to Retirement Benefits</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Change in Accumulated Postretirement Benefit Obligation</b>			
Accumulated postretirement benefit obligation, beginning of year	\$ 6,511,415	\$ 6,064,696	\$ 5,818,280
Service cost	95,470	85,195	84,063
Interest cost	342,201	326,572	295,867
Plan participants' contributions	38,974	61,287	78,533
Actuarial (gain) loss	(754,757)	286,389	120,145
Benefits paid	<u>(281,931)</u>	<u>(312,724)</u>	<u>(332,192)</u>
Accumulated postretirement benefit obligation, end of year	\$ 5,951,372	\$ 6,511,415	\$ 6,064,696
<b>Change in Plan Assets</b>			
Plan assets at fair value, beginning of year	\$ -	\$ -	\$ -
Company contributions	242,957	251,437	253,659
Plan participants' contributions	38,974	61,287	78,533
Benefits paid	<u>(281,931)</u>	<u>(312,724)</u>	<u>(332,192)</u>
Plan assets at fair value, end of year	\$ -	\$ -	\$ -
Funded status of the plan	\$ (5,951,372)	\$ (6,511,415)	\$ (6,064,696)
<b>Amounts Recognized on the Balance Sheets</b>			
Other liabilities	\$ (5,951,372)	\$ (6,511,415)	\$ (6,064,696)
<b>Amounts Recognized in Accumulated Other Comprehensive Income</b>			
Net actuarial (gain) loss	\$ (414,935)	\$ 339,822	\$ 53,433
Prior service credit	(35,530)	(62,044)	(88,558)
Total	<u>\$ (450,465)</u>	<u>\$ 277,778</u>	<u>\$ (35,125)</u>
<b>Weighted-Average Assumptions Used to Determine Obligations at Year End</b>			
Measurement date	12/31/2025	12/31/2024	12/31/2023
Discount rate	5.60%	5.35%	5.50%
Health care cost trend rate assumed for next year (pre-/post-65) - medical	8.40% / 10.10%	9.20% / 10.80%	7.50% / 8.40%
Health care cost trend rate assumed for next year - Rx	10.10%	10.80%	8.40%
Ultimate health care cost trend rate	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2035	2034	2034

<b>Total Cost</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Service cost	\$ 95,470	\$ 85,195	\$ 84,063
Interest cost	342,201	326,572	295,867
Amortization of:			
Unrecognized prior service cost	(26,514)	(26,514)	(30,999)
Unrecognized net loss	-	-	-
Net postretirement benefit cost	\$ 411,157	\$ 385,253	\$ 348,931
<b>Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Other Comprehensive Income</b>			
Net actuarial (gain) loss	\$ (754,757)	\$ 286,389	\$ 120,145
Amortization of net actuarial gain	-	-	-
Amortization of prior service cost	26,514	26,514	30,999
Merger AOCI Adjustments	-	-	(82,437)
Total recognized in other comprehensive income	\$ (728,243)	\$ 312,903	\$ 68,707
<b>AOCI Amounts Expected to be Amortized Into Expense in 2026</b>			
Unrecognized prior service cost	\$ (26,514)	\$ (26,514)	\$ (26,514)
Unrecognized net loss (gain)	-	-	-
Total	\$ (26,514)	\$ (26,514)	\$ (26,514)
<b>Weighted-Average Assumptions Used to Determine Benefit Cost</b>			
Measurement date	12/31/2024	12/31/2023	12/31/2022
Discount rate	5.35%	5.50%	5.20%
Health care cost trend rate assumed for next year (pre-/post-65) - medical	9.20% / 10.80%	7.50% / 8.40%	7.20% / 7.70%
Health care cost trend rate assumed for next year - Rx	10.80%	8.40%	7.70%
Ultimate health care cost trend rate	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2034	2033	2031

### Expected Future Cash Flows

<b>Expected Benefit Payments (net of employee contributions)</b>			
Fiscal 2026	\$ 234,129	\$ 253,672	\$ 281,439
Fiscal 2027	251,809	274,119	298,913
Fiscal 2028	249,234	275,997	298,203
Fiscal 2029	274,316	303,435	-
Fiscal 2030	301,529	-	-
Fiscal 2031–2035	1,976,063	-	-
<b>Expected Contributions</b>			
Fiscal 2026	\$ 234,129	\$ 253,672	\$ 281,439

### NOTE 13 — RELATED PARTY TRANSACTIONS:

Directors of the Association, except for any director-elected directors, are required to be borrowers/stockholders of the Association. Also, in the ordinary course of business, the Association may enter into loan origination or servicing transactions with its officers, relatives of officers and directors, or with organizations with which such persons are associated. Such loans are subject to special approval requirements contained in FCA regulations and are made on the same terms, including interest rates, amortization schedule and collateral, as those prevailing at the time for comparable transactions with unrelated borrowers.

Total loans to such persons at December 31, 2025, 2024 and 2023 for the Association amounted to \$65,615,025, \$47,125,639 and \$32,752,017. During 2025, 2024 and 2023, \$40,026,129, \$37,009,349, and \$20,758,855 of new loans were made, and repayments

totaled \$21,536,743, \$22,956,017, and \$2,991,261, respectively. In the opinion of management, no such loans outstanding at December 31, 2025, 2024 and 2023 involved more than a normal risk of collectability.

Expenses included in purchased services may include purchased services such as administrative services, information systems and accounting services and allocations of expenses incurred by the FCBT and passed through to the associations, such as FCSIC expenses. The FCBT charges the individual associations directly for these services based on each association’s proportionate usage. These expenses totaled \$174,001, \$162,524, and \$123,652 in 2025, 2024 and 2023, respectively.

The Association received patronage payments from the FCBT totaling \$6,887,773, \$10,316,406 and \$8,547,763 during 2025, 2024 and 2023, respectively.

**NOTE 14 — 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 an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2, “Summary of Significant Accounting Policies,” for additional information.

	<u>Valuation Technique(s)</u>	<u>Input</u>
Cash	Carrying value	Par/principal and appropriate interest yield
Loans	Discounted cash flow	Prepayment forecasts Probability of default Loss severity
Fair value of concessions granted	Discounted cash flow	Loan terms Market interest rates
Other interest bearing liabilities	Carrying value	Par/principal and appropriate interest yield

Assets and liabilities measured at fair value on a recurring basis at December 31, 2025, 2024 and 2023, only include nonqualified benefit trusts. This Level 1 asset was \$1,456,317, \$974,997, and \$677,620 at December 31, 2025, 2024 and 2023, respectively.

