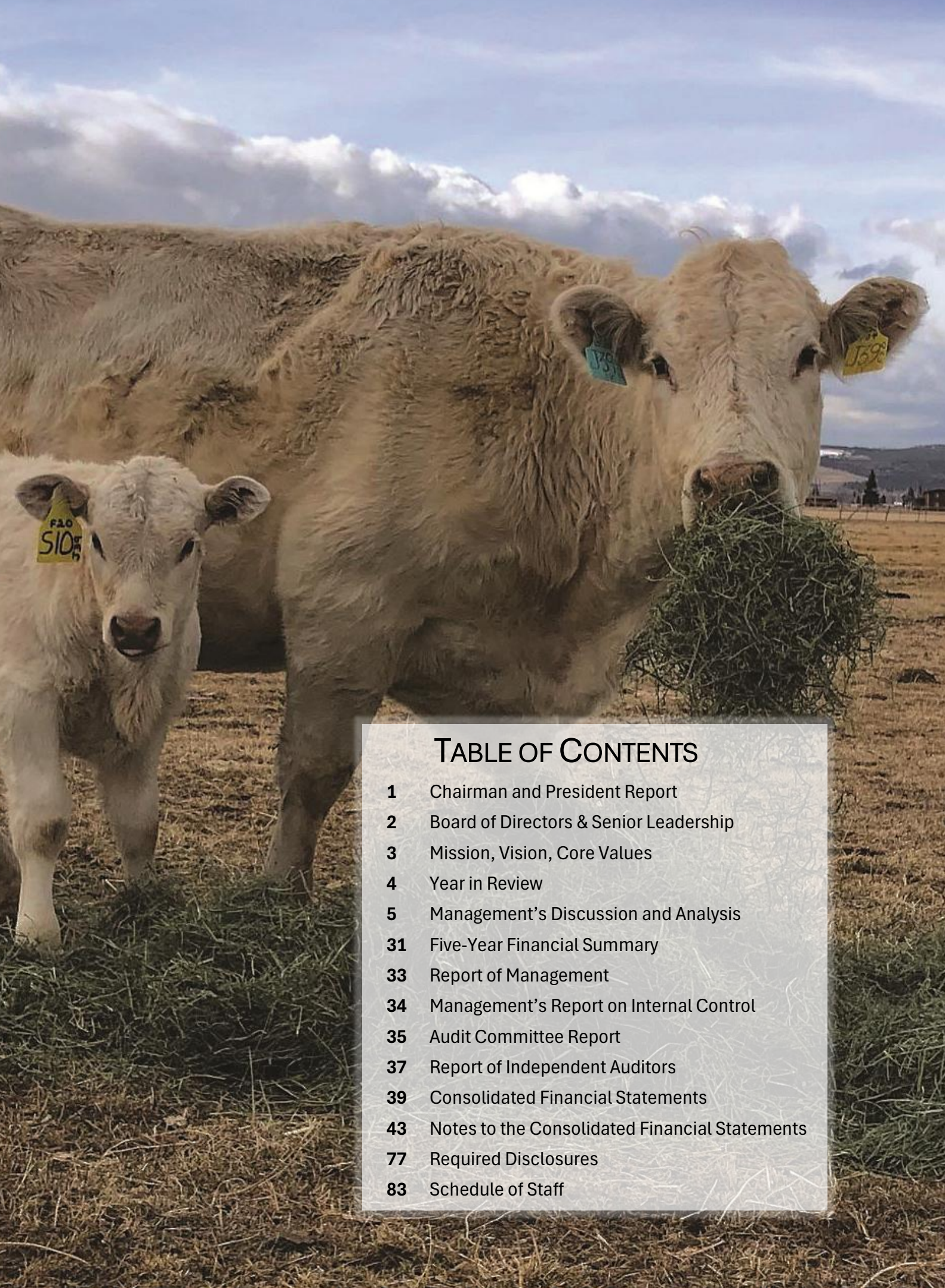




# Annual Report

**2025**



## TABLE OF CONTENTS

- 1** Chairman and President Report
- 2** Board of Directors & Senior Leadership
- 3** Mission, Vision, Core Values
- 4** Year in Review
- 5** Management's Discussion and Analysis
- 31** Five-Year Financial Summary
- 33** Report of Management
- 34** Management's Report on Internal Control
- 35** Audit Committee Report
- 37** Report of Independent Auditors
- 39** Consolidated Financial Statements
- 43** Notes to the Consolidated Financial Statements
- 77** Required Disclosures
- 83** Schedule of Staff

## CHAIRMAN AND PRESIDENT REPORT

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We are pleased to present the Annual Report for Western AgCredit, ACA, covering the twelve months ended December 31, 2025. This report summarizes the performance of Western AgCredit, ACA and its two subsidiaries (Western AgCredit, PCA and FLCA), reflecting consolidated results for all three entities.

Despite economic headwinds in nearly all non-protein sectors of agriculture, producers performed remarkably well on their financial obligations and found innovative ways to manage risk and affect business outcomes. The Association ended the year with 96.18% of its loan volume rated Acceptable or OAEM and performing. However, non-earning assets increased by \$4.4 million, reaching 1.57% of total loan volume, slightly above the target of 1.50% or less.

In 2025, Association loan volume rose by 4.93%, slightly below the 5.00% business plan projection. Most industry sectors and loan types saw modest growth. Western AgCredit's average loan volume was \$1.441 billion, with 626 new loans approved. The Association continues to prioritize sustainable growth, credit quality, risk management, and mission fulfillment.

During the year, Western AgCredit focused on maintaining highly competitive interest rates while generating sufficient net income to meet business objectives. Western AgCredit remains among the most economically efficient Associations in the Farm Credit System.

In 2025, the Association accelerated investments in technology. These investments were made to improve operating efficiency, enhance customer experience, and drive sustainability.

The board of directors and management team are intent on maintaining a financially sound cooperative well into the future. Our capital position of \$318.4 million and 19.16% permanent capital ratio is evidence of such. A strong capital base ensures we can support our members throughout agriculture's economic cycles.

Consistent with cooperative principles, the Association remains committed to the payment of patronage dividends to its members. In December 2025, the Board approved the payment of \$19.4 million in patronage dividends, which equates to approximately 48% of net income. Payouts of this magnitude are possible when customer performance is strong, loan growth is moderate, and reserve requirements for potential loan losses are low.

We are grateful for your business and recognize the trust and confidence you place in us to meet your agricultural financing needs. Customer experience and industry-leading products and services are among our highest priorities. Best wishes for health, wellness, and business success in 2026!

Handwritten signature of Kim D. Haws in black ink.

**Kim D. Haws**  
Chairman of the Board of Directors

Handwritten signature of David G. Brown in black ink.

**David G. Brown**  
President and Chief Executive Officer

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# BOARD OF DIRECTORS

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**Kim Haws**  
Board Chairman



**Kathryn Nye**  
Board Vice-Chairman



**Boyd Bingham**  
Director



**Dusty Reese**  
Director



**Kirt Richins**  
Director



**LaDell Eyre, Outside Director**  
Audit Committee Chairman



**Mark Wintch**  
Director



**Shirelle Erb**  
Outside Director



**Steve Hanberg**  
Director



**Wayne Smith**  
Director

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# SENIOR LEADERSHIP

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**David Brown**  
President & CEO



**Darren Haas**  
SVP CFO & CRO



**Tony Powell**  
SVP CCO



**Ryan Howell**  
SVP COO & CIO

## MISSION STATEMENT

To provide the most dependable source of constructive credit and related services to agriculture and the rural community.

## VISION STATEMENT

To be the lender and employer of choice in the agriculture finance industry.

## CORE VALUES



### MODEL COOPERATIVE PRINCIPLES

Being owned and governed by our stockholder members, we are committed to maximizing shareholder value, exceeding customer expectations, and investing in future generations of agricultural producers. We will be competitive in the marketplace, use Association resources wisely, and provide value to members in a variety of ways, including the consistent payment of patronage dividends.



### COMMITTED TO AGRICULTURE AND RURAL COMMUNITIES

We have a passion for all things agriculture. We actively promote the economic and social benefits derived from agriculture and rural living. We will be a force for good by providing capital to agriculture, investing in rural communities, working together with other organizations that serve agriculture, and being a responsible corporate citizen.



### ROOTED IN INTEGRITY AND RESPECT

We expect our employees to conduct business in the highest ethical manner based on trust, honesty, and transparency. We encourage diversity and inclusion in all hiring and business activities. We value business relationships and strive to treat all customers with the utmost professionalism and respect, thereby earning their trust and confidence.



### DRIVEN BY EMPLOYEE ENGAGEMENT AND SATISFACTION

We hire employees who share our passion for agriculture and have a strong commitment to customer service. We value ambition, commitment, cooperation, and integrity from all members of our team. We treat employees with respect and dignity and reward them according to performance and responsibility. We encourage employee development and opportunity. We value teamwork and promote a culture of accomplishment and satisfaction.



### DEDICATED TO EXCELLENCE AND ACCOUNTABILITY

We settle for nothing less than industry-leading products and services and exceptional customer care. We expect all team members to develop a high level of expertise in their individual responsibilities, thereby creating a reputation of excellence with customers and stakeholders. We qualify and empower team members, and in return, expect their highest level of personal performance and accountability.



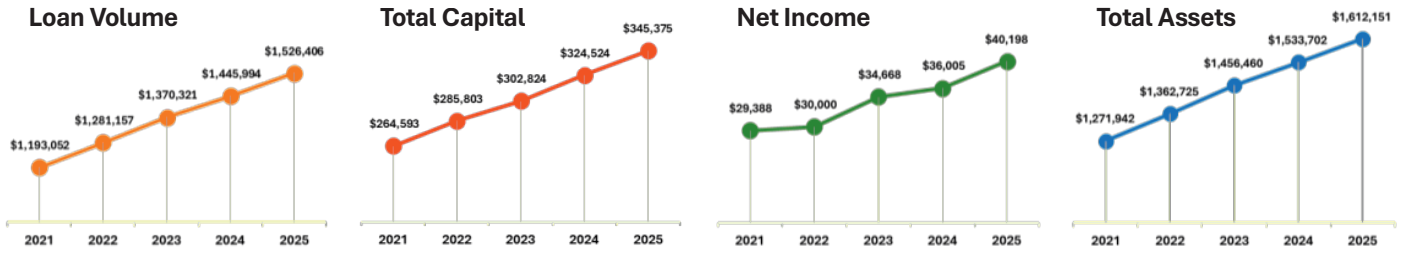
### FOCUSED ON SUSTAINABILITY THROUGH INNOVATION

We will maintain a sustainable business model adaptable to current and future business environments. Our culture of innovation drives us to develop or adopt industry best practices to not only be sustainable, but to thrive in the future. We invest in educational resources and create opportunities for customers and employees to learn and grow.

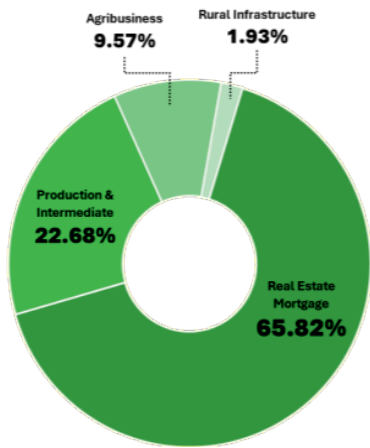
# 2025 YEAR IN REVIEW



## FINANCIAL HIGHLIGHTS



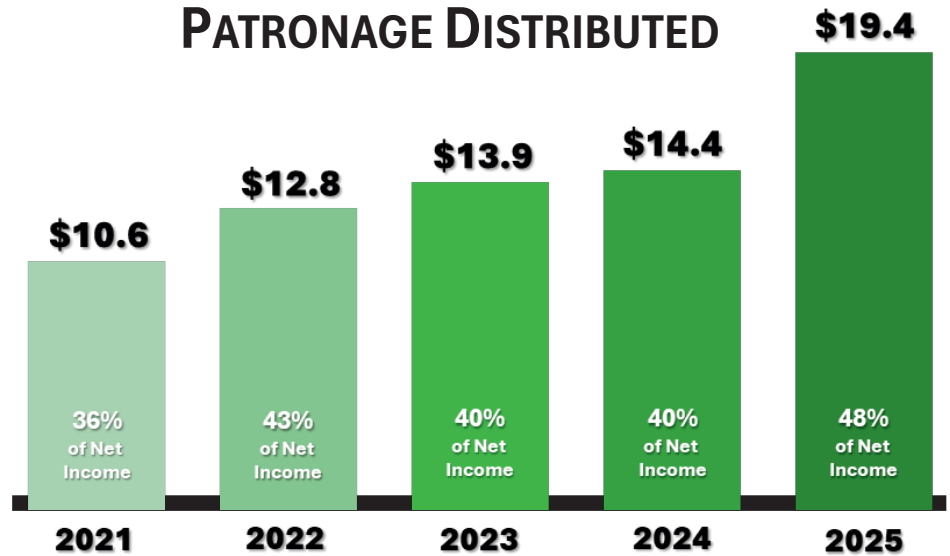
## LOANS FINANCED



**\$70.9 M**

Distributed since 2021

## PATRONAGE DISTRIBUTED



**\$85,873** **5.6%** Dairy

**\$133,968** **8.8%** Processing & Marketing

**\$180,940** **11.9%** Field Crops & Grains

**\$282,058** **18.5%** Hay & Alfalfa

**\$627,328** **41.1%** Cattle

## LOAN VOLUME BY COMMODITY Top 5 Commodities Financed

# MANAGEMENT'S DISCUSSION & ANALYSIS

## *Our Financial Condition and Results of Operations*

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*(Dollars in thousands, except as noted)*

### **INTRODUCTION**

The following discussion summarizes the financial position and results of operations of Western AgCredit, ACA (the Association) for the year ended December 31, 2025. Comparisons with prior years are included. We have emphasized material known trends, commitments, events, or uncertainties that have impacted, or are reasonably likely to impact, our financial condition and results of operation. The discussion and analysis should be read in conjunction with the accompanying consolidated financial statements, footnotes, and other sections of this report. The accompanying consolidated financial statements were prepared under the oversight of our Audit Committee. The Management's Discussion and Analysis includes the following sections:

- Business Overview
- Economic Overview
- Loan Portfolio
- Credit Risk Management
- Results of Operations
- Liquidity
- Capital Resources
- Regulatory Matters
- Governance
- Forward-Looking Information
- Critical Accounting Policies and Estimates
- Customer Privacy

Our quarterly reports to shareholders are available within 40 days after the calendar quarter end and annual reports are available within 75 days after the

calendar year end. The reports may be obtained free of charge on our website, [www.westernagcredit.com](http://www.westernagcredit.com), or upon request. We are located at 10980 South Jordan Gateway, South Jordan, UT 84095 or we may be contacted by calling 800-824-9198.