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

December 31, 2025	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Loans	\$ -	\$ -	\$ 264,898	\$ 264,898
Other property owned	-	-	299,080	299,080
December 31, 2024				
Assets:				
Loans	\$ -	\$ -	\$ 60,748	\$ 60,748
Other property owned	-	-	1,579,844	1,579,844
December 31, 2023				
Assets:				
Loans	\$ -	\$ -	\$ 6,169,167	\$ 6,169,167
Other property owned	-	-	2,775	2,775

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the consolidated balance sheets for each of the fair value hierarchy values are summarized as follows:

December 31, 2025					
Fair Value Measurement Using					
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	\$ 44,515	\$ 44,515	\$ -	\$ -	\$ 44,515
Net loans	3,334,230,291	-	-	3,230,263,391	3,230,263,391
Total assets	<u>\$ 3,334,274,806</u>	<u>\$ 44,515</u>	<u>\$ -</u>	<u>\$ 3,230,263,391</u>	<u>\$ 3,230,307,906</u>
Liabilities:					
Note payable to the FCBT	\$ 2,881,347,414	\$ -	\$ -	\$ 2,791,502,163	\$ 2,791,502,163
Total liabilities	<u>\$ 2,881,347,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,791,502,163</u>	<u>\$ 2,791,502,163</u>

December 31, 2024					
Fair Value Measurement Using					
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	\$ 7,092	\$ 7,092	\$ -	\$ -	\$ 7,092
Net loans	3,050,916,142	-	-	2,894,538,370	2,894,538,370
Total assets	<u>\$ 3,050,923,234</u>	<u>\$ 7,092</u>	<u>\$ -</u>	<u>\$ 2,894,538,370</u>	<u>\$ 2,894,545,462</u>
Liabilities:					
Note payable to the FCBT	\$ 2,605,072,254	\$ -	\$ -	\$ 2,471,546,658	\$ 2,471,546,658
Total liabilities	<u>\$ 2,605,072,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,471,546,658</u>	<u>\$ 2,471,546,658</u>

December 31, 2023					
Fair Value Measurement Using					
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	\$ 22,095	\$ 22,095	\$ -	\$ -	\$ 22,095
Net loans	2,830,201,604	-	-	2,647,408,106	2,647,408,106
Total assets	<u>\$ 2,830,223,699</u>	<u>\$ 22,095</u>	<u>\$ -</u>	<u>\$ 2,647,408,106</u>	<u>\$ 2,647,430,201</u>
Liabilities:					
Note payable to the FCBT	\$ 2,411,172,178	\$ -	\$ -	\$ 2,255,442,424	\$ 2,255,442,424
Total liabilities	<u>\$ 2,411,172,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,255,442,424</u>	<u>\$ 2,255,442,424</u>

### Valuation Techniques

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

The following represents a brief summary of the valuation techniques used by the Association for assets and liabilities:

#### *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.

#### *Standby Letters of Credit*

The fair value of letters of credit approximates the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

#### *Loans Evaluated for Impairment*

For certain loans evaluated for impairment under 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. The fair value of these loans would fall under Level 2 of the hierarchy if the process uses independent appraisals and other market-based information.

#### *Other Property Owned*

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of 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 15 — COMMITMENTS AND CONTINGENCIES:**

In addition to those commitments and contingencies discussed in Note 2, "Summary of Significant Accounting Policies," the Association is involved in various legal proceedings in the ordinary 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.

The Association may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of its borrowers in the form of commitments to extend credit and commercial letters of credit. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. At December 31, 2025, \$391,871,872 of commitments and \$686,427 of commercial letters of credit were outstanding.

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the consolidated balance sheets until funded or drawn upon. The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers, and management applies the same credit policies to these commitments. Upon fully funding a commitment, the credit risk amounts are equal to the contract amounts, assuming that borrowers fail completely to meet their obligations, and the collateral or other security is of no value. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower.

**NOTE 16 — QUARTERLY FINANCIAL INFORMATION (UNAUDITED):**

Quarterly results of operations for the years ended December 31 (in thousands) follow:

	2025				
	First	Second	Third	Fourth	Total
Net interest income	\$ 22,335	\$ 21,939	\$ 22,623	\$ 23,615	\$ 90,512
(Provision for) reversal of credit losses	370	(31)	(754)	(178)	(593)
Noninterest income (expense), net	(6,240)	(6,768)	(7,247)	(11,565)	(31,820)
Net income	\$ 16,465	\$ 15,140	\$ 14,622	\$ 11,872	\$ 58,099

	2024				
	First	Second	Third	Fourth	Total
Net interest income	\$ 21,139	\$ 22,147	\$ 21,647	\$ 22,158	\$ 87,091
Reversal of (provision for) credit losses	(470)	1,730	(220)	(352)	688
Noninterest income (expense), net	(6,692)	(5,846)	(8,032)	(7,864)	(28,434)
Net income	\$ 13,977	\$ 18,031	\$ 13,395	\$ 13,942	\$ 59,345

	2023				
	First	Second	Third	Fourth	Total
Net interest income	\$ 17,167	\$ 17,041	\$ 16,981	\$ 18,348	\$ 69,537
(Provision for) reversal of credit losses	307	(742)	(268)	(1,878)	(2,581)
Noninterest income (expense), net	(4,952)	(4,313)	(9,855)	(7,686)	(26,806)
Net income	\$ 12,522	\$ 11,986	\$ 6,858	\$ 8,784	\$ 40,150

**NOTE 17 — SUBSEQUENT EVENTS:**

The Association has evaluated subsequent events through March 6, 2026, which is the date the financial statements were issued or available to be issued and has determined that there were no other events requiring disclosure as of March 6, 2026.

## **DISCLOSURE INFORMATION AND INDEX**

(Unaudited)

### *Disclosures Required by Farm Credit Administration Regulations*

#### **DESCRIPTION OF BUSINESS**

The description of the territory served, the persons eligible to borrow, the types of lending activities engaged in and the financial services offered, and related Farm Credit organizations required to be disclosed in this section are incorporated herein by reference from Note 1 to the consolidated financial statements, “Organization, Merger(s) and Operations,” included in this annual report.

The descriptions of significant developments that had or could have a material impact on earnings, interest rates to borrowers, patronage, or dividends and acquisitions or dispositions of material assets, changes in the reporting entity, changes in patronage policies or practices and financial assistance provided by or to the Association through loss sharing or capital preservation agreements or from any other source, if any, required to be disclosed in this section are incorporated herein by reference from “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in this annual report.

#### **DESCRIPTION OF PROPERTY**

AgTrust, ACA serves its 49-county Texas territory and statewide New Mexico territory through its main administrative office at 5600 Clearfork Main St., Ste 600, Fort Worth, TX 76109-3558.

The Texas territory is serviced by the Association’s 15 branch lending offices located throughout the Texas territory. The Association owns the office buildings in Paris, New Boston, Denton, Cleburne, Stephenville, Sweetwater, Lampasas, Corsicana, Hillsboro and Waco. The Association leases office space in Abilene, Georgetown, Fort Worth, Sherman and Weatherford.

The Association serves its New Mexico territory through its regional administrative and lending office in Clovis and three branch lending offices throughout the New Mexico territory. The Association leases the office buildings in Albuquerque, Clovis, Las Cruces and Roswell.

#### **LEGAL PROCEEDINGS**

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

#### **DESCRIPTION OF CAPITAL STRUCTURE**

The information required to be disclosed in this section is incorporated herein by reference from Note 10 to the consolidated financial statements, “Members’ Equity,” included in this annual report.

#### **DESCRIPTION OF LIABILITIES**

The description of liabilities required to be disclosed in this section is incorporated herein by reference from Note 9, “Note Payable to the FCBT,” Note 12, “Employee Benefit Plans,” and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in this annual report.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Notes 2 and 15 to the consolidated financial statements, “Summary of Significant Accounting Policies” and “Commitments and Contingencies,” respectively, included in this annual report.

#### **RELATIONSHIP WITH THE FARM CREDIT BANK OF TEXAS**

The Association’s financial condition may be impacted by factors that affect the FCBT, as discussed in Note 1 to the consolidated financial statements, “Organization, Merger(s) and Operations,” included in this annual report. The financial condition and results of operations of the FCBT may materially affect the stockholders’ investment in the Association.

The annual and quarterly stockholder reports of the FCBT are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720-2590 or calling (512) 465-1881. Copies of the FCBT annual and quarterly stockholder reports can also be requested by emailing [fcf@farmcreditbank.com](mailto:fcf@farmcreditbank.com). The annual and quarterly stockholder reports are also available on its website at [www.farmcreditbank.com](http://www.farmcreditbank.com).

The Association's annual and quarterly stockholder reports are also available free of charge, upon request. The annual and quarterly stockholder reports are available approximately 75 days after year end and 40 days after quarter end and can be obtained by writing to AgTrust, ACA, 5600 Clearfork Main St., Ste 600, Fort Worth, TX 76109-3558 or calling (817) 332-6565. The annual and quarterly stockholder reports for the Association are also available on its website at [www.agtrustaca.com](http://www.agtrustaca.com). Copies of the reports can also be requested by emailing [ShareholderRelations@agtrustaca.com](mailto:ShareholderRelations@agtrustaca.com).

## SELECTED FINANCIAL DATA

The selected financial data for the five years ended December 31, 2025, required to be disclosed, is incorporated herein by reference to the "Five-Year Summary of Selected Consolidated Financial Data" included in this annual report to stockholders.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis," which precedes the consolidated financial statements in this annual report, is incorporated herein by reference.

## DIRECTORS AND SENIOR OFFICERS

The Association's member-elected and director-elected Board of Directors and senior officers are as follows:

<u>NAME</u>	<u>POSITION</u>	<u>DATE ELECTED/ EMPLOYED</u>	<u>TERM EXPIRES</u>
Brent Neuhaus	Chairman	2016	2026
Asa G. Langford	Vice Chairman	2018	2028
Billy Rucker	Director	2020	2026
Chad Lee	Director-Elected Outside Director	2011	2028
Cody Hughes	Director	2018	2027
Curt Metzler	Director	2025	2029
David W. Conrad	Director-Elected Outside Director	2005	2026
Jeff Nelson	Director	2022	2029
Josh Drews	Director	2020	2026
Kendal Wilson	Director	2022	2026
Linda Miller Brown	Director	2013	2029
Matt Carter	Director	2020	2026
Stacey Schumacher	Director	2021	2027
Ted McCollum III	Director	2017	2027
Thomas J. Runyan	Director	2018	2028
Tina Murphy	Director	2019	2029
Joe H. Hayman	Chief Executive Officer	2020	-
Nicholas (Nick) Acosta	Chief Financial Officer	2011	-
Matt James	Chief Credit & Lending Officer	1998	-
Jeff Royal	Chief Collateral Risk Officer	1999	-
Hans C. Pettit	Chief Risk Officer	2021	-

A brief statement of the business and employment background of each director and senior officer as of December 31, 2025, is provided for informational purposes. As part of normal course of business and in accordance with the Association's Standards of Conduct Policy, directors may do business with members and employees of the Association.

**Brent Neuhaus** was appointed to the Board in 2016 and elected in 2017. Mr. Neuhaus currently serves as the Association's Chairman and is a member of the Governance Committee. He is a native of Waco, Texas, and raises Angus cattle in McLennan County, Texas. Mr. Neuhaus is a Director and Corporate Inventory Manager at United Ag and Turf, which operates John Deere dealerships in Texas, Oklahoma and Arkansas. He is president and manager of TGBTG Property, LLC and JORE, LLC. He is also a member of ERE Property, LLC and HILLRE, LLC, which are involved in real estate. Mr. Neuhaus has ownership interest and is the trustee of Neuhaus Trust Partnership, which owns farmland, commercial real estate and other business interests. He is a director and shareholder of Alliance Bank Central Texas, and past chairman of the board for the Heart O' Texas Fair & Rodeo. Mr. Neuhaus is married to Kim, and they attend First Woodway Baptist Church.

**Asa G. Langford** was elected to the Association's Board in 2018 and currently serves as the Association's Vice Chairman as well as serves on the Audit Committee. Mr. Langford was born and currently resides in Lampasas, Texas. Mr. Langford is a self-employed rancher whose operation includes a cow-calf herd, stocker cattle, small grains and hay. He and his brother own an order-buying company, and he also is part owner of a feedlot. Ranching has been his principal occupation for the past six years, and he has been involved in his family's ranch operation for 13 years. He is a graduate of Lampasas High School and earned a Bachelor of Science degree in Agricultural Economics from Texas A&M University. Mr. Langford is a member of the Lampasas County Farm Bureau and the Texas and Southwestern Cattle Raisers Association. He is a member and deacon of School Creek Baptist Church, and he and his wife, Jonna, have a son and a daughter.

**Billy Rucker** was elected to the Board in 2020 and serves on the Audit Committee. Mr. Rucker is blessed to be able to do the job he believes is God's plan for his life. He and his wife, Sherry, have been farming for over 40 years. He partnered in a dairy operation for 16 years before realizing his true passion was farming. In 2015, Mr. Rucker converted all of his acreages to organic farming. They recently invited their two daughters and sons-in-law to partner in a new farming and ranching operation. He studied accounting and Animal Science at WTSU. Billy has served on the Board of Directors for Parmer County Cotton Gin for 18 years. He also was the Director of the Finance Committee and is currently on the Missions Committee of his church, Central Baptist, in Clovis.