### **BUSINESS OVERVIEW**

#### **Farm Credit System Structure and Mission**

We are one of 55 associations in the Farm Credit System (System), which was created by Congress in 1916 and has served agricultural producers for over 100 years. The System's mission is to provide sound and dependable credit to American farmers, ranchers, producers or harvesters of aquatic products, and farm-related businesses through a member-owned cooperative system. This is accomplished by making loans and providing financial services. Through its commitment and dedication to agriculture, the System continues to have the largest portfolio of agricultural loans of any lender in the United States. The Farm Credit Administration (FCA) is the System's independent safety and soundness federal regulator and was established to supervise, examine, and regulate System institutions.

#### **Our Structure and Focus**

As a cooperative, we are owned by the members we serve. Our service territory extends across a diverse agricultural region that includes Utah and parts of Wyoming, Nevada, and Arizona. Refer to Note 1 of the Notes to the Consolidated Financial Statements for more detail regarding the counties in our territory. We make long-term

real estate mortgage loans to farmers, ranchers, and agribusinesses and production and intermediate-term loans for agricultural production or operating purposes. Additionally, we provide other related services to our borrowers, such as credit life insurance and fee appraisals. Our success begins with our extensive agricultural experience and knowledge of the market and is highly dependent on the level of satisfaction we provide our borrowers.

As part of the System, we obtain funding for our lending and operations from an Agricultural Credit Bank (ACB). Our funding bank, CoBank, ACB (CoBank), is a cooperative of which we are a member.

We, along with the borrower's investment in our Association, are materially affected by CoBank's financial condition and results of operations. The CoBank quarterly and annual reports are available free of charge by accessing CoBank's website, [www.cobank.com](http://www.cobank.com), or may be obtained at no charge by contacting us at 10980 South Jordan Gateway, South Jordan, UT 84095 or by calling 800-824-9198. Annual reports are available within 75 days after year end and quarterly reports are available within 40 days after the calendar quarter end.

We contract with Farm Credit Foundations to provide our payroll and human resource services. We are a shareholder in Farm Credit Foundations, a cooperative that provides human resource services for a number of System institutions. We contract with Snap Tech IT to provide information technology services.

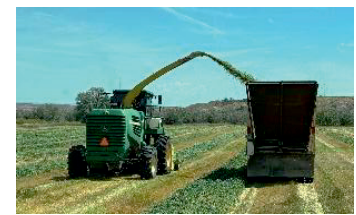
## ECONOMIC OVERVIEW

Production agriculture is a cyclical business that is heavily influenced by commodity prices that fluctuate with changes in supply and

demand. It is also highly dependent on costs and availability of inputs and labor. Favorable commodity prices, rising land values, and to a lesser extent, government support programs typically result in a robust agriculture environment and prosperity for our members which positively impacts our financial results.

General economic conditions experienced by the Association in 2025 included moderate but persistent inflation, declining interest rates, and improving labor markets. The markets for various commodities that we finance were highly variable from historic highs for cow/calf operators to extremely difficult for crops such as potatoes and corn.

The economic landscape of 2025 saw moderating inflation, which provided relief to consumers and



businesses alike. The core inflation rate in 2025 was 2.6% compared to 2.9% in 2024 and 4.1% in 2023. While at a more moderate rate in 2025, inflation has proven to be sticky and has not yet returned to the Federal Reserve's long-term goal of 2.0%. Current inflation rates are also recorded against a much higher base due to the high inflation recognized in 2022 and 2023. This persistent inflation continues to impact the Association and our members. Increased costs for labor, fuel, fertilizer, and feed continue to impact most producers.

After increasing rates in 2022 and 2023, the Federal Reserve reversed course and began decreasing rates in September 2024. Rates continued to drop in 2025, and by the end of the year had decreased 1.75% from the highs in 2023. Interest rates are forecasted to continue decreasing in 2026. Decreasing rates benefit our customers' costs to borrow

but have a negative impact on the Association’s net interest income based on invested capital.

The year was marked by significant variations in the strength of agricultural commodities, reflecting the diverse challenges and opportunities within the sector we finance. As addressed in the Portfolio Diversification section of this report, conditions in cattle markets continued to be very favorable for producers in 2025 which represents our largest commodity financed. Inversely, many of the other commodities that we finance realized significant challenges during the year. While each commodity has unique characteristics, they all face a common challenge of balancing supply and demand and the resulting price impacts. Drought,

import/export markets, supply chain disruptions, and government policies continue to affect conditions in many of the commodities we finance.

Utah’s economy remained strong in 2025 but is beginning to see challenges. While still relatively low, Utah’s unemployment rate slightly increased to 3.6% in 2025 from 3.3% in late 2024 and ranks in the middle of the various states in the U.S. This softening in 2025 did provide some relief to employers but is being somewhat offset by immigration issues and the need for migrant workers in much of the agricultural sector. In addition, the cost of living, and especially housing, in Utah is higher and continues to increase. The state ranks in the top 10 most expensive states depending on metrics used. These challenges are expected to remain through the coming year.

## LOAN PORTFOLIO

Total loans outstanding were \$1,526.4 million at December 31, 2025, an increase of \$80.4 million, or 5.6% from total loans of \$1,446.0 million at December 31, 2024 and an increase of \$156.1 million, or 11.4%, from total loans of \$1,370.3 million at December 31, 2023. The increase in loans during 2025 was due to new loans to new and existing borrowers based on continued demand from operational expansion, business growth, increasing investor farmers, and higher real estate values. The loan growth that occurred in 2025 was a mixture of production and intermediate term, real estate mortgage, and processing and marketing loans. Increased loan volume was sourced from direct loans within our chartered territory and purchased loan participation volume. New loans were not concentrated in any single commodity but represented loans to finance several different commodities. The types of loans outstanding at December 31 are reflected in the following table:

(dollars in thousands)	2025		2024		2023	
	Outstanding	Percent	Outstanding	Percent	Outstanding	Percent
Real estate mortgage loans	\$ 1,004,661	65.82%	\$ 977,828	67.62%	\$ 958,888	69.98%
Production and intermediate-term loans	346,194	22.68%	319,171	22.07%	283,609	20.70%
Agribusiness loans to:						
Cooperatives	18,509	1.21%	19,271	1.33%	20,489	1.49%
Processing and marketing	113,095	7.41%	91,643	6.34%	66,513	4.85%
Farm related business	14,556	0.95%	10,877	0.75%	10,125	0.74%
Rural infrastructure loans:						
Communication	12,749	0.84%	13,509	0.94%	18,306	1.34%
Energy	16,642	1.09%	13,695	0.95%	12,391	0.90%
<b>Total</b>	<b>\$ 1,526,406</b>	<b>100.00%</b>	<b>\$ 1,445,994</b>	<b>100.00%</b>	<b>\$ 1,370,321</b>	<b>100.00%</b>

We approved \$145.2 million of new real estate mortgage loans during 2025. Some of the new volume was offset by sales of loan participations and pay downs on existing loans, resulting in 2025 average mortgage volume increasing 3.1% over 2024 average volume. Long-term mortgage loans are primarily used to purchase, refinance, or improve real estate. These loans have original maturities ranging from 5 to 30 years. The average loan to value (LTV) ratio of the mortgage loan portfolio is 48.5% for 2025. By federal regulation, a real estate mortgage loan must be secured by a first lien and may only be made in an amount up to 85% of the original appraised value of the property. Loan value may be up to 97% of the original appraised value if the loan is guaranteed by certain state, federal, or other governmental agencies. Our current underwriting standards align with the regulatory limit of 85% of the appraised value of the property although we typically loan less than the regulatory limit.

We approved \$164.1 million of new production loan volume during 2025. The average volume increased 9.5% when compared to a year ago. Production loans are used to finance the ongoing operating needs of agricultural producers. Production loans generally match the borrower’s normal production and marketing cycle, which is typically 12 months; however, many production loans are revolving lines of credit that are written with a three-year maturity. Intermediate-term loans are generally used to finance depreciable capital assets of a farm or ranch. Intermediate-term loans are written for a specific term of 1 to 15 years with most loans being less than ten years.

### Portfolio Diversification

While we make loans and provide financially related services to qualified borrowers and certain related entities in agricultural and rural

sectors, our loan portfolio is diversified by loan participations purchased and sold, geographic locations served, commodities financed, and loan size as illustrated in the following three tables.

We purchase loan participations from other System and non-System entities to generate additional earnings and, in some cases, diversify risk related to commodities we finance and our geographic area. In addition, we sell a portion of certain large loans to other System and non-System entities to reduce risk and comply with established lending limits. Our outstanding volume of participations purchased and sold as of December 31 follows:

(dollars in thousands)	2025	2024	2023
Participations purchased	\$ 469,058	\$ 429,309	\$ 430,810
Participations sold	\$ 168,668	\$ 164,263	\$ 142,963

Approximately 52% of the participations purchased were purchased from commercial banks. The Association has developed alliances with commercial banks headquartered in Utah and Idaho. By using these alliances, the commercial banks and the Association cooperatively provide borrowers with all the products and services typically needed by agriculture-related businesses. The strengths and products of one institution complement and offset the limitations of the other institution. We anticipate a continued increase in balances of participations purchased from our alliance partners.

The Association also has participation business with several other System institutions. Loan participations sold to other institutions result in a reduction in large loan risk concentration while purchases enhance commodity and geographic diversity. We anticipate continued increases in participations sold and purchased with other System institutions.

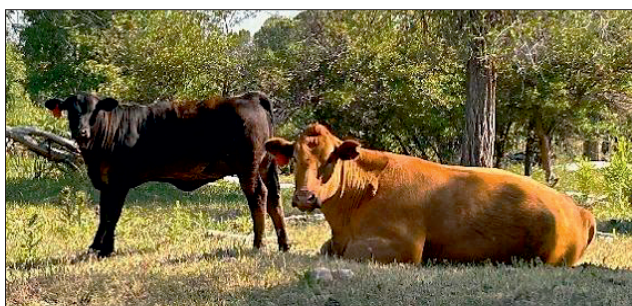
The geographic distribution of loans by state at December 31 follows. As previously mentioned, we purchase loan participations outside our territory. These loan participations purchased are included below in the state in which the loan is located.

State	2025	2024	2023
Utah	<b>66.14%</b>	65.72%	65.82%
Idaho	<b>11.29%</b>	12.88%	13.24%
Washington	<b>4.10%</b>	4.29%	4.47%
California	<b>3.15%</b>	3.17%	2.76%
Wyoming	<b>2.49%</b>	2.50%	2.80%
Nevada	<b>2.34%</b>	1.99%	1.93%
Montana	<b>1.57%</b>	1.41%	1.55%
Oregon	<b>1.16%</b>	1.29%	1.33%
Arizona	<b>0.89%</b>	0.95%	0.60%
Other	<b>6.87%</b>	5.80%	5.50%
<b>Total</b>	<b>100.00%</b>	100.00%	100.00%

The following table shows the agricultural commodities produced by our borrowers based on the Standard Industrial Classification System (SIC) published by the federal government. This system is used to assign commodity or industry categories based only on the top two commodities produced by each borrower to calculate the commodity percentages reflected herein. For example, if 70% of a customer's gross farm income is from cattle sales, and their secondary commodity is hay/alfalfa, 70% of that customer's volume will be reported as cattle and 30% will be reported as hay/alfalfa. Many customers produce more than two commodities, which could further reduce the Association's commodity concentration risk.