**Chad Lee** was elected to the Board in 2011 as a Director-Elected Director. He serves on the Governance Committee and is the Chairman of the Compensation Committee along with serving on the FCBT Nominating Committee and Texas District FCCS. Mr. Lee and his wife, Kasi, reside in Aledo, Texas. Mr. Lee is a private practice attorney with an emphasis on criminal defense, employment, and various agriculture issues, including contracts, oil and gas leasing, and real property disputes. Mr. Lee maintains an operation of commercial cattle, wheat, and hay, serves as a director on the Farm Credit Council, is a director for the Fort Worth Stock Show and Texas and Southwestern Cattle Raisers, and is a director at Operation Orphans, a nonprofit benefiting foster children.

**Cody Hughes** was elected to the Board in 2018 and serves on the Audit Committee. Mr. Hughes was raised on a family farm in Roscoe, Texas, and is a fifth-generation farmer who farms cotton and wheat in Nolan, Mitchell and Fisher counties. Mr. Hughes farms individually and through a partnership with his father, CWH Farms. He and his wife, Amy, and two children reside on their farm south of Roscoe, where they also raise show steers and maintain a cow-calf operation. Before returning to the farm full time, Mr. Hughes graduated from Tarleton State University with a degree in Agricultural Services and Development. After college, he was employed by the United States Department of Agriculture, Farm Service Agency for seven years. He served as county executive director of Victoria, Gaines and Jones counties during the years 2003-2005, 2005-2007 and 2007-2009, respectively. Mr. Hughes currently serves as a member of the National Cotton Council, Nolan County Farm Bureau, Plains Cotton Cooperative Association, Rolling Plains Cotton Growers and Central Rolling Plains Co-op Gin. He is a supporter of the Highland FFA and Nolan County Junior Livestock Show.

**Curt Metzler** was recently elected to the AgTrust Farm Credit Board of Directors. Mr. Metzler is head of Global Transportation at Alcon, where he oversees global logistics operations, vendor management, financial oversight, and strategic initiatives. With nearly 20 years at Alcon, he is a key member of the Supply Chain leadership team, focused on transforming the global network to deliver efficiency and world-class service. Based in Grandview, Texas, Mr. Metzler brings a unique blend of business acumen and agricultural expertise to his professional and community endeavors. In addition to his corporate leadership role, he owns and operates a cow-calf operation and a farm-to-table retail meats business, reflecting his deep-rooted passion for agriculture. Mr. Metzler is a dedicated advocate for Texas youth, actively supporting their participation in the livestock show industry at the local, state and national levels. He also devotes significant time to mentoring college students as they prepare for their professional careers, helping to shape the next generation of leaders. His industry engagement includes serving on multiple customer advisory boards, including Expeditors, FedEx, and Project44, where he contributes strategic insights and operational expertise. Curt's commitment to strengthening rural communities and advancing agricultural initiatives is further reflected in his service on the AgTrust Board, where he leverages both his business leadership and firsthand experience in agriculture to drive meaningful impact.

**David W. Conrad, CPA**, was appointed to the Board in 2005 as a Director-Elected Director. He serves on the Ag Trust Audit Committee as the Chairman. Mr. Conrad resides in Round Rock, Texas, with his wife Doretta, where he owned and operated his

independent CPA practice serving a diverse client base providing tax and financial planning services for over 20 years. He owns a farm in Lynn County, with cotton as the primary crop. Mr. Conrad is a member of the Texas Society of CPAs. Mr. Conrad was previously employed by the Farm Credit Bank of Texas from 1982 to 1990, where he served as internal auditor and Director of Association Financial Operations.

**Jeff Nelson** lives in Corsicana, Texas, and was elected to the Board in 2022. Mr. Nelson is the President and CEO of Nelson Propane Gas, Inc. and has a cow/calf and stocker operation located primarily in Freestone and Navarro counties. Mr. Nelson attended Sam Houston State University and is an avid outdoorsman and hunter. He serves on area boards and community organizations including the Navarro County Youth Expo, Texas Propane Gas Association, and Freestone County Young Farmers. He and his wife Melissa have two children.

**Josh Drews** is a self-employed farmer and rancher who was elected to the Board in 2020 and currently serves on the Compensation and Audit Committees. Born in the Marlin, Texas, area in Falls County, where he resides, Mr. Drews has dedicated 24 years to farming and ranching. His operations include a registered and commercial Brangus cow herd, a stocker operation, and a row crop farming operation that produces corn and milo. Mr. Drews holds a Bachelor of Science in Agricultural Economics from Texas A&M University. He is actively involved in community service, serving on the Falls County Youth Fair Board of Directors, where he was previously the treasurer. Additionally, he is a member of the Falls County Go-Texan committee within the Houston Livestock Show and Rodeo Go-Texans, where they raise money for local scholarships. He also served as a director of Producers Cooperative in Bryan, Texas. Mr. Drews and his wife Lisa have four children, Wyatt, Zane, Lily, and Adele, who are currently attending college. When they are not in school, they assist in the farm's operations.

**Kendal Wilson** was elected to the Board in May 2022 and serves on the Compensation Committee. Mr. Wilson is a sixth-generation New Mexico cattle rancher who was raised in Lincoln County and resides in Carrizozo, New Mexico, with his wife, Chelsea, and two daughters, Kyanna and Jemma. He has a Bachelor of Science degree from New Mexico State University with a major in Agricultural Business and minors in finance, marketing, and accounting; he also has a master's degree in Agricultural Business. In 2012, Mr. Wilson returned to Carrizozo to work for Stirling Spencer, owner of the Bar W ranch, and in 2019, he and his family had the incredible opportunity to lease this ranch, primarily a commercial Red Angus cow/calf operation. Along with ranching, he owns a solar and water well service and supply company and Wilson Beef, a vertically integrated farm-to-market retail beef business. Mr. Wilson currently serves on Carrizozo's Soil and Water Conservation District, the New Mexico Cattle Grower's Association board of directors, the New Mexico Association of Conservation District board of directors, the Lincoln County Land and Natural Resources Advisory Committee, Nogal Mesa Ranchman's Camp executive committee, and the Corona Ranch Advisory Committee. Mr. Wilson has been a customer of AgTrust Farm Credit since 2019 and will continue to serve his community and agriculture.

**Linda Miller Brown** was elected to the Board in 2013 and chairs the Governance Committee. She has been a stockholder since 1984. Mrs. Brown is a lifelong farmer/rancher and a second-generation stockholder. She and her husband, Wesley, farm and ranch in Roosevelt and Guadalupe counties, New Mexico, where they raise wheat, haygrazer, and commercial Angus cattle. She is secretary and director of Traveling Water, Inc., a ranching/cattle operation, and Brown Farms, Inc., a farming operation. Both corporations are owned and operated by Mrs. Brown and her husband. She also partners with her husband in W L Brown JV, a farming joint venture. Mrs. Brown graduated from high school in Floyd, New Mexico, and has a bachelor's degree in computer science and a master's degree in mathematics. She currently serves as chairman of the Roosevelt County FSA County Committee, secretary of Floyd Community Church, and member of the Roosevelt County Pioneer Committee. Past board and committee memberships include Board Chairman of AgNewMexico, Chairman of the New Mexico Peanut Growers Association, Chairman of the New Mexico Peanut Commission, member of the National Peanut Growers Steering Committee, Farm Credit Bank of Texas Steering Committee, Tenth District Farm Credit Council, and member of the nominating committees of Roosevelt County FSA, Farm Credit Bank of Texas, and AgNewMexico. The Browns have three grown children, two of whom are currently AgTrust stockholders.