	2025	2024	2023
Cattle	<b>41.10%</b>	39.47%	39.40%
Hay/Alfalfa	<b>18.48%</b>	19.68%	20.06%
Field Crops/Grains	<b>11.85%</b>	13.42%	12.87%
Processing/Marketing	<b>8.78%</b>	7.72%	5.77%
Dairy	<b>5.63%</b>	5.91%	5.75%
Fruit/Nuts	<b>3.34%</b>	3.35%	3.10%
Sheep	<b>2.17%</b>	2.09%	2.17%
Rural Infrastructure	<b>1.93%</b>	1.88%	2.24%
Farm Related Business	<b>1.92%</b>	1.65%	1.93%
Poultry Products	<b>1.70%</b>	1.43%	1.66%
Nursery Products	<b>1.12%</b>	1.06%	2.10%
Forest Products	<b>1.07%</b>	1.21%	1.13%
Other	<b>0.91%</b>	1.13%	1.82%
<b>Total</b>	<b>100.00%</b>	100.00%	100.00%

Our loan portfolio contains concentrations of producers as shown in the table above. Repayment ability of our borrowers is closely related to the production and profitability of the commodities they produce. If a loan fails to perform, restructuring and/or other servicing alternatives are influenced by the underlying value of the collateral which is impacted by industry economics. Our future performance would be negatively impacted by adverse agricultural and economic conditions. The degree of the adverse impact would be correlated to the commodities negatively affected and the magnitude and duration of the adverse agricultural conditions to our borrowers. The following discusses those commodities that represent more than 5% of our portfolio.



Loans to beef cattle producers represent 41.10% of the Association’s portfolio. Included in this category are loans to the various segments of the industry, including cow/calf, feeder, and stocker operations. The cow/calf segment constitutes 74.4% of the Association’s beef cattle loans. The U.S. cattle industry enters 2026 with historically tight supplies, supportive prices, and cautious optimism about a gradual turn in the cattle cycle. Beef cow inventories continued to edge lower in 2025 leaving the beef herd at its smallest level in decades and extending the multi-year production drawdown that began after the 2022 peak in output. As a result, beef production is projected to decline again in 2026—roughly 1% below last year—keeping per capita consumption slightly lower and

underpinning a strong price environment. USDA’s early-year outlook and private forecasts both point to elevated fed and feeder cattle prices, with 2026 steer prices expected to average above 2025 as packers compete for limited numbers and producers benefit from firm cash receipts. Key risks for the year include macroeconomic headwinds, policy shocks, and trade or border disruptions that could affect beef demand or cattle flows, but resilient consumer demand to date suggests the baseline outlook remains one of tight supplies, relatively high prices, and the early stages of herd stabilization rather than full-scale expansion in 2026.

The hay/alfalfa industry constitutes 18.48% of the portfolio. The U.S. hay industry enters 2026 with ample supplies, soft demand, and limited price support, creating a generally bearish but stable market environment. Hay production in 2025 rebounded combined with a rise in hay stocks. With more hay available, slower export demand (especially weaker alfalfa shipments to China), and alternative forage options, the stocks-to-cow ratio is projected to increase again in 2026, reinforcing downward pressure on prices. USDA and private forecasts suggest “all hay” prices that have already fallen sharply from 2023 peaks will remain flat to slightly lower in 2026. Regional cash reports show alfalfa and grass hay trading steady to weak at early-2026 auctions, and most analysts see no clear catalyst for a strong price rebound unless a significant drought or other supply shock tightens production.

Grain and other field crops comprise 11.85% of the portfolio. U.S. grain markets are entering 2026 with ample supplies, subdued but improving demand, and tight producer margins, pointing to a year of generally low, range-bound prices with pockets of opportunity. Corn and wheat all carry large

ending stocks from strong 2024–2025 harvests, which continues to pressure futures even as recent trade has seen modest rallies on better export sales, steady ethanol use for corn, and weather risks supporting winter wheat values. USDA and university outlooks suggest that projected 2026 prices for major grains will hover near breakeven for many producers, implying continued financial strain and a focus on cost control and risk management rather than aggressive expansion. Overall, the 2026 outlook is for well-supplied markets, cautious price expectations, and a premium on disciplined marketing strategies and input management to protect thin profitability.

Processing/marketing loans comprise 8.78% of the Association’s portfolio. This segment represents a diverse mix of processing and marketing operations that are involved in hay, beef, fruits, nuts, eggs, dairy, and other industries. Given strong consumer demand this very diverse portfolio segment has performed well historically. Wholesale prices of cattle/hogs reduced the margins of many packers which is anticipated to continue into 2026. Other processing and marketing industries are anticipated to continue to see strong margins driven by throughput volume and consumer food prices.

The dairy industry comprises 5.63% of the Association’s portfolio. US dairy markets begin 2026 in an oversupplied, low-price environment, with milk production at or near record levels and forecast to rise further on higher output per cow and a historically large national herd. This supply growth



outpaces demand and has pushed farm-level milk prices sharply lower compared with 2024–2025, with USDA and private forecasts putting the 2026 all-milk price roughly in the high-18-dollar per hundredweight range and Class III and IV prices also under pressure. Processors are turning more milk into cheese, butter, and other products, leaving inventories elevated and keeping wholesale product prices subdued. For producers, this translates into a margin squeeze rather than a collapse in demand: retail dairy sales and high-protein product categories such as yogurt, cottage cheese, and protein beverages remain relatively firm, but low milk checks, higher cull rates, and ongoing regional consolidation are likely until cow numbers and supplies adjust. The 2026 outlook therefore points to continued volatility and thin profitability in the first half of the year, with the potential for gradual price improvement later on if herd contraction, slower global milk growth, and steady export demand begin to rebalance the market.

In addition to commodity diversification mentioned previously, further diversification is achieved by providing loans to part-time farmers and other borrowers who primarily earn their income from non-agricultural sources. These borrowers are less impacted by agricultural cycles and are more likely to be affected by changes in the general economy. This segment has shown improvement in recent years as the general economy has strengthened and the local economy has performed better than the national average. Approximately 21.47% of our outstanding loan volume at December 31, 2025 consisted of borrowers with income primarily from non-agricultural sources, compared to 20.83% for 2024 and 14.16% for 2023.

The principal balance outstanding at December 31, 2025 for loans \$250 thousand or less accounted for 11.45% of loan volume and 72.63% of the number of loans. Credit risk on small loans, in many instances, may be reduced by non-farm income sources. The table below details loan principal by dollar size at December 31 for the last three years (many borrowers have multiple loans and each loan could be in different size categories):

(Range in thousands)	2025		2024		2023	
	Amount Outstanding	Number of Loans	Amount Outstanding	Number of Loans	Amount Outstanding	Number of Loans
\$1 - \$250	\$ 174,754	2,953	\$ 177,517	3,043	\$ 173,883	2,974
\$251 - \$500	159,801	436	162,228	448	160,901	438
\$501 - \$1,000	205,085	303	207,405	307	199,752	291
\$1,001 - \$5,000	696,793	338	628,806	314	619,947	307
\$5,001+	289,973	36	270,038	34	215,838	28
Total	\$ 1,526,406	4,066	\$ 1,445,994	4,146	\$ 1,370,321	4,038

Approximately 7.94% of our loans outstanding are attributable to our five largest borrowers. Due to their size, the loss of any of these loans, or the failure of any of these loans to perform, could adversely affect the portfolio and our future operating results.

The Association held outstanding credit guarantees with federal government agencies of \$12.6 million, \$12.2 million, and \$23.1 million at December 31, 2025, 2024, and 2023, respectively. Most of our government guarantees are issued by the Farm Service Agency of the United States Department of Agriculture. These guarantees typically reimburse the lender for any loss sustained on the loan up to 90% of the principal and interest indebtedness. These guarantees mitigate some portfolio risk.

### Credit Commitments

We may participate in financial instruments with off-balance sheet risk to satisfy the financing needs of our borrowers. These financial instruments include commitments to extend credit. To varying degrees, the instruments involve elements of credit risk in excess of the amount recognized in our consolidated financial statements.

Commitments to extend credit are agreements to lend to a borrower absent violations of any condition established in the contract. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower.

The following table summarizes the maturity distribution of unfunded credit commitments at December 31, 2025:

Commitments to Extend Credit	
Less than 1 year	\$ 51,819
1 - 3 years	143,930
3 - 5 years	90,890
Over 5 years	13,869
Total	\$ 300,508

Since many of these commitments are expected to mature without being fully drawn, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance sheet credit risk because their contractual amounts are not reflected on the Consolidated Statements of Condition until funded or drawn. The credit risk associated with issuing commitments and letters of credit is substantially the same as

that involved in extending loans to borrowers, and we apply the same credit policies to these commitments. The amount of collateral obtained, if deemed necessary upon

extension of credit, is based on our credit evaluation of the borrower. No material losses are anticipated as a result of these credit commitments.

### Nonperforming Assets

Nonperforming loan volume is comprised of nonaccrual loans, accruing restructured loans, and loans 90 days or more past due and still accruing interest and is referred to as impaired loans. Nonperforming assets consist of impaired loans and other property owned.

Year-end comparative information regarding nonperforming assets in the portfolio are as follows:

	2025	2024	2023
<b>Nonaccrual loans:</b>			
Real estate mortgage loans	\$ 11,460	\$ 6,774	\$ 6,403
Production and intermediate-term loans	7,585	4,664	3,246
Agribusiness	5,244	8,449	561
<b>Total nonaccrual loans</b>	<b>24,289</b>	<b>19,887</b>	<b>10,210</b>
<b>Other property owned</b>	<b>2</b>	<b>2</b>	<b>702</b>
<b>Total nonperforming assets</b>	<b>\$ 24,291</b>	<b>\$ 19,889</b>	<b>\$ 10,912</b>
Nonaccrual loans to total loans	1.59%	1.38%	0.75%
Nonperforming assets to total loans	1.59%	1.38%	0.80%
Nonperforming assets to total members' equity	7.03%	6.13%	3.60%

Total nonperforming assets increased \$4.4 million, or 22.1%, to \$24.3 million at December 31, 2025 compared with year end 2024. The increase in nonperforming assets was due to increased nonaccrual loan volume. Nonaccrual loans represent loans where there is a reasonable doubt as to collection of all principal and/or interest. Nonaccrual volume increased \$4.4 million at December 31, 2025 compared with December 31, 2024 due primarily to six customers that were transferred into nonaccrual during 2025. At December 31, 2025, these six customers represented approximately \$18.5 million of increase in nonaccrual volume which was partially offset by approximately \$7.4 million transferred out of nonaccrual (two customers) and \$6.7 million of loans (from eighteen customers) that had repayments or paid off. The customers that

increased nonaccrual balances represented various commodities including hay/alfalfa, processing and marketing, deciduous tree fruit, and beef cattle.

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure, or other means. We had other property owned of \$2 thousand at December 31, 2025 and December 31, 2024 compared with \$702 thousand at December 31, 2023. Other property owned as of December 31, 2025 consists of \$2 thousand of mink retains. Nonperforming assets are expected to decrease in the future. Balances are anticipated to represent 1.50% of total loan volume at the end of 2026 due to decreases in nonaccrual loan volume.

### Loan Modifications to Borrowers Experiencing Financial Difficulties (formerly Troubled Debt Restructuring)

We review loan modifications to borrowers that are experiencing financial difficulties to determine if the modification results in a new loan or a continuation of an existing loan. See Note 3 of the Notes to the Consolidated Financial Statements for detailed information regarding loan modifications to borrowers experiencing financial difficulties.

### Credit Quality

We review the credit quality of the loan portfolio on an on-going basis as part of our risk management practices. Each loan is classified according to the Uniform Loan Classification System (UCS), which is used by all System institutions.

The following table presents statistics based on the UCS related to the credit quality of the loan portfolio as of the end of the last three fiscal years:

	2025	2024	2023
Acceptable	94.25%	94.07%	95.58%
OAEM	1.93%	2.01%	1.99%
Substandard	3.82%	3.92%	2.43%
Total	100.00%	100.00%	100.00%

No significant loans were classified as Doubtful or Loss for the years presented.

During 2025, overall credit quality improved slightly. Loans classified as Acceptable or OAEM were 96.18%, 96.08% and 97.57% at December 31, 2025, 2024, and 2023, respectively. Agriculture remains a cyclical business that is heavily influenced by production, operating costs, and commodity prices. Each of these can be significantly impacted by uncontrollable events. We project some weakening in the loan portfolio in 2026, recognizing some improvement and pay

Below are the classification definitions.

- **Acceptable** – assets are expected to be fully collectible and represent the highest quality.
- **Other Assets Especially Mentioned (OAEM)** – assets are currently collectible but exhibit some potential weakness.
- **Substandard** – assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- **Doubtful** – assets exhibit similar weaknesses as substandard assets; however, doubtful assets have additional weaknesses in existing facts, conditions, and values that make collection in full highly questionable.
- **Loss** – assets are considered uncollectible.

downs on some distressed accounts offset by additional weaknesses in others. Loan delinquencies (accruing loans 30 days or more past due) as a percentage of accruing loans remain at a low level and represented 0.06%, 0.16% and 0.00% at December 31, 2025, 2024, and 2023, respectively.

### Allowance for Credit Losses

On January 1, 2023, the Financial Accounting Standards Board (FASB) guidance entitled

“Measurement of Credit Losses on Financial Instruments” and other subsequently issued accounting standards updates related to credit losses. This guidance replaced the incurred loss impairment methodology with a single allowance framework that estimates the current expected credit losses (CECL) over the remaining contractual life for all financial assets measured at amortized cost and certain off-balance-sheet credit exposures. This guidance was applied on a modified retrospective basis. The framework requires management to consider in its estimate of the allowance for credit losses (ACL) relevant historical events, current conditions, and reasonable and supportable forecasts that consider macroeconomic conditions. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are not unconditionally cancelable. The ACL comprises of the allowance for credit losses on loans (ACLL) and the allowance for unfunded commitments, which is presented on the balance sheet in other liabilities.

The impact of adopting the CECL guidance is referred to as “change in accounting principle” or “cumulative effect adjustment” throughout this annual report.