**Matt Carter** was elected to the Board in 2020 and serves on the Compensation Committee. He was born in Dalhart, Texas, where his family continues to reside and operate the family ranching and farming interest. He graduated from Tascosa High School in Amarillo, Texas, earned a Bachelor of Science in Finance from Texas Christian University, and holds an MBA from the University of Texas, Arlington. In 2021, Mr. Carter resigned from his post as vice president for Fine Line LP, his occupation since 2008, to join the Fort Worth Stock Show & Rodeo team and now serves as the President & General Manager. Prior to joining the Stock Show staff, he served in a volunteer capacity at FWSSR for many years and continues to serve on the Executive Committee. In addition to his interest in his family's operation in Dalhart, Mr. Carter owns and operates acreage in Jack County, where he and his family manage their cow-calf operation. Mr. Carter is also active in several other business interests, providing guidance through board and direct participation. He and his wife were married in 2002 at First United Methodist Church, where they remain members, and they have two teenage sons. In addition to other philanthropic endeavors, he remains involved with the 4-H Shooting Sports team, which he and his wife initiated at their boys' school, and he is a member of the school's board of trustees.

**Stacey Schumacher** was elected to the Board in 2021 and serves on the Governance and Compensation Committees. Mrs. Schumacher is a resident of Era, Texas. She and her husband, Scott, maintain a commercial Angus-influenced cow-calf operation as well as a registered Angus herd. Along with retaining ownership of their calves and selling them on the grid, they also sell corn-finished Angus beef directly to consumers. The Schumachers operate S&S Enterprises, a commercial fertilizer application company. The Schumachers run stocker calves on wheat pasture and farm corn, wheat, milo, and sesame. Mrs. Schumacher also maintains a large herd of registered Texas Longhorn cattle and has served on the governing board as well as several committees for the Texas Longhorn Breeders Association. She also served as president of the Texas Longhorn Heritage Foundation and was a founding investor in the Texas Longhorn Marketing Association. She is the founder and executive director of the Texas Coalition for Animal Protection. Originally from Sulphur Springs, Stacey earned a bachelor's degree from Texas A&M University-Commerce and a master's degree in liberal arts from Southern Methodist University. She is currently studying at Abilene Christian University to earn her Ph.D. in Business Leadership. Mrs. Schumacher and her husband have two children.

**Ted McCollum III** has served on the Board since 2017. Currently he is on the Audit Committee and is an alternate on the FCBT Nominating Committee. Since the early 1990s, he has been co-owner of McCollum Cattle Co. with his brother Mark and sister-in-law Kim McCollum. McCollum Cattle Co. manages cow-calf and stocker/backgrounder operations and feeds cattle. Dr. McCollum also owns interest in the ranching company 4McC Cattle Co., LLC, and is a partner in FCC McCollum, LLC, which holds an interest in Frontera Cattle Co. II, LLC, a custom cattle feeding operation in Muleshoe, Texas, where he is a member of the management group. Raised in DeBaca County, New Mexico, Dr. McCollum earned a B.A. degree from Baylor University and graduate degrees in Ruminant Nutrition from New Mexico State University. He was on the faculty at Oklahoma State University and retired from Texas A&M AgriLife Extension Service in Amarillo, where he worked as a Beef Cattle Specialist. He now consults and oversees family business interests. The McCollums have been AgTrust Farm Credit stockholders for over 40 years.

**Thomas J. Runyan** was elected to the Board in 2018 and serves on the Compensation Committee. Mr. Runyan resides in Las Cruces, New Mexico, and is a lifelong New Mexico resident. Mr. Runyan has been involved in agriculture his entire life and is a produce marketer working with farmers across New Mexico and growers in Texas. His company, Mesilla Valley Produce, markets onions, watermelons, fresh green chilies, and pumpkins. He also has farm ground in Deming, New Mexico, and a small pecan farm. Mr. Runyan has served on several boards, including the National Onion Association and National Watermelon Association, and has also served as a president of the National Watermelon Promotion Board.

**Tina Murphy** was elected to the Board in July 2019 and serves on the Audit Committee. Mrs. Murphy lives and operates in DeKalb, Bowie County, Texas, and has been involved in ranching most of her life. It has been her principal occupation for many years. Concurrently, she is also employed at a veterinary supply company in which her husband is part owner. Additionally, she is an independent contractor for a third-party verification company for beef operations, as well as a co-owner of a family meat packing business. Prior to working at the vet supply business, she was a cattle buyer for an all-natural branded beef company for 11 years. She earned a Bachelor of Science degree in Biology from Ouachita Baptist University and a Master of Science degree in Animal Science from Texas A&M University. Mrs. Murphy is involved in community organizations such as the Booster Club, her church, and DeKalb K.A.R.E.S. where she currently serves as the President. She is married to David Murphy, and they have a son, three daughters, two sons-in-law, and a new grandbaby on the way.

**Joe H. Hayman** has been with the Farm Credit System since 1994. He has worked in various capacities within the System, formerly serving as the Chief Operating Officer at Texas AgFinance, FCS, and most recently as Chief Executive Officer at Southern AgCredit, ACA, for 12 years, until joining the Association in February 2020. He is a graduate of Texas A&M University with a degree in Agricultural Economics and is a past member of the TAMU College of Agriculture and Life Sciences Development Council, the Farm Credit System President's Planning Committee (PPC) and the PPC's Business Practices Committee. He has previously served on the Dixie National Livestock Show & Rodeo Sale of Champions Committee, the Thad Cochran Agricultural Leadership Council Board, and the Mississippi 4-H Foundation Board.

**Nicholas (Nick) Acosta** joined the Association in January 2011 and has held various accounting roles within the Association. He became Controller in January 2018 and was promoted to Chief Financial Officer of the Association in 2020. Mr. Acosta, originally from El Paso, Texas, earned his Bachelor of Science degree in accounting from LeTourneau University. He is a Certified Public Accountant and has held this certification since 2013.

**Matt James** joined the Association in August 1998 and has held various roles within the lending and credit departments. He started his career with the Association as a loan officer in the Stephenville branch, later becoming the credit office president. In 2011, Mr. James transitioned into the role of regional president and later in 2018 became the senior vice president of Commercial Credit. In 2020, he was promoted to Chief Lending Officer. Effective January 1, 2023, Mr. James was named Chief Credit & Lending Officer. Originally from Wills Point, Texas, he grew up on a small farm where his family raised Brangus cattle, and he was active in the FFA. Mr. James earned his Bachelor of Science degree in animal industries from Tarleton State University.