We maintain an allowance for credit losses at a level consistent with historical losses. The allowance for credit losses at each period end was considered to be adequate to absorb probable losses inherent in the loan portfolio and in unfunded commitments. Because the allowance for credit losses considers factors such as current agricultural and economic conditions, loan loss experience, portfolio quality, and loan portfolio composition, there will be a direct impact to the allowance for credit losses and our income statement when there is a change in any of those factors.

Determining the appropriateness of the ACL is complex and requires judgment by management about matters that are inherently uncertain. Subsequent evaluation of the loan portfolio considering forecasts and prevailing factors may result in significant changes in the ACL in those future periods.

The provision for loan losses and changes in the reserve for unfunded commitments are included together as part of the provision for credit losses on the income statement. The ACLL is presented as an adjustment to the value of our loan portfolio and the reserve for unfunded commitments is reported with other liabilities on the balance sheet.

The following table provides relevant information regarding the allowance for credit losses on loans as of the end of the last three fiscal years:

	2025	2024	2023
Prior year ending balance	\$ 4,231	\$ 1,798	\$ 2,141
Cumulative Effect Adjustment	-	-	(313)
Balance at beginning of the year	\$ 4,231	\$ 1,798	\$ 1,828
Recoveries			
Real estate mortgage	-	44	12
Transfers to unfunded commitments	(45)	(117)	-
(Reversal of)/Provision for credit losses	(1,509)	2,506	(42)
Balance at December 31	\$ 2,677	\$ 4,231	\$ 1,798
Net charge-offs to average loans	0.00%	0.00%	0.00%

The following table presents the allowance for credit losses on loans by loan type as of the end of the last three fiscal years:

	2025	2024	2023
Real estate mortgage	\$ 1,485	\$ 897	\$ 522
Production and intermediate-term	422	2,910	985
Agribusiness	687	367	238
Rural infrastructure	83	57	53
<b>Total</b>	<b>\$ 2,677</b>	<b>\$ 4,231</b>	<b>\$ 1,798</b>

The allowance for credit losses on loans decreased to \$2.7 million at December 31, 2025 and was \$4.2 million and \$1.8 million as of December 31, 2024 and December 31, 2023 respectively. During 2025 the allowance was decreased largely due to decreased specific allowance requirements and improved industry factors partially offset by the increase in loan volume and worsening in PD, drought, and LGD factors. Comparative allowance for loan losses coverage as a percentage of loans and certain other credit quality indicators as of December 31 are presented in the following table:

	2025	2024	2023
Allowance for credit losses on loans as a percentage of:			
Loans	0.18%	0.29%	0.13%
Total impaired loans	11.02%	21.28%	17.61%
Nonaccrual loans	11.02%	21.28%	17.61%

### Young, Beginning and Small (YBS) Farmers and Ranchers Program

Western AgCredit acknowledges that the future of agriculture relies on a new generation of educated, experienced, and successful producers. Therefore, we are committed to supporting the young, beginning, and small (YBS) farmers and ranchers within our territory. Our YBS mission statement is “To connect Young, Beginning & Small farmers with industry resources and constructive credit to achieve a sustainable future in agriculture.” We take this commitment seriously and see it as an opportunity to proactively address the educational, resource, credit, and financial needs of YBS farmers and ranchers.

Western AgCredit finances operations of all sizes, across various levels of experience. Many lending relationships have endured for years, as family operations have expanded and transitioned to subsequent generations. Others

have launched their own independent operations. Western AgCredit has facilitated numerous young, beginning, and small producers through transitions or establishing their own successful operations. We are committed to ensuring the credit needs of the next generation are adequately met, as we believe our futures are intrinsically linked together.

Western AgCredit offers educational, leadership, and social opportunities through direct staff involvement, financial support where appropriate, and partnerships with other organizations that provide effective YBS programs. We recognize that the development of the next generation of farmers, ranchers, and agricultural leaders begins long before they become entrepreneurs or return to the family operation. Connecting the next generation with industry resources, education, and credit services fosters a sustainable future for both agriculture and the Association.

The FCA regulatory definitions for YBS farmers and ranchers are shown below:

- **Young Farmer:** A farmer, rancher, or producer or harvester of aquatic products who was age 35 or younger as of the date the loan was originally made.
- **Beginning Farmer:** A farmer, rancher, or producer or harvester of aquatic products

who has 10 years or less farming, ranching, or aquatic experience as of the date the loan was originally made.

- **Small Farmer:** A farmer, rancher, or producer or harvester of aquatic products who normally generates less than \$350 thousand in annual gross cash farm income of agricultural or aquatic products.

The following table outlines our percentage of YBS loans within our chartered territory as a percentage of the number of loans in our loan portfolio that is within our chartered territory as of December 31. The USDA column represents the percent of farmers and ranchers classified as YBS within our territory per the 2022 USDA Agricultural Census, which is the most current data available. According to FCA regulatory definitions, a farmer may be classified in multiple categories if they meet the criteria for each category.

	2025	2024	2023	USDA
Young	19.47%	18.27%	21.34%	13.00%
Beginning	25.81%	24.40%	26.82%	38.00%
Small	54.54%	55.33%	46.36%	95.00%

Note that several differences exist in definitions between USDA statistics and our data due to our use of FCA definitions. Young farmers are defined as 34 years old and younger by the USDA, while FCA definitions include farmers 35 years old and younger. Beginning farmers are defined by FCA as those with 10 years or less farming experience; however, the USDA identifies beginning farmers as on their current farm less than 10 years. This may include both beginning farmers and experienced farmers who have recently changed farmsteads. Our percentages are based on the number of loans in our portfolio, while the USDA percentages are based on the total number of farmers and ranchers. While these definition differences do exist, the information is the best comparative information available.

For 2025, the Association developed a comprehensive YBS Outreach Plan with

specific qualitative and quantitative objectives and goals to provide current and future YBS farmers and ranchers with education, scholarships, sponsorships, community support and marketing support. Most of these objectives and goals were achieved, except for a few YBS strategies that were not completed in 2025 due to a strategic shift in focus and the absence of formal requests. A total of four quantitative goals were not fully achieved, though significant progress occurred. The results facilitated the mission of the Association’s YBS Strategy to ‘connect young, beginning, and small farmers with industry resources and constructive credit to achieve a sustainable future in agriculture.’

Quarterly reports are provided to our Board of Directors detailing the number and volume of our YBS customers. We have developed quantitative targets to monitor our progress.

The following are the goals and results for 2025:

- Goal 1** Maintain loans to Young Producers of at least 18.00% of the total number of loans in the portfolio as of December 31, 2025.
- Goal 2** Maintain loans to Beginning Producers of at least 25.00% of the total number of loans in the portfolio as of December 31, 2025.
- Goal 3** Maintain loans to Small Producers of at least 55.00% of the total number of loans in the portfolio as of December 31, 2025.
- Goal 4** Originate \$14,000,000 of new loan volume to Young or Beginning producers through the Association’s Young/Beginning Loan Programs during 2025.
- Goal 5** Originate 50 new loans utilizing the Association’s AgFuture RateSmart Program during 2025.
- Goal 6** Originate 15 new loans utilizing the Association’s AgFuture Microloan Program during 2025.

2025 Goal	Target Amount	Actual Results
Goal 1	18.00%	19.00%
Goal 2	25.00%	25.81%
Goal 3	55.00%	54.54%
Goal 4	\$14,000,000	\$5,839,719
Goal 5	50	24
Goal 6	15	11

Western AgCredit achieved two of the six goals during 2025.

To ensure that credit and services offered to our YBS farmers and ranchers are provided in a safe and sound manner and within our risk-bearing capacity, we utilize customized loan underwriting standards, loan guarantee

programs, or other credit enhancement programs. Additionally, we are actively involved in developing and sponsoring educational opportunities, leadership training, business financial training, and insurance services for YBS farmers and ranchers.

### CREDIT RISK MANAGEMENT

Credit risk arises from the potential failure of a borrower to meet repayment obligations that result in a financial loss to the lender. Credit risk exists in our loan portfolio and in our unfunded loan commitments. Credit risk is actively managed on an individual and portfolio basis through application of sound lending and underwriting standards, policies, and procedures.

Underwriting standards are utilized to determine an applicant’s operational, financial, and managerial resources available for repaying debt within the terms of the note and loan agreement. Underwriting standards include among other things, an evaluation of:

- **character** – borrower integrity and credit history;
- **capacity** – repayment capacity of the borrower based on cash flows from operations or other sources of income;
- **collateral** – to protect the lender in event of default and to serve as a secondary source of loan repayment;
- **capital** – ability of the operation to survive unanticipated risks; and,
- **conditions** – intended use of the loan funds, terms, restrictions, etc.

Processes for gathering information, balance sheet and income statement verification, loan analysis, credit approvals, disbursing proceeds, and subsequent loan servicing

actions are established, followed, and audited. Underwriting standards vary by industry and are updated periodically to reflect market and industry conditions.

By regulation, loan commitments to any one borrower cannot exceed 15% of our regulatory capital. Additionally, we set our own lending limits to manage loan concentration risk. Our lending limits have been established by risk rating categories.

We have established internal lending authority delegations to control the loan approval process. Authorities delegated to staff are based on our risk-bearing ability, loan size, complexity, type, and risk, as well as the expertise and position of the credit staff member. Larger and more complex loans or loans perceived to have higher risk are typically approved by the Credit Manager, Chief Credit Officer, Chief Executive Officer, or a loan committee that consists of the most experienced and knowledgeable credit staff members.

The majority of our lending is real estate mortgage loans which must be secured by a first lien on real estate. Production and intermediate-term lending represent most of the remaining volume and is typically secured by livestock, crops, and equipment. Collateral evaluations are completed in compliance with FCA and Uniform Standards of Professional Appraisal Practices requirements. All property is appraised at market value. Certain appraisals must be performed by individuals with a state certification or license.

We use a two-dimensional risk rating model (Model) based on the Combined System Risk Rating Guidance. The Model estimates each loan's probability of default (PD) and loss given default (LGD). PD estimates the probability

that a borrower will experience a default within twelve months from the date of determination. LGD provides



an estimation of the anticipated loss with respect to a specific financial obligation of a borrower assuming a default has occurred or will occur within the next twelve months. The Model uses objective and subjective criteria to identify inherent strengths, weaknesses, and risks in each loan. PDs and LGDs are utilized in loan and portfolio management processes and are also utilized for the allowance for loan losses estimate. This Model also serves as the basis for economic capital modeling.

The Model's 14-point PD scale provides for nine acceptable categories, one OAEM category, two substandard categories, one doubtful category, and one loss category, each carrying a distinct percentage of default probability. The Model's LGD scale provides 6 categories, A through F, that have the following anticipated principal loss and range of economic loss expectations:

- A** 0% anticipated principal loss; 0% to 5% range of economic loss
- B** 0% to 3% anticipated principal loss; >5% to 15% range of economic loss
- C** > 3% to 7% anticipated principal loss; >15% to 20% range of economic loss
- D** > 7% to 15% anticipated principal loss; >20% to 25% range of economic loss
- E** > 15% to 40% anticipated principal loss; >25% to 50% range of economic loss
- F** above 40% anticipated principal loss; above 50% range of economic loss

## RESULTS OF OPERATIONS

### Earnings Summary

In 2025, we recorded net income of \$40.2 million compared to \$36.0 million in 2024 and \$34.7 million in 2023. Net interest income increased \$1.6 million and noninterest income increased \$0.2 million in 2025 compared to 2024. The \$4.2 million increase in 2025 net income compared to 2024 was primarily due to the reversal of credit losses and increase in interest and noninterest income partially offset by increased interest, noninterest, and income taxes expenses.

The following table presents the changes in the significant components of net income from the previous year:

	2025 vs. 2024	2024 vs. 2023
<b>Net income, prior year</b>	<b>\$ 36,005</b>	<b>\$ 34,668</b>
Changes from prior year:		
Increased interest income	2,956	7,730
Increased interest expense	(1,359)	(5,442)
Increased net interest income	1,597	2,288
Decreased/(increased) provision for credit losses	4,015	(2,548)
Increased noninterest income	163	882
(Increased)/decreased noninterest expense	(680)	230
(Increased)/decreased provision for income taxes	(902)	485
Total increase in net income	4,193	1,337
<b>Net income, current year</b>	<b>\$ 40,198</b>	<b>\$ 36,005</b>

Return on average assets increased to 2.61% in 2025 from 2.45% in 2024 and return on average members' equity increased to 11.86% in 2025 from 11.36% in 2024 due to strong growth in earnings as discussed above, with moderate but positive growth in the loan portfolio.

### Net Interest Income

Net interest income for 2025 was \$49.5 million compared with \$47.9 million for 2024 and \$45.6 million for 2023. Net interest income is our principal source of earnings and is impacted by the volume of interest earning assets, yields on assets, and cost of debt. The increase in net interest income was largely due to increased loan volume, a combination of rates earned and paid particularly on loanable funds, and additional interest collected on nonaccrual loans.