**Jeff Royal** has worked in the field of appraisal for over 35 years, first as an appraiser in Dallas, Texas, before joining the Farm Credit System in 1998. During his tenure at AgTrust Farm Credit, Mr. Royal has overseen all appraisal operations and assumed the role of Chief Collateral Risk Officer in 2020. A native of Menard, Texas, he grew up on his family’s cattle, sheep, and goat ranch. He earned both a Bachelor of Science degree in Agricultural Economics and Master of Agriculture in Land Economics and Real Estate from Texas A&M University. He enjoys being involved with the Fort Worth Stock Show as a superintendent of the junior lamb and breeding sheep shows.

**Hans C. Pettit** joined the Association in April 2021 as the Chief Risk Officer. Prior to joining the Association, Mr. Pettit served as a consultant to the Farm Credit Industry for 10-plus years, assisting associations with their risk management, growth strategies and board development. His previous career experience includes 13 years with HORNE LLP in Ridgeland, Mississippi, where he served as a partner in its assurance and advisory practice; six years with Colonial Bank in Montgomery, Alabama, where he served as their senior vice president, director of external reporting and accounting policy; and five years with Ernst & Young LLP in Birmingham, Alabama, and San Antonio, Texas, where he served as a manager in their assurance and advisory practice. Mr. Pettit also serves on the board of Excel by 5, Inc., a Mississippi nonprofit focused on early childhood education. Originally from Montgomery, Alabama, Mr. Pettit earned his Bachelor of Science degree in accounting from Auburn University at Montgomery and his Master of Accountancy degree from the University of Alabama.

### COMPENSATION OF DIRECTORS

Directors were compensated for their service to the Association in the form of an honorarium at the rate of \$500 per day for director and special meetings. The Board Chairman and Vice Chairman received an additional monthly honorarium at a rate of \$1,000 and \$500, respectively. The Audit Chairman received an additional honorarium of \$1,000, while other committee Chairmen received \$250 per month. All Directors received an annual retention fee of \$1,250 per month. Additionally, Outside Directors received an additional honorarium of \$750 per month. Committee meetings that are held in conjunction with another meeting are paid at the rate of \$500 per meeting, and Directors are paid an honorarium for conference calls at \$500, regardless of the length of the call. Directors are also compensated \$250 for travel days that require more than half-day travel time. Directors were reimbursed for certain expenses incurred while representing the Association in an official capacity. Mileage for attending official meetings during 2025 was paid at the IRS-approved rate of 70.0 cents per mile.

<u>Director</u>	<u>Number of Days Served</u>		<u>2025</u>
	<u>Board Meeting</u>	<u>Other Official Activities</u>	
Asa Langford	13	20	38,750
Billy Rucker	12	18	32,500
Brent Neuhaus	13	19	44,500
Chad Lee	12	21	45,000
Cody Hughes	13	20	32,500
Curt Metzler	6	8	13,750
David Conrad	13	24	56,500
David Harris*	7	3	16,000
Jeff Nelson	13	17	31,500
John Sisk**	6	5	16,250
Josh Drews	13	20	32,000
Kendal Wilson	13	13	31,000
Linda Miller Brown	13	15	34,250
Matt Carter	9	2	20,500
Stacey Schumacher	11	17	30,000
Ted McCollum	11	18	32,500
Thomas J Runyan	13	7	26,750
Tina Murphy	13	27	37,500
			<u>\$ 571,750</u>

\* Mr. Harris retired from the Board in August 2025.

\*\* Mr. Sisk rolled off the Board in August 2025 in accordance with the Board Transition Plan established through the approved merger with Ag New Mexico, Farm Credit Services.

The aggregate compensation paid to directors in 2025, 2024 and 2023 was \$571,750, \$557,125, and \$433,375 respectively.

Additional detail regarding director compensation paid for committee service (which is included in the table above) is as follows:

<u>Director</u>	<u>Committee</u>				
	<u>Audit</u>	<u>Compensation</u>	<u>Governance</u>	<u>Other*</u>	<u>Total</u>
Asa Langford	\$ 7,500	\$ -	\$ -	\$ 3,750	\$ 11,250
Billy Rucker	6,500	-	-	5,000	11,500
Brent Neuhaus	2,000	-	2,500	6,500	11,000
Chad Lee	-	1,500	2,500	8,000	12,000
Cody Hughes	7,500	-	-	3,500	11,000
Curt Metzler	-	-	1,500	-	1,500
David Conrad	7,500	-	-	6,500	14,000
David Harris **	-	-	1,500	500	2,000
Jeff Nelson	-	1,500	2,500	6,000	10,000
John Sisk ***	-	-	1,500	3,000	4,500
Josh Drews	7,000	1,500	-	2,000	10,500
Kendal Wilson	-	1,500	-	8,000	9,500
Linda Miller Brown	-	-	3,000	8,500	11,500
Matt Carter	-	1,000	-	-	1,000
Stacey Schumacher	-	1,500	3,000	5,000	9,500
Ted McCollum III	7,000	-	-	5,000	12,000
Thomas J Runyan	-	1,500	-	3,750	5,250
Tina Murphy	7,500	-	-	8,500	16,000
	<u>\$ 52,500</u>	<u>\$ 10,000</u>	<u>\$ 18,000</u>	<u>\$ 83,500</u>	<u>\$ 164,000</u>

\*Other includes the following meetings that were held: Advancement Program (DAP), FCBT annual stockholder meeting, Farm Credit Fly-In, Farm Credit Council Services meetings, FCBT nominating committee, nominating committee interviews, Stockholder Advisory Committee (SAC), and other Director trainings and meetings. Other also includes \$250 compensation for travel days that require more than half-day travel time.

\*\* Mr. Harris retired from the Board in August 2025.

\*\*\* Mr. Sisk rolled off the Board in August 2025 in accordance with the Board Transition Plan established through the approved merger with Ag New Mexico, Farm Credit Services.

The aggregate amount of reimbursement for travel, subsistence and other related expenses paid to directors and on their behalf was \$319,715, \$339,260, and \$162,428 in 2025, 2024 and 2023, respectively.

## COMPENSATION OF SENIOR OFFICERS

### Compensation Discussion and Analysis – Senior Officers

The objective of the Association’s salary administration program is to attract, develop, retain, and motivate staff members who are knowledgeable and efficient in their ability to support the Association in the execution of its strategic objectives and deliver Association results that maximize the value received by its membership. The Association operates utilizing a compensation program that focuses on the performance and contributions of its employees in achieving the Association’s financial and operational objectives. The Association’s Board of Directors, through its Compensation Committee, establishes annual salary and incentive programs utilizing the services of the Human Resources Compensation Team at the FCBT to compile “Compensation Market Data” annually that is used by the Board and management in establishing salary levels. Data sources used include the Federal Reserve Bank of Dallas 11<sup>th</sup> District survey, Texas Community Bank survey (Independent Bankers Association of Texas), Watson Wyatt Financial Institution surveys, Mercer Financial Services Commercial Lending survey and CompData surveys. The Compensation Market Data reveals salary and incentive levels for similar-sized institutions operating in our geographic area. Studies provided by third-party compensation specialists form the foundation for the Association’s evaluation and establishment of annual salary plans used by the Association.

The Compensation Committee approves the Association’s Performance Sharing Plan (PSP) annually. The PSP is based on the Association meeting certain financial objectives established in the Association’s annual Strategic Business Plan approved by the

Board of Directors. The PSP is based on the Association’s fiscal year of operations. The PSP requires that the Association meet certain net earnings objectives and maintain adequate capital levels to support predetermined Board objectives. The PSP also requires that the branches meet performance objectives such as credit quality and net income. The PSP is structured so that a pool of dollars is paid if the performance objectives are met. There were no material amendments to the plan for 2024. All employees are eligible to participate in the PSP if they were employed on or before July 1 of the fiscal year of the plan year. Employees must receive a satisfactory performance evaluation to receive PSP payments for the plan year.

### Chief Executive Officer (CEO) Compensation Policy

The CEO’s salary is established for the period January 1 through December 31 of each year and is set by the Board using the Compensation Market Data as a guideline to arrive at a fair and competitive salary. The CEO’s bonus follows the Association’s Annual Incentive Plan structure that is based upon the Association’s financial performance, credit administration and quality goals and attainment of other goals and objectives specifically established in the Association’s Business Plan. This incentive is based on the period from January through December of each year.

### Summary Compensation Table

The following table summarizes the compensation paid to the CEO and all senior officers of the Association during 2025, 2024 and 2023, respectively. This may include other non-senior officers if their total compensation is within the top five highest-paid employees. Amounts reflected in the table are presented in the year the compensation was earned.

Name of Individual	Year	Salary (a)	Bonus (b)	Change in Pension Value (c)	Deferred/Perquisite (d)	Other (e)	Total
Joe H. Hayman	2025	\$ 734,580	\$ 342,452	\$ -	\$ 109,150	\$ -	\$ 1,186,182
Joe H. Hayman	2024	699,600	374,319	-	84,857	-	1,158,776
Joe H. Hayman	2023	636,000	200,600	-	87,296	-	923,896

Name of Group	Year	Salary (a)	Bonus (b)	Change in Pension Value (c)	Deferred/Perquisite (d)	Other (e)	Total
Aggregate No. of Senior Officers in Year Excluding CEO							
5	2025	\$ 1,398,345	\$ 651,892	\$ -	\$ 252,375	\$ -	\$ 2,302,612
6	2024	1,628,597	875,184	-	271,267	-	2,775,048
5	2023	1,240,924	401,102	-	249,050	-	1,891,076

(a) Gross Salary.

(b) Bonuses earned in 2025, 2024 and 2023.

(c) Change in pension value (noncash).

(d) Deferred Perquisite: 2025, 2024 and 2023 include contribution to 401(k) and defined contribution plans, automobile benefits and premiums paid for life insurance.

(e) Other includes severance, memberships to professional and social organizations, executive physicals, and travel allowance.

Disclosure of information on the total compensation paid and the arrangement of the compensation plans during the last fiscal year to any senior officer or to any other officer included in the aggregate is available and will be disclosed to shareholders of the institution upon request.

### Defined Benefit Pension Plan:

The Defined Benefit Pension Plan (Pension Plan) is a final average pay plan that was closed to new participants in 1996, and later fully closed to all participants, including rehires who had formerly participated in the plan. The Pension Plan benefits are based on the average monthly eligible compensation over the 60 consecutive months that produce the highest average after 1996 (FAC60). The Pension Plan’s benefit formula for a Normal Retirement Pension is the sum of (a) 1.65 percent of FAC60 times “Years of Benefit Service” and (b) 0.50 percent of (i) FAC60 in excess of Social Security covered compensation times (ii) “Years of Benefit Service” (not to exceed 35).

The Pension Plan’s benefit formula for the Normal Retirement Pension assumes that the employee’s retirement age is 65, that the employee is married on the date the annuity begins, that the spouse is exactly two years younger than the employee, and that the benefit is payable in the form of a 50 percent joint and survivor annuity. If any of those assumptions is incorrect, the benefit is recalculated to be the actuarial equivalent benefit. The Pension Plan benefit is offset by the pension benefits any employee may have from another Farm Credit System institution.

## Other

Employees who use their personal automobiles for business purposes were reimbursed during 2025 at the IRS-approved rate of 70.0 cents per mile.

Neither the CEO nor any other senior officer received noncash compensation exceeding \$5,000 in 2025, 2024 and 2023, respectively.

Senior officers, including the CEO, are reimbursed for reasonable travel, subsistence and other related expenses while conducting Association business. A copy of the Association's travel policy is available to shareholders upon request.

## **TRANSACTIONS WITH DIRECTORS AND SENIOR OFFICERS**

The Association's policies on loans to and transactions with its officers and directors, required to be disclosed in this section, are incorporated herein by reference from Note 13 to the consolidated financial statements, "Related Party Transactions," included in this annual report.

### **DIRECTORS' AND SENIOR OFFICERS' INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

During the past five years, none of the Association's officers or directors has been involved in legal proceedings that are material to an evaluation of the ability or integrity of any person who served as director or senior officer on January 1, 2025, or any time during the year just ended.

### **RELATIONSHIP WITH INDEPENDENT AUDITOR**

No change in auditors has taken place since the last annual report to stockholders, and no disagreements with auditors have occurred that the Association is required to report to the Farm Credit Administration under part 621 of the FCA regulations governing this disclosure.

Fees paid during the year ending December 31, 2025 for professional services rendered for the Association by PricewaterhouseCoopers LLP were \$149,800 for audit services, \$2,000 for non-audit services and \$13,700 for tax services.

### **RELATIONSHIP WITH UNINCORPORATED BUSINESS ENTITIES**

The Association is the sole owner of an unincorporated business entity, ANMFCS, LLC, a limited liability company. This company is used for the purpose of acquiring and managing unusual and complex collateral associated with loan workouts.

The Association also holds a minority equity investment in an unincorporated business entity, PW PropCo Holdings, LLC, a limited liability company. The Association holds this investment to manage an unusual and complex collateral associated with a loan workout.

## **FINANCIAL STATEMENTS**

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 6, 2026, and the report of management in this annual report to stockholders, are incorporated herein by reference.