The following table provides an analysis of the individual components of the change in net interest income during 2025 and 2024:

	2025 vs. 2024	2024 vs. 2023
<b>Net interest income, prior year</b>	<b>\$ 47,926</b>	<b>\$ 45,638</b>
Increase/(decrease) in net interest income from changes in:		
Interest rates earned	(2,576)	3,871
Interest rates paid	716	(3,617)
Volume of accruing assets/interest bearing liabilities	2,482	2,889
Interest income on nonaccrual loans	975	(855)
Increase in net interest income	1,597	2,288
<b>Net interest income, current year</b>	<b>\$ 49,523</b>	<b>\$ 47,926</b>

The following table illustrates the net interest margin (net interest income as a percentage of average earning assets), the average interest rates on loans and debt cost, and the interest rate spread for the year ended December 31:

	2025	2024	2023
Net interest margin	3.44%	3.49%	3.52%
Interest rate on:			
Average loan volume	6.15%	6.31%	6.04%
Average debt	3.30%	3.25%	2.84%
Interest rate spread	2.85%	3.06%	3.20%

As noted above, the increase in net interest income was impacted by the increased average loan volume, loanable funds, and collections on nonaccrual loans. Average accrual loan volume increased \$67.6 million, or 4.93%, during 2025. The 0.21% decrease in the interest rate spread resulted from a 0.16% decrease in the interest rate earned on average loan volume and a 0.05% increase in the interest rate paid on average debt. Although market interest rates have decreased, the interest rate paid on average debt increased due to long-term debt on lower fixed rates amortizing and being replaced by new debt locked in at current higher rates. The net interest margin and interest rate spread are also impacted by earnings on our loanable funds (interest earning assets, primarily accrual loan volume, less interest-bearing liabilities). Our loanable funds at December 31, 2025 were \$262.2 million compared to \$238.6 million at December 31, 2024.

### Provision for Credit Losses

The allowance for credit losses is primarily increased through a provision for credit losses or recoveries and decreased through a reversal of credit losses or charge offs. We determine whether a change in our allowance for credit losses is necessary based on our assessment of a single economic scenario or multiple scenarios over a reasonable and supportable forecast period, generally 12

months. Subsequent to the forecast period, the Association reverts to historical loss experience to inform the estimate of losses for the remaining contractual life of the loan portfolio. We recorded a net reversal of credit losses of \$1.5 million in 2025, compared to a net provision for loan losses of \$2.5 million in 2024 and a net reversal of loan losses of \$42 thousand in 2023. The reversal of credit losses recorded in 2025 was largely due to amounts attributed to decreased specific allowance requirements and improved industry factors partially offset by the increase in loan volume and worsening PD, drought, and LGD factors. Based on the year-end 2025 analysis, management believes the allowance for credit losses is adequate to provide for the current risk inherent in the Association's loan portfolio and unfunded commitments.

### Noninterest Income

Patronage distributions from CoBank and other Farm Credit institutions are generally our primary source of noninterest income. Patronage is accrued in the year earned and then generally received from CoBank and the other institutions in the following year. This patronage is substantially distributed in cash. Patronage earned from CoBank and other Farm Credit institutions was \$6.0 million in 2025, \$6.2 million in 2024, and \$5.8 million in 2023. Patronage earned in 2025 included \$512 thousand of special patronage from

CoBank that was declared from 2025 earnings. Patronage earned in 2024 included \$769 thousand of special patronage from CoBank that was declared from 2024 earnings. Patronage earned in 2023 included \$728 thousand of special patronage from CoBank that was declared from 2023 earnings. We earn patronage on sold participation loans to CoBank and other Farm Credit institutions in addition to the direct note patronage.

Noninterest income also includes financially related services income, loan fees, and other noninterest income. Financially related services income consisted of \$146 thousand from fee appraisals and \$3 thousand from insurance referrals in 2025. The \$866 thousand of net loan fees in 2025 consisted of \$527 thousand collected for participation

fees, \$434 thousand collected for various loan servicing fees, and \$197 thousand collected for appraisal fees partially offset by \$283 thousand paid for participation fees and \$9 thousand paid for appraisal fees. The \$393 thousand of other noninterest income in 2025 consists of \$254 thousand of FCSIC distribution, \$97 thousand of rent income for a portion of the South Jordan and Evanston office buildings, \$38 thousand of FCSACIC income allocation, and \$4 thousand of mineral income.

During 2025, we received distributions of \$254 thousand and \$405 thousand in 2024 from the Farm Credit System Insurance Corporation (FCSIC) representing our allocated portion of the excess amount in the System's insurance funds above the 2% base amount. There were no distributions in 2023.

## Noninterest Expense

Noninterest expense for 2025 increased \$680 thousand, or 3.94%, compared to 2024. Noninterest expense for each of the three years ended December 31 is summarized below:

	2025	2024	2023	Percent Change	
				2025/2024	2024/2023
Salaries and employee benefits	\$ 11,778	\$ 11,634	\$ 11,020	1.24%	5.57%
Occupancy and equipment	692	710	681	-2.54%	4.26%
Other	4,132	3,909	3,744	5.70%	4.41%
Total operating expense	16,602	16,253	15,445	2.15%	5.23%
Farm Credit Insurance Fund premium	1,087	1,052	1,889	3.33%	-44.31%
Loss/(gain) on sale of premises and equipment	245	(50)	(57)	-590.00%	-12.28%
(Gain)/loss on other property owned	-	(1)	207	-100.00%	-100.48%
Total noninterest expense	\$ 17,934	\$ 17,254	\$ 17,484	3.94%	-1.32%

For the year ended December 31, 2025, total operating expense increased \$349 thousand, or 2.15%, compared to the year ended December 31, 2024. Salaries and employee benefits increased \$144 thousand, or 1.24%, in 2025, primarily due to annual salary adjustments, higher earned employee incentives, and higher insurance costs. Occupancy and equipment decreased \$18

thousand, or 2.54%, due primarily to lower building and equipment maintenance and repairs. Other operating expenses increased \$223 thousand, or 5.70%, due primarily to increased marketing/corporate giving, directors' expense, credit services, bank charges/subscription, employee non-benefit, and travel expenses offset by decreased data processing and purchased services.

Farm Credit Insurance Fund premium increased \$35 thousand, or 3.33%, in 2025, primarily due to increased loan volume. The net loss on sale of premises and equipment in 2025 resulted primarily from the sale of land in South Jordan offset by gains on the sale of vehicles and computers.

We recorded a \$315 thousand provision for income taxes during 2025 compared with a \$587 thousand benefit during 2024 and a \$102 thousand benefit in 2023. The change was primarily due to net decreases in deferred tax assets related to the decrease in allowance for credit losses and a smaller net operating loss from taxable non-patronage sourced net earnings. Our primary deferred tax assets relate to our allowance for credit losses, nonaccrual interest income, and net operating loss carryforwards. Our primary deferred tax liabilities relate to timing differences generated by our patronage refund program. We operate as a Subchapter T cooperative for tax purposes and thus may deduct from taxable income certain amounts that are distributed from net earnings to borrowers. See Note 10 of the Notes to the Consolidated Financial Statements for additional details.

## LIQUIDITY

Liquidity is necessary to meet our financial obligations. Liquidity is required to pay our note with CoBank, fund loans and other commitments, and fund business operations in a cost-effective manner. Our liquidity policy is intended to maximize debt reduction and minimize cash on hand. Our direct loan with CoBank, cash on hand, and borrower loan repayments provide adequate liquidity to fund our ongoing operations and other commitments.

### Funding Sources

Our primary source of liquidity is the ability to obtain funds for our operations through a

borrowing relationship with CoBank. Our note payable to CoBank is collateralized by a pledge of substantially all of our assets to CoBank. Substantially all cash received is applied to the note payable and all cash disbursements are drawn on the note payable. The indebtedness is governed by a General Financing Agreement (GFA) with CoBank. A new GFA was signed effective June 1, 2023 with a term of five years. The annual average principal balance of the note payable to CoBank was \$1.139 billion for 2025, \$1.098 billion for 2024, and \$1.040 billion for 2023. At December 31, 2025, the outstanding balance of the note payable to CoBank was \$1.181 billion with an average cost of 3.42%. During 2025, the average cost of the note payable to CoBank was 3.30%.



We plan to continue to fund our lending operations through the utilization of our financing arrangement with CoBank, retained earnings from current and prior years, funds held, and borrower stock investments. The Bank's primary source of funds is the ability to issue system-wide debt securities to investors through the Federal Farm Credit Banks Funding Corporation. This access has traditionally provided a dependable source of competitively priced debt that is critical for supporting our mission of providing dependable and constructive credit to agriculture and rural America. Although financial markets experienced significant volatility in the last few years, we were able to obtain sufficient funding to meet the needs of our customers.

## Interest Rate Risk

The interest rate risk inherent in our loan portfolio is substantially mitigated through our funding relationship with CoBank, which allows loans to be match-funded. Borrowings from CoBank generally match the pricing, maturity, and option characteristics of our loans to borrowers. CoBank manages interest rate risk through the direct loan pricing and its asset/liability management processes. Although CoBank incurs and manages the primary sources of interest rate risk, we may still be exposed to interest rate risk through the impact of interest rate changes on earnings generated from our loanable funds. To stabilize earnings from loanable funds, we can commit our loanable funds with CoBank at a fixed rate for a specified term as part of the Bank's Association Equity Positioning Program (AEPP). This enables us to somewhat stabilize our net interest income without significantly increasing our overall interest rate risk

position. In 2025 we did not make any additional commitments in this program. There are seven existing commitments made in 2022. The total amount of commitments as of December 31, 2025 was \$18.7 million. All commitments have a maturity of five years. We receive a fixed rate over the term of these commitments that ranges from 1.43% - 2.93%. We intend to continue monitoring rates and make additional commitments under this program when appropriate.

## Funds Management

We offer variable, fixed, prime, and SOFR-based indexed rate loans to borrowers. Our Pricing Policy establishes the interest rate charged based on the following factors: 1) the interest rate charged by CoBank; 2) the financial condition of the borrower; 3) our existing rates and spreads; 4) the competitive rate environment; and 5) our profitability objectives.

## CAPITAL RESOURCES

Capital supports asset growth and provides protection for unexpected credit or operating losses. Capital is also needed for investments in new products and services. We believe a sound capital position is critical to our long-term financial success due to the volatility and cycles in agriculture. We build capital primarily through net income retained after patronage. Members' equity at December 31, 2025 totaled \$345.4 million, compared with \$324.5 million and \$302.8 million at December 31, 2024 and 2023, respectively. The increase in members' equity of \$20.9 million in 2025 reflects comprehensive net income partially offset by the patronage declared for our eligible borrowers and net stock issuances as detailed in the statement of changes in members' equity. Our capital position is reflected in the following ratio comparisons:

	2025	2024	2023
Debt to members' equity	<b>3.67:1</b>	3.73:1	3.81:1
Members' equity as a percent of loans	<b>22.63%</b>	22.44%	22.10%
Members' equity as a percent of total assets	<b>21.42%</b>	21.16%	20.79%

All of the equity ratios reflected above improved in 2025 primarily due to increased members' equity (from strong earnings) and moderate growth. We have continued to accumulate capital, primarily from retained

earnings, and plan to continue to do so. Each year the Board will determine how much of the current year's net income is necessary to retain to ensure the continued financial strength of the Association. The primary

factors requiring additional accumulation of capital are loan growth and/or increased risk in the Association's loan portfolio. The Board intends to distribute, through patronage payments, the amount of capital generated from net income that exceeds what is needed to ensure the Association is appropriately capitalized.

The Association completed a remodel of the Richfield branch office in 2025 and a remodel of the Tremonton branch office in 2024. The Association did not complete any significant construction projects during 2023.

### Retained Earnings

Our unallocated retained earnings increased \$20.8 million to \$343.8 million at December 31, 2025 from \$323.0 million at December 31, 2024. The increase was a result of 2025 net income of \$40.2 million partially offset by \$19.4 million of patronage distributions declared.

### Patronage Program

We have a Patronage Program that allows us to distribute our available patronage sourced net earnings to our eligible patrons. This program provides for the application of net earnings in the manner described in our Bylaws. In addition to determining the amount of patronage to be distributed, this may also include increasing surplus to meet capital adequacy standards established by Regulations; increasing surplus to a level necessary to support competitive pricing at targeted earnings levels; and increasing surplus for reasonable reserves. Patronage distributions are based on business done with us during the year. We accrued \$19.4 million in



December 2025 that was paid in February 2026, \$14.4 million was accrued in December 2024 that was paid in February 2025 and \$13.9 million was accrued in December 2023 that was paid in February 2024. These accrued patronage amounts represented the total patronage distributions from fiscal year earnings for each of the respective years.

### Stock

Our capital stock and participation certificates increased \$3 thousand and totaled \$1.6 million at December 31, 2025. The net change was due to \$121 thousand of issuances partially offset by \$118 thousand of retirements. We require a stock investment for each customer which allows stock to be assigned to each borrower instead of each loan. This reduces the stock requirements for borrowers with multiple loans. The current investment requirement is the regulatory minimum of the lesser of 2.0% of the amount borrowed or \$1,000.

### Capital Plan and Regulatory Requirements

Our Board of Directors establishes a formal capital adequacy plan that addresses capital targets in relation to risks. The capital adequacy plan assesses the capital level necessary for financial viability and to provide for growth. Our plan is updated annually and approved by our Board of Directors. FCA regulations require the plan to consider at least the following factors in determining optimal capital levels:

- regulatory capital requirements;
- asset quality;
- needs of our customer base; and
- other risk-oriented activities, such as funding and interest rate risks, contingent and off-balance sheet liabilities and other conditions warranting additional capital.