## **MEMBER/SHAREHOLDER PRIVACY**

Members' nonpublic personal financial information is protected by Farm Credit Administration regulation. Our directors and employees are restricted from disclosing information not normally contained in published reports or press releases about the Association or its members.

**CREDIT AND SERVICES TO YOUNG, BEGINNING AND SMALL FARMERS AND RANCHERS,  
AND PRODUCERS OR HARVESTERS OF AQUATIC PRODUCTS**

The Association is obligated to establish programs that respond to the credit and related service needs of young, beginning and small (YBS) farmers and ranchers. It is the Association’s responsibility to fulfill its public policy role by extending credit and related services to this important sector of our customer base. YBS farmers and ranchers face continuing challenges in agriculture, including access to capital and credit needs, limited financial resources for land and equipment, urbanization demands, and increasing competition from larger and highly capitalized operations.

The Board of Directors and management are committed to providing programs that facilitate meeting the needs of this group of customers. These programs also address other issues, including the aging of agricultural landowners and customers, the need to transfer assets to another generation of potential landowners, and a recognition that many young, beginning and small operators will need to supplement their farm income by seeking off-farm employment. Additionally, demographic trends indicate that agricultural landowners make decisions regarding land or agricultural endeavors based on lifestyle choices, recreational utility or as an alternative investment in a major financial asset.

**Definitions for YBS Farmers and Ranchers**

Young Farmer or Rancher – a farmer, rancher or producer/harvester of aquatic products who was age 35 or younger as of the date when the loan was originally made.

Beginning Farmer or Rancher – a farmer, rancher or producer/harvester of aquatic products who had 10 years or less of experience at farming, ranching, or producing or harvesting aquatic products as of the date the loan was originally made.

Small Farmer or Rancher – a farmer, rancher or producer/harvester of aquatic products who normally generates less than \$350,000 in annual gross cash farm income of agricultural or aquatic products at the date the loan was originally made.

(A loan to a borrower may meet the definition of a YBS borrower if any one of the categories is achieved.)

In order to address the specific needs of these customers and to be responsive to the credit needs of young, beginning and small farmers, the Association utilizes all existing loan programs to maximize the benefit to young, beginning and small farmers. The Association has also developed specific loan programs to meet the credit needs of this group. Qualifying young, beginning and small farmers who are involved or are becoming more involved in agriculture may be eligible for loans with more flexible rates and fees.

The following table summarizes information regarding loan counts and current commitment volume outstanding to young, beginning and small farmers and ranchers:

The following table summarizes information regarding new loans to young, beginning and small farmers and ranchers:

**Loan Commitment and Counts**

	<b>At December 31, 2025</b>			
	<b>Loan Counts*</b>	<b>Loan Volume</b>	<b>Percentage of Total Loan</b>	<b>Percentage of Total Loan Volume</b>
(dollars in thousands)				
Young only	63	\$ 33,914	0.7%	1.0%
Young & beginning	227	107,269	2.6%	3.0%
Young & small	85	18,461	1.0%	0.5%
Beginning only	339	164,257	3.9%	4.6%
Beginning & small	4,223	1,307,262	48.3%	36.9%
Small only	1,672	557,516	19.1%	15.7%
Young, beginning & small (YBS)	1,271	245,706	14.5%	6.9%
Non-YBS	866	1,107,495	9.9%	31.4%
Total	<b>8,746</b>	<b>\$ 3,541,880</b>	<b>100.0%</b>	<b>100.0%</b>

## New Loans

At December 31, 2025

	Loan Counts	Loan Volume	Total Loan Counts	Percentage of New Total Loan Volume
(dollars in thousands)				
Young only	26	\$ 21,918	1.5%	2.3%
Young & beginning	114	36,125	6.7%	3.8%
Young & small	18	8,113	1.1%	0.9%
Beginning only	216	57,916	12.7%	6.2%
Beginning & small	531	214,528	31.3%	22.9%
Small only	310	134,097	18.3%	14.3%
Young, beginning & small (YBS)	191	41,116	11.3%	4.4%
Non-YBS	290	424,617	17.1%	45.2%
Total	1,696	\$ 938,430	100.0%	100.0%

\*Loan Counts is defined as the count of outstanding and paid-off loans at year end. Only loans originated by the institution or sourced from outside the System should be counted. For those loans participated 100% to another System institution, the loan counts should be reflected on the institution's report where the pool is held in the portfolio. The overarching goal of the count methodology is to ensure that when aggregated at a System level, loans are only counted a single time.

The Board established quantitative targets within the 2025 operational and strategic business plan to measure and evaluate progress toward serving young, beginning and small customers. These volume-based targets for performance included new credit to young farmers at 12.5 percent, to beginning farmers at 50.0 percent, and to small farmers at 53.0 percent. The Association met all its YBS lending goals for fiscal year 2025.

The United States Department of Agriculture's NASS 2022 Census of Agriculture provides data regarding the actual market for YBS farmers and ranchers within the territory served by AgTrust. This census data indicated 6.2 percent of farm operators are "young," 34.6 percent of operators are "beginning", and 96.7 percent of farm units are categorized as "small." There are differences in the methods by which Association YBS data and demographic census data are collected. For instance, census data is based on the number of farms, whereas Association data is based on the number of customers. Additionally, census dates do not coincide with an annual analysis of Association data, and calculations for young and beginning farmers are slightly different. Annual performance data and goals established also include lending activity outside the Association's territory. However, the comparison does offer a quantitative measure of the Association's performance in fulfilling its mission of service to young, beginning and small farmers.

The Association coordinates its young, beginning and small farmer loan program activities with other lenders. This includes the purchase and sale of loan participations, loan guarantees and joint lending. Related services including appraisal, credit life insurance, life and disability products, and leasing programs are available to assist YBS borrowers in their credit and related service needs.

Important components of the Association's YBS efforts include the emphasis placed on outreach programs. The Association has a long-standing belief that an investment in agricultural students and youth activities is important to the long-term success of the cooperative. The Association develops a comprehensive array of marketing efforts to include youth activities and events including livestock shows, 4-H and FFA events, young professional groups, two endowments with major universities in its territory, and agricultural leadership opportunities. Search engine marketing through digital and keyword advertising is also an important means of educating and serving this demographic.

The Association offers a scholarship program for area seniors, and six scholarships are awarded in the lending area. The Association also sponsors youth activities in the local area and at the state level through support of 4-H and FFA activities and conventions.

A YBS advisory committee was formed to generate ideas and methods on how the Association can better serve the YBS demographic in our area.

In summary, the Association fulfills its mission of providing agricultural credit and meeting the specific credit and related service needs of young, beginning and small farmers, ranchers, and producers/harvesters of aquatic products through specific lending programs, quantitative performance measures and broad-based objectives.