As shown in the following table, at December 31, 2025, our capital and leverage ratios exceeded regulatory minimums. If these capital standards are not met, the FCA can impose restrictions, including limiting our ability to pay patronage distributions and retire equities:

	2025	2024	2023	Minimum Requirement with Buffer
Common equity tier 1 capital ratio	<b>19.13%</b>	19.02%	18.41%	7.00%
Tier 1 capital ratio	<b>19.13%</b>	19.02%	18.41%	8.50%
Total capital ratio	<b>19.30%</b>	19.14%	18.52%	10.50%
Permanent capital ratio	<b>19.16%</b>	19.04%	18.43%	7.00%
Tier 1 leverage ratio	<b>20.69%</b>	20.50%	19.85%	5.00%
Unallocated retained earnings and URE equivalents (UREE) leverage ratio	<b>20.59%</b>	20.39%	19.74%	1.50%

The regulatory minimum ratios established were not meant to be adopted as the optimum capital level, so we have established goals in excess of the regulatory minimum. As of December 31, 2025, we exceeded our optimal capital levels and are projected to continue to do so even with continued patronage distributions.

On April 14, 2022, the FCA issued a final rule to address changes to its capital regulations and certain other regulations in response to the current expected credit losses (CECL) accounting standard. The regulation reflects the CECL methodology, which revises the accounting for credit losses in accordance with accounting principles generally accepted in the United States of America (GAAP), as well as conforming amendments to other regulations to accurately reference credit losses. Specifically, the regulation identifies which credit loss allowances under CECL are eligible for inclusion in a System institution's regulatory capital. Credit loss allowances related to loans, lessor's net investments in leases, and held-to-maturity debt securities would be included in a System institution's tier 2 capital up to 1.25 percent of the System

institution's total risk-weighted assets. Credit loss allowances for available-for-sale debt securities and purchased credit impaired assets would not be eligible for inclusion in a System institution's tier 2 capital. In addition, the regulation does not include a transition phase-in period for the CECL day 1 cumulative effect adjustment to retained earnings on a System institution's regulatory capital ratios. The final rule was effective on January 1, 2023. The regulation did not have a material impact on our regulatory capital.

## REGULATORY MATTERS

As of December 31, 2025, we had no enforcement actions in effect and the FCA took no enforcement actions on us during the year.

## GOVERNANCE

### Board of Directors

We are governed by a 10-member Board that provides direction and oversees our management. Of these directors, eight are elected by the stockholders and two are appointed by the elected directors. Our Board of Directors represents the interests of our stockholders.

The Board of Directors meets regularly to perform the following functions, among others:

- select, evaluate, and compensate the chief executive officer;
- approve the strategic plan, capital plan, annual operating budget, and cyber risk plan;
- oversee the lending operations;
- review and approve Association policies;
- direct management on significant issues we face; and,
- oversee the financial reporting process, communications with stockholders, and our legal and regulatory compliance.

### **Director Independence**

All directors must exercise sound judgment in deciding matters in our interest. All of our directors are independent from the perspective that none of our management or staff serves as Board members. However, we are a financial services cooperative and the Farm Credit Act and FCA regulations require our elected directors to have a loan relationship with us.

The elected directors, as borrowers, have a vested interest in ensuring the Association remains strong and successful. However, our borrowing relationship could be viewed as having the potential to compromise the independence of an elected director. For this reason, the Board has established independence criteria to ensure that a loan relationship does not compromise the independence of our Board. Annually, in conjunction with our independence analysis and reporting on our loans to directors, each director provides information and any other documentation and/or assertions needed for the Board to determine the independence of each Board member.

The Board of Directors has established, through charters, various Board Committees to assist the Board in fulfilling its responsibilities. Each Committee reports to the Board of Directors and is composed of Directors. The charter for each committee can be found on our website. The various committees are as follows:

### **Audit Committee**

The Audit Committee responsibilities generally include, but are not limited to:

- oversight of financial reporting risk and the accuracy of the quarterly and annual shareholder reports;
- the oversight of the system of internal controls related to the preparation of quarterly and annual shareholder reports;
- the review and assessment of the impact of accounting and auditing developments on the consolidated financial statements;
- the establishment and maintenance of procedures for the receipt, retention, and treatment of confidential and anonymous submission of concerns, regarding accounting, internal accounting controls, or auditing matters; and
- oversight of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities.

The Audit Committee is comprised of two appointed directors who are practicing certified public accountants, and one of the elected Board members with a chairman and a vice-chairman. During 2025 the Audit Committee held ten Committee meetings.

### **Compensation Committee**

The Compensation Committee is responsible for the oversight of employee and director compensation. The Compensation Committee is comprised of three members of the Board with a chairman and a vice-chairman. The Compensation Committee annually reviews, evaluates, and approves the compensation policies, programs, and plans for senior officers and employees including benefits programs.

### **Corporate Committee**

The Corporate Committee is responsible for corporate governance and structure along with oversight of information technology. The Corporate Committee is comprised of three members of the Board with a chairman and a vice-chairman.

### **Risk Committee**

The Risk Committee responsibilities generally include, but are not limited to:

- oversee and approve in conjunction with the full Board, the Association's Enterprise Risk Management (ERM) Program;
- ensure that Association management has identified and assessed all material risks the Association faces and has established a risk management infrastructure capable of monitoring and addressing those risks;
- ensure the Stress Testing Program evaluates risk exposures;
- ensure the ERM and Stress Testing Program effectively manage risk to enhance the Association's long-term sustainability; and
- oversee and approve the Association's Model Risk Management and Vendor Risk Management programs.

The Risk Committee is comprised of three members of the Board with a chairman and a vice-chairman.

### **Other Governance**

The Board has monitored the requirements of public companies under the Sarbanes-Oxley Act. While we are not subject to the requirements of this law, we continually strive to implement steps to strengthen governance and financial reporting. We strive to maintain strong governance and financial reporting through the following actions:

- a system for the receipt and treatment of whistleblower complaints;
- an additional method to submit complaints regarding employees or operations of the Association;
- a code of ethics for our Board, President/CEO, Chief Financial Officer, Chief Credit Officer and all other employees;
- open lines of communication between the independent auditors, management, and the Audit Committee;
- "plain English" disclosures;
- officer certification of accuracy and completeness of the consolidated financial statements; and
- information disclosure through our website.

### **FORWARD-LOOKING INFORMATION**

Our discussion 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," "plans," "could,"

“estimates,” “may,” “should,” and “will,” or other variations of these terms are intended to identify 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, and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural utility, international, and farm-related business sectors;
- weather, disease, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- changes in United States government support of the agricultural industry and/or the System; and
- actions taken by the Federal Reserve System in implementing monetary policy.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Our consolidated financial statements are based on accounting principles generally accepted in the United States of America. Our significant accounting policies are critical to the understanding of our results of operations and financial position because some accounting policies require us to make complex or subjective judgments and estimates that may affect the value of certain assets or liabilities. We consider these

policies critical because we have to make judgments about matters that are inherently uncertain. For a complete discussion of significant accounting policies, see Note 2 of the accompanying Notes to the Consolidated Financial Statements. The development and selection of critical accounting policies, and the related disclosures, have been reviewed by our Audit Committee. A summary of critical policies related to determination of the allowance for credit losses follows.

### **Allowance for Credit Losses**

The allowance for credit losses is our best estimate of the expected credit losses over the remaining contractual life of the loans in our portfolio. The allowance for credit losses is increased through provisions for credit losses and loan recoveries and is decreased through reversals of loan losses and loan charge-offs. We determine the allowance for credit losses based on a regular evaluation of the loan portfolio, which generally considers the PD and LGD, types of loans, specific industry conditions, and drought conditions, among other factors.

Changes in the factors we consider in the evaluation of losses in the loan portfolio could occur for various credit-related reasons and could result in a change in the allowance for credit losses, which would have a direct impact on the provision for credit losses and results of operations. See Notes 2 and 3 of the Notes to the Consolidated Financial Statements for detailed information regarding the allowance for credit losses.

### **CUSTOMER PRIVACY**

Your privacy is important to us. We want you to know that we hold your financial and other personal information in strict confidence. FCA regulations require that borrower information be held in confidence by System institutions,

their directors, officers, and employees. FCA regulations and our Standards of Conduct Policies specifically restrict directors and employees of System institutions from disclosing information not normally contained in published reports or press releases about the institution or its borrowers or members. These regulations also provide System institutions clear guidelines for protecting their borrowers' nonpublic information. We do not sell or trade our customers' personal information to marketing companies or information brokers.

FCA rules allow us to disclose customer information to others only in these situations:

- We may give it to another System institution that you do business with.
- We can be a credit reference for you with other lenders and provide information to a

credit bureau or other consumer reporting agency.

- We can provide information in certain types of legal or law enforcement proceedings.
- We may provide information to auditors for the purpose of confirming loan balances and terms.
- FCA and other third-party examiners may review loan files during regular examinations of our Association.
- If one of our employees applies to become a licensed real estate appraiser, we may give copies of real estate appraisal reports to the state agency that licenses appraisers when required. We will first try to remove as much personal information from the appraisal report as practical.



# FIVE-YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands)

December 31,

	2025	2024	2023	2022	2021
<b>CONSOLIDATED STATEMENTS OF CONDITION DATA</b>					
Loans	\$ 1,526,406	\$ 1,445,994	\$ 1,370,321	\$ 1,281,157	\$ 1,193,052
Less: allowance for credit losses on loans	(2,677)	(4,231)	(1,798)	(2,141)	(2,263)
Net loans	1,523,729	1,441,763	1,368,523	1,279,016	1,190,789
Investment in CoBank	34,547	33,337	31,560	34,463	36,911
Accrued interest receivable	24,927	25,272	24,042	18,539	13,495
Other property owned	2	2	702	905	2,741
Other assets	28,946	33,328	31,633	29,802	28,006
Total assets	\$ 1,612,151	\$ 1,533,702	\$ 1,456,460	\$ 1,362,725	\$ 1,271,942
Obligations with maturities of one year or less	\$ 1,266,776	\$ 1,209,178	\$ 1,153,636	\$ 1,076,922	\$ 1,007,349
Total liabilities	1,266,776	1,209,178	1,153,636	1,076,922	1,007,349
Capital stock and participation certificates	1,575	1,572	1,527	1,500	1,527
Unallocated retained earnings	343,800	322,952	301,297	284,311	263,081
Accumulated other comprehensive loss	-	-	-	(8)	(15)
Total members' equity	345,375	324,524	302,824	285,803	264,593
Total liabilities and members' equity	\$ 1,612,151	\$ 1,533,702	\$ 1,456,460	\$ 1,362,725	\$ 1,271,942
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME DATA</b>					
Net interest income	\$ 49,523	\$ 47,926	\$ 45,638	\$ 38,571	\$ 36,845
Reversal of/(provision for) credit losses	1,509	(2,506)	42	299	1,026
Patronage distribution from Farm Credit Institutions	6,007	6,175	5,809	5,914	5,518
Noninterest expense, net	(16,526)	(16,177)	(16,923)	(14,558)	(13,562)
(Provision)/Benefit for income taxes	(315)	587	102	(226)	(439)
Net income	\$ 40,198	\$ 36,005	\$ 34,668	\$ 30,000	\$ 29,388
Actuarial gain on retirement obligation	-	-	8	7	60
Total comprehensive income	\$ 40,198	\$ 36,005	\$ 34,676	\$ 30,007	\$ 29,448

# FIVE-YEAR SUMMARY

## OF SELECTED CONSOLIDATED FINANCIAL RATIOS

(Dollars in thousands)

For Year Ending December 31,

	2025	2024	2023	2022	2021
<b>CONSOLIDATED KEY FINANCIAL RATIOS</b>					
For the year:					
Return on average assets	<b>2.61%</b>	2.45%	2.49%	2.31%	2.38%
Return on average members' equity	<b>11.86%</b>	11.36%	11.76%	10.90%	11.47%
Net interest income as a percentage of average earning assets	<b>3.44%</b>	3.49%	3.52%	3.20%	3.24%
Net charge-offs as a percentage of average loans and accrued interest receivable	<b>0.00%</b>	0.00%	0.00%	(0.04)%	(0.02)%
As of December 31:					
Members' equity as a percentage of total assets	<b>21.42%</b>	21.16%	20.79%	20.97%	20.80%
Debt as a ratio to members' equity	<b>3.67:1</b>	3.73:1	3.81:1	3.77:1	3.81:1
Allowance for credit losses on loans as a percentage of loans and accrued interest receivable	<b>0.17%</b>	0.29%	0.13%	0.16%	0.19%
Permanent capital ratio	<b>19.16%</b>	19.04%	18.43%	17.81%	17.21%
Common equity tier 1 capital ratio	<b>19.13%</b>	19.02%	18.41%	17.78%	17.18%
Total regulatory capital ratio	<b>19.30%</b>	19.13%	18.52%	17.93%	17.34%
Tier 1 leverage ratio	<b>20.69%</b>	20.50%	19.85%	19.23%	18.44%
Cash patronage distribution payable	<b>\$ 19,350</b>	\$ 14,350	\$ 13,865	\$ 8,770	\$ 5,121
Net Income Distribution:					
Cash patronage distributions paid	<b>\$ 14,350</b>	\$ 13,865	\$ 12,803	\$ 5,121	\$ 8,747
Cash patronage declared	<b>\$ 19,350</b>	\$ 14,350	\$ 17,898	\$ 8,770	\$ 10,728

# REPORT OF MANAGEMENT

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Western AgCredit's (Association) financial statements are prepared by management, who are responsible for their 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, and in the opinion of management, fairly present the financial condition of the Association. Other financial information included in the 2025 Annual Report is consistent with that in the financial statements.

To meet its responsibility for reliable financial information, management depends on 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. To monitor compliance, management engaged Crowe LLP to perform audits of the accounting records, review accounting systems and internal controls, and recommend improvements as appropriate. The financial statements are audited by Baker Tilly LLP, independent auditors, who consider internal controls in connection with the audit of the Association's financial statements in accordance with auditing standards generally accepted in the United States of America. The Association is also examined by the Farm Credit Administration (FCA), regulator of the Farm Credit System.

The Audit Committee of the Board of Directors has overall responsibility for the Association's system of internal control and financial reporting. This Annual Report has been prepared under the oversight of the Audit Committee. The Audit Committee consults regularly with management and reviews the scope and results of the examinations by the various entities named above. The independent auditors have direct access to the Audit Committee.

The undersigned certify that they have reviewed this 2025 Annual Report and that it has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of their knowledge and belief.



**Kim D. Haws**  
Chairman of the Board of Directors



**David G. Brown**  
President and Chief Executive Officer



**Darren L. Haas**  
Senior Vice President and Chief Financial Officer

February 20, 2026

# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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Western AgCredit, ACA's (Association) principal executives and principal financial officers, 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 Western AgCredit assets that could have a material effect on its consolidated financial statements.

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 framework in Internal Control – Integrated Framework (2013), promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2025, the internal control over financial reporting was effective based on the COSO criteria. In addition, 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. There were no material changes in the internal control over financial reporting during the year ended December 31, 2025.



**David G. Brown**  
President and Chief Executive Officer



**Darren L. Haas**  
Senior Vice-President and Chief Financial Officer

February 20, 2026

## AUDIT COMMITTEE REPORT

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The Audit Committee (Committee) of Western AgCredit, ACA and its two subsidiaries Western AgCredit, PCA and Western AgCredit, FLCA (collectively the Association) is composed of three members of the Board of Directors. Two of the Committee members are certified public accountants and are outside directors of the Board, who are not a stockholders and do not borrow from the Association. In 2025, the Committee held ten meetings or conference calls. The Committee oversees the scope of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association'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 responsibilities are described more fully in the Audit Committee Charter. The Committee approved the appointment of Baker Tilly LLP as the Association's independent auditors for 2025.

The fees for professional services rendered for the Association by Baker Tilly LLP to complete the audit of the December 31, 2025 financial statements are expected to be \$103,000 plus out-of-pocket expenses. In addition, fees paid to Baker Tilly LLP during 2025 for tax preparation services were \$19,975.

The Committee reviewed the non-audit services provided by Baker Tilly LLP and concluded these services were not incompatible with maintaining the independent auditor's independence.

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. Moss Adams is responsible for performing an independent audit of the Association's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue a report thereon. The Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Committee reviewed and discussed the Association's Quarterly Reports and financial statements for the year ended December 31, 2025 (the "Financial Statements") with management. The Committee also reviews with Baker Tilly LLP the matters required to be discussed by Statements on Auditing Standards. Both Baker Tilly LLP and the Association's internal auditors directly provide reports on significant matters to the Committee.

The Committee discusses Baker Tilly LLPs' independence from the Association with Baker Tilly LLP. The Committee has discussed with management and Baker Tilly LLP 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 Financial Statements in the Association's Annual Report to Stockholders for the year ended December 31, 2025 and for filing with the FCA.



**LaDell Eyre**

Audit Committee Chairman



**Shirelle L. Erb**

Audit Committee Vice-Chairman



**Kirt H. Richins**

Audit Committee Member

February 20, 2026

## **Report of Independent Auditors**

The Board of Directors of  
Western AgCredit, ACA, and Subsidiaries

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Western AgCredit, ACA, and Subsidiaries, which comprise the consolidated statements of condition as of December 31, 2025, 2024, and 2023, and the related consolidated statements of comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Western AgCredit, ACA, and Subsidiaries as of December 31, 2025, 2024, and 2023, and the results of their operations and their 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western AgCredit, ACA, and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the 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 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 Western AgCredit, ACA, and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

## ***Auditor's Responsibilities for the Audit of the 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 auditor's 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 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 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 Western AgCredit, ACA, and Subsidiaries' 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 Western AgCredit, ACA, and Subsidiaries' 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***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Annual Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Baker Tilly US, LLP*

Spokane, Washington  
February 20, 2026

# CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands)

	December 31,		
	2025	2024	2023
<b>ASSETS</b>			
Loans	\$ 1,526,406	\$ 1,445,994	\$ 1,370,321
Less: Allowance for credit losses on loans	(2,677)	(4,231)	(1,798)
Net loans	<b>1,523,729</b>	1,441,763	1,368,523
Cash	2,002	5,333	3,818
Accrued interest receivable	24,927	25,272	24,042
Investment in CoBank	34,547	33,337	31,560
Premises and equipment, net	10,188	10,694	11,090
Other property owned	2	2	702
Deferred tax assets, net	224	539	-
Other assets	16,532	16,762	16,725
<b>Total assets</b>	<b>\$ 1,612,151</b>	<b>\$ 1,533,702</b>	<b>\$ 1,456,460</b>
<b>LIABILITIES</b>			
Note payable to CoBank	\$ 1,180,501	\$ 1,148,990	\$ 1,095,016
Funds held	59,422	38,562	36,850
Accrued interest payable	3,224	3,056	2,850
Patronage distributions payable	19,350	14,350	13,865
Deferred tax liabilities, net	-	-	39
Other liabilities	4,279	4,220	5,016
<b>Total liabilities</b>	<b>1,266,776</b>	1,209,178	1,153,636
Commitments and contingencies (see Note 14)			
<b>MEMBERS' EQUITY</b>			
Capital stock and participation certificates	1,575	1,572	1,527
Unallocated retained earnings	343,800	322,952	301,297
<b>Total members' equity</b>	<b>345,375</b>	324,524	302,824
<b>Total liabilities and members' equity</b>	<b>\$ 1,612,151</b>	<b>\$ 1,533,702</b>	<b>\$ 1,456,460</b>

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

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

For the Year Ended December 31,

	2025	2024	2023
<b>INTEREST INCOME</b>			
Loans	\$ 89,272	\$ 86,316	\$ 78,586
Total interest income	89,272	86,316	78,586
<b>INTEREST EXPENSE</b>			
Note payable to CoBank	37,687	36,776	31,248
Funds held	2,062	1,614	1,700
Total interest expense	39,749	38,390	32,948
Net interest income	49,523	47,926	45,638
Reversal of/(Provision for) credit losses	1,509	(2,506)	42
Net interest income after reversal of/ provision for credit losses	51,032	45,420	45,680
<b>NONINTEREST INCOME</b>			
Patronage distribution from Farm Credit institutions	6,007	6,175	5,809
Financially related services income	149	150	84
Loan fees	866	386	341
Other noninterest income	393	541	136
Total noninterest income	7,415	7,252	6,370
<b>NONINTEREST EXPENSE</b>			
Salaries and employee benefits	11,778	11,634	11,020
Occupancy and equipment	692	710	681
Other operating expense	4,132	3,909	3,744
Farm Credit Insurance Fund premium	1,087	1,052	1,889
Loss/(gain) on sale of premises and equipment	245	(50)	(57)
(Gain)/loss on other property owned, net	-	(1)	207
Total noninterest expense	17,934	17,254	17,484
Income before income taxes	40,513	35,418	34,566
(Provision)/benefit for income taxes	(315)	587	102
Net income	\$ 40,198	\$ 36,005	\$ 34,668
<b>COMPREHENSIVE INCOME</b>			
Actuarial gain on retirement obligation	-	-	8
Total Comprehensive Income	\$ 40,198	\$ 36,005	\$ 34,676

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

# CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

(Dollars in thousands)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2022	\$ 1,500	\$ 284,311	\$ (8)	\$ 285,803
Adjustment to beginning balance due to change in accounting for credit losses		216		216
Balance as of January 1, 2023	\$ 1,500	\$ 284,527	\$ (8)	\$ 286,019
Comprehensive income		34,668	8	34,676
Patronage distributions - cash		(17,898)		(17,898)
Capital stock and participation certificates issued	128			128
Capital stock and participation certificates retired	(101)			(101)
Balance at December 31, 2023	\$ 1,527	\$ 301,297	\$ -	\$ 302,824
Comprehensive income		36,005		36,005
Patronage distributions - cash		(14,350)		(14,350)
Capital stock and participation certificates issued	131			131
Capital stock and participation certificates retired	(86)			(86)
Balance at December 31, 2024	\$ 1,572	\$ 322,952	\$ -	\$ 324,524
<b>Comprehensive income</b>		<b>40,198</b>		<b>40,198</b>
<b>Patronage distributions - cash</b>		<b>(19,350)</b>		<b>(19,350)</b>
<b>Capital stock and participation certificates issued</b>	<b>121</b>			<b>121</b>
<b>Capital stock and participation certificates retired</b>	<b>(118)</b>			<b>(118)</b>
<b>Balance at December 31, 2025</b>	<b>\$ 1,575</b>	<b>\$ 343,800</b>	<b>\$ -</b>	<b>\$ 345,375</b>

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

For the Year Ended December 31,

	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 40,198	\$ 36,005	\$ 34,668
Adjustments to reconcile net income to net cash provided by operating activities:			
(Reversal of)/provision for credit losses	(1,509)	2,506	(42)
Depreciation of premises and equipment	666	736	752
Gain on other property owned, net	-	(1)	-
Carrying value adjustment for other property owned	-	-	203
Loss/(gain) on sale of premises and equipment	245	(50)	(57)
Change in assets and liabilities:			
Accrued interest receivable	345	(1,230)	(5,503)
Other assets	230	(37)	273
Accrued interest payable	168	206	880
Deferred tax assets/liabilities, net	315	(578)	(103)
Other liabilities	14	(913)	(684)
Net cash provided by operating activities	<b>40,672</b>	36,644	30,387
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net disbursements on loans	(80,412)	(75,629)	(89,152)
Purchases of premises and equipment	(734)	(346)	(402)
Proceeds from sales of premises and equipment	329	56	68
Proceeds from sales of other property owned	-	701	-
CoBank (purchase)/redemption, net	(1,210)	(1,777)	2,903
Net cash used in investing activities	<b>(82,027)</b>	(76,995)	(86,583)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net draw on note payable to CoBank	31,511	53,974	62,750
Net increase in funds held	20,860	1,712	8,687
Capital stock and participation certificates retired	(118)	(86)	(101)
Capital stock and participation certificates issued	121	131	128
Cash patronage distributions paid	(14,350)	(13,865)	(12,803)
Net cash provided by financing activities	<b>38,024</b>	41,866	58,661
Net (decrease)/increase in cash	<b>(3,331)</b>	1,515	2,465
Cash at beginning of year	5,333	3,818	1,353
Cash at end of year	\$ 2,002	\$ 5,333	\$ 3,818
<b>SUPPLEMENTAL CASH INFORMATION:</b>			
Cash paid during the year for:			
Interest	\$ 39,581	\$ 38,184	\$ 32,068
Income taxes	\$ -	\$ -	\$ 72
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES:</b>			
Patronage distributions payable	\$ 19,350	\$ 14,350	\$ 13,865
Charge-offs, net	\$ -	\$ (44)	\$ (12)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except as noted)

## NOTE 1: ORGANIZATION AND OPERATIONS

**A. Organization:** Western AgCredit, ACA and its subsidiaries, Western AgCredit, FLCA and Western AgCredit, PCA, (collectively “the Association”) are member-owned cooperatives which provide credit and credit-related services to, or for the benefit of, eligible borrowers/shareholders for qualified agricultural purposes in the State of Utah; that portion of Mohave and Coconino counties in the State of Arizona lying north of the Colorado River; all of Uinta County and that portion of Lincoln County south of the forty-second parallel in the State of Wyoming; and all of Lincoln and Clark Counties in the State of Nevada.

The Association is a lending institution of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations, which 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 (the Farm Credit Act). The most recent significant amendment of the Farm Credit Act was the Agricultural Credit Act of 1987. The System is comprised of three Farm Credit Banks, one Agricultural Credit Bank, and 55 associations.

CoBank ACB (CoBank, Bank or Funding Bank), its related associations, and AgVantis, Inc. (AgVantis) are collectively referred to as the District. CoBank provides funding to associations within

the District and is responsible for supervising certain activities of the District associations. AgVantis, which is owned by the entities it serves, provides technology and other operational services to certain associations. The CoBank District consists of CoBank, 16 Agricultural Credit Associations (ACA), which each have two wholly owned subsidiaries, (a Federal Land Credit Association (FLCA) and a Production Credit Association (PCA), and AgVantis. ACA parent companies provide financing and related services through their FLCA and PCA subsidiaries. Generally, the FLCA makes secured long-term agricultural real estate and rural home mortgage loans and 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 Farm Credit Act established the Farm Credit System Insurance Corporation (Insurance Corporation) 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 (Insured Obligation), (2) to ensure the retirement of protected

stock at par or stated value, and (3) for other specified purposes. The Insurance Fund is also available for discretionary use by the Insurance Corporation to provide assistance to certain troubled System institutions and to cover the operating expenses of the Insurance Corporation. Each System bank has been required to pay premiums, which may be passed on to the Associations, into the Insurance Fund based on its annual average adjusted outstanding insured debt until the monies in the Insurance Fund reach the “secured base amount,” which is defined in the Farm Credit Act as 2.0% of the aggregate insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or such other percentage of the aggregate obligations as the Insurance Corporation, in its sole discretion, determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the Insurance Corporation is required to reduce premiums, as necessary, to maintain the Insurance Fund at the 2.0% level. As required by the Farm Credit Act, as amended, the Insurance Corporation may return excess funds above the secure base amount to System institutions. CoBank passes this premium expense and the return of excess funds as applicable through to each association based on the association’s average adjusted note payable with CoBank.

- B. Operations:** The Farm Credit Act sets forth the types of authorized lending activity and financial services which can be offered by the Association along with persons eligible to borrow. 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 also serves as an intermediary in offering life insurance and provides additional services to borrowers such as appraisal services.

The Association’s financial condition may be impacted by factors that affect CoBank. The CoBank Annual Report is available free of charge on CoBank’s website, [www.cobank.com](http://www.cobank.com) or may be obtained at no charge by contacting us at 10980 South Jordan Gateway, South Jordan, UT 84095 or by calling 800-824-9198. Upon request, Association shareholders will be provided with a copy of the CoBank Annual Report. The CoBank Annual Report discusses the material aspects of the Bank’s financial condition, changes in financial condition, and results of operations.

In addition, the Farm Credit Council acts as a full-service federated trade association, which represents the System before Congress, the Executive Branch, and others, and provides support services to System institutions on a fee basis.

## **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 consolidated 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 credit losses, the valuation of deferred tax assets or liabilities, and the determination of fair value of financial instruments and subsequent impairment analysis.

The accounting and reporting policies of the Association conform to GAAP and prevailing practices within the banking industry. The preparation of consolidated financial statements in conformity with GAAP requires Association management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates. Significant estimates are discussed in these footnotes as applicable.

The consolidated financial statements include the accounts of Western AgCredit, ACA and its wholly-owned subsidiaries Western AgCredit, FLCA and Western AgCredit, PCA. All significant inter-company transactions have been eliminated in consolidation.

*Recently issued accounting pronouncements follow.*

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

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

condition, results of operations, and cash flows.

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide (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 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 evaluating the potential impact of adoption on the Associations financial condition, results of operations, and cash flows.

In December 2023, the FASB issued ASU 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information.

The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant

difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Associations financial condition, results of operations, or cash flows but will impact the income tax disclosures.

Below is a summary of our significant accounting policies.

**A. Loans and Allowance for Credit Losses:**

Long-term real estate mortgage loans generally have original maturities ranging from 5 to 40 years. Substantially all short- and intermediate-term loans made 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 deferred loan fees or costs. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding. Loan origination fees and direct loan origination costs are capitalized and the net fee or cost is amortized over the life of the related loans as an adjustment to yield.

**Nonaccrual Loans:** A loan is considered a nonaccrual loan if there is known risk to the collection of principal and interest 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 the result of past due status, is collected or otherwise discharged in full.

Loans are generally placed in nonaccrual status when principal or interest is delinquent for 90 days or more (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 that is considered uncollectible is 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 generally recognized as interest income if the collectability of the loan principal is fully expected and certain other criteria are met. Otherwise, payments received on nonaccrual loans are applied against the amortized cost of the loan asset. Nonaccrual loans are returned to accrual status if all contractual principal and interest is current, the borrower is expected to fulfill the contractual payment terms, and after remaining current as to principal and interest for a sustained period or have a recent payment pattern demonstrating future repayment capacity to make on-time payments. 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 is first recorded as interest income until such time as the recorded balance equals the contractual indebtedness of the borrower.

**Accrued Interest Receivable:** The Association classifies accrued interest on loans in accrued interest receivable and not as part of loans on the Consolidated Statement of Condition. The Association does 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 to be collected.

**Loan Modifications to Borrowers Experiencing Financial Difficulty:** Loan modifications may be granted to borrowers experiencing financial difficulty. Modifications can be in the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, or a term extension individually or in any combination. 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/or livestock. The Association is required to measure the current expected credit losses (CECL) of a collateral dependent loan based on fair value of the collateral at the reporting date when the Association determines 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 loss 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.

**Allowance for Credit Losses (ACL):** 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 Consolidated Statements of Condition
- the allowance for credit losses on unfunded commitments, and
- the allowance for credit losses on investment securities, which covers held-to-maturity and available-for-sale securities and is recognized within each investment securities classification on the balance sheet.

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 may result in significant changes in the ACLL in those future periods. Loans are evaluated on the amortized cost basis, including premiums, discounts, and fair value hedge accounting adjustments.

The Association utilizes a single economic scenario or multiple scenarios over a reasonable and supportable forecast period, generally 12 months. Subsequent to the forecast period, the Association reverts to historical loss experience to inform the estimate of losses for the remaining contractual life of their loan portfolios.

The economic forecasts are updated on a quarterly basis. These factors include, but are not limited to, macroeconomic variables such as unemployment rates, as well as net farm income, agricultural commodity prices, loan and borrower characteristics such as internal risk ratings, delinquency status, collateral type, and the remaining term of the loan. The Association also considers the imprecision inherent in their process and methodology, 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 Association employs a disciplined process and methodology to establish its ACLL that includes two basic

components. The first is 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. 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 asset-specific loans, expected credit losses are measured as the difference between the amortized cost basis of 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 of 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 components 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 collateral type 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 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.

The component of 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 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

**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 Statements of Condition. 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 Association 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.

- B. Cash:** Cash, as included in the consolidated financial statements, represents cash on hand and on deposit at financial institutions. At times, cash deposits may be in excess of federally insured limits.
- C. Investment in CoBank:** The Association's required investment in CoBank is in the form of Class A Stock. The minimum required investment is 3.00% of the prior one-year average direct loan volume. The investment in CoBank is comprised of

patronage based stock and purchased stock. This investment is carried at cost.

- D. 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 over the estimated useful lives of the assets. Useful lives for buildings is 40 years and ranges from 3 to 10 years for furniture, equipment, and automobiles. Gains and losses on dispositions are reflected in current operating results. Maintenance and repairs are expensed and improvements above certain thresholds are capitalized. The Association purchases, as well as internally develops and customizes, certain software to enhance or perform internal business functions. Software development costs, as well as costs for software that are part of a cloud computing arrangement incurred in the preliminary and post-implementation project stages are charged to noninterest expense. Costs associated with designing software configuration, installation, coding programs, and testing systems are capitalized and amortized using the straight-line method over 5 to 10 years. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset group may not be recoverable. Fixed assets under construction represent Construction in Progress (CIP) and are recorded in a similar named account. They remain in such an account until the assets are put into service, at which time the costs of the assets are transferred into respective property, plant, and equipment accounts to be depreciated.

**E. Other Property Owned:** Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at fair value less estimated selling costs upon acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for credit losses. On at least an annual basis, revised estimates to the fair value 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 Consolidated Statements of Comprehensive Income.

**F. Other Assets and Other Liabilities:** Other assets are comprised primarily of accounts receivable and prepaid expenses. Significant components of other liabilities primarily include accrued expenses, accounts payable, and employee benefit liabilities.

**G. Funds Held:** The Association is authorized under the Farm Credit Act to accept advance payments from borrowers. To the extent the borrower's access to such advance payments is restricted; the funds held are netted against the borrower's related loan balance. Unrestricted funds held are included in liabilities. The Association reflects all of its funds held as an interest-bearing liability and the Association pays interest on such accounts. Funds held are not insured.

**H. Employee Benefit Plans:** Substantially all employees of the Association

participate in the Farm Credit Foundations Defined Contribution/401(k) Plan (Defined Contribution Plan). The Defined Contribution Plan has two components. Employees who do not participate in the Defined Benefit Plan may receive benefits through the Employer Contribution portion of the Defined Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee's salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions. Employees hired on or after January 1, 1993 are eligible to participate only in the Defined Contribution Plan and Salary Deferral plan. All defined contribution costs are expensed in the same period that participants earn employer contributions.

Previously, eligible employees of the Association participated in the Eleventh District Defined Benefit Retirement Plan (Defined Benefit Plan). The Association does not have any active employees that participate in the Defined Benefit Plan. The Defined Benefit Plan is a noncontributory plan. Benefits are based on compensation and years of service. The Association recognizes its proportional share of expense and contributes its proportional share of funding. The Defined Benefit Plan was closed to employees hired after December 31, 1992. The Association also participates in the Farm Credit Foundations Retiree Medical Plan. These post-retirement benefits (other than pensions) are provided to eligible retired

employees of the Association. The anticipated costs of these benefits were accrued during the period of the employee's active service. The authoritative accounting guidance requires the accrual of the expected cost of providing postretirement benefits during the years that the employee renders service necessary to become eligible for these benefits.

The Association also provides certain health and life insurance benefits to eligible retired employees through the Farm Credit Foundations Medical and Life Plans. Employees become eligible for those retiree benefits if they reach normal retirement age while working for the Association. The anticipated costs of these benefits were accrued during the period of the employee's active service. The authoritative accounting guidance requires the accrual of the expected cost of providing postretirement benefits during the years that the employee renders service necessary to become eligible for these benefits.

The Association also participated in the Eleventh District nonqualified defined benefit Pension Restoration Plan. This plan provided retirement benefits above the Internal Revenue Code compensation limit to certain highly compensated eligible employees. Benefits payable under this plan are offset by the benefits payable from the pension plan.

- I. **Patronage Distribution from Farm Credit Institutions:** Patronage distributions from CoBank and other Farm Credit Associations are accrued by the Association in the year earned. The Association also receives an annual

patronage payment from Farm Credit Foundations.

- J. **Income Taxes:** As previously described, the ACA holding company conducts its business activities through two wholly-owned subsidiaries. Long-term mortgage lending activities are operated through a wholly-owned FLCA subsidiary, which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through a wholly-owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on activity based costing. The ACA, along with the PCA subsidiary, are subject to income taxes. The Association accounts for income taxes under the liability method. Accordingly, deferred taxes are recognized for estimated taxes ultimately payable or recoverable based on federal, state, or local laws.

The Association operates 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 distributions. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts reflected in the consolidated financial statements and the tax basis of assets and liabilities. 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 the deferred tax assets will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of expected patronage programs which reduce taxable earnings.

Deferred income taxes have not been recorded by the Association on patronage stock distributions received from the Bank prior to January 1, 1993, the adoption date of accounting guidance on income taxes. Management's intent is to permanently invest these and other undistributed earnings in CoBank, thereby indefinitely postponing their conversion to cash.

Deferred income taxes have not been provided on the Bank's post-1992 earnings allocated to ACAs and their PCA subsidiaries 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 Bank's post-1992 unallocated earnings. The Bank currently has no plans to distribute unallocated Bank earnings and does not contemplate circumstances that, if distributions were made, would result in taxes being paid at the Association level.

- K. Other Comprehensive Income/Loss:** Other comprehensive income/loss refers to revenue, expenses, gains and losses that, under GAAP, are recorded as an element of members' equity and comprehensive income but are excluded from net income. Accumulated other

comprehensive income/loss refers to the balance of these transactions.

- L. 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 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.

**Level 3** — Unobservable inputs are those that are supported by little or no market activity and that are significant to the determination of the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own assumptions about factors that market

participants would use in pricing the asset or liability. Level 3 assets and liabilities include instruments whose values are 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. Level 3 assets consist of impaired loans and other property owned.

*The fair value disclosures are presented in Note 15.*

**M. 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. The credit risk associated with commitments to extend credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral is generally obtained based on management’s assessment of the customer’s creditworthiness.

### NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans follows:

	December 31		
	2025	2024	2023
Real estate mortgage	\$ 1,004,661	\$ 977,828	\$ 958,888
Production and intermediate-term	346,194	319,171	283,609
Agribusiness	146,160	121,791	97,127
Rural infrastructure	29,391	27,204	30,697
<b>Total loans</b>	<b>\$ 1,526,406</b>	<b>\$ 1,445,994</b>	<b>\$ 1,370,321</b>

The Association purchases or sells loan participations with other parties in order to diversify risk, manage loan volume, and comply with Board Policy and FCA regulations. The following tables present information regarding outstanding balance of participations purchased and sold as of December 31, 2025, 2024, and 2023:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ 53,450	\$ 75,930	\$ 180,120	\$ -	\$ 233,570	\$ 75,930
Production & intermediate-term	47,218	66,504	28,361	-	75,579	66,504
Agribusiness	96,861	26,234	33,657	-	130,518	26,234
Rural infrastructure	29,391	-	-	-	29,391	-
<b>Total at December 31, 2025</b>	<b>\$ 226,920</b>	<b>\$ 168,668</b>	<b>\$ 242,138</b>	<b>\$ -</b>	<b>\$ 469,058</b>	<b>\$ 168,668</b>

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ 52,732	\$ 102,950	\$ 193,764	\$ -	\$ 246,496	\$ 102,950
Production & intermediate-term	54,826	55,750	20,790	-	75,616	55,750
Agribusiness	76,984	5,563	3,009	-	79,993	5,563
Rural infrastructure	27,204	-	-	-	27,204	-
<b>Total at December 31, 2024</b>	<b>\$ 211,746</b>	<b>\$ 164,263</b>	<b>\$ 217,563</b>	<b>\$ -</b>	<b>\$ 429,309</b>	<b>\$ 164,263</b>

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ 55,433	\$ 94,423	\$ 188,820	\$ -	\$ 244,253	\$ 94,423
Production & intermediate-term	44,847	16,752	21,837	5,858	66,684	22,610
Agribusiness	58,556	25,930	30,620	-	89,176	25,930
Rural infrastructure	30,697	-	-	-	30,697	-
<b>Total at December 31, 2023</b>	<b>\$ 189,533</b>	<b>\$ 137,105</b>	<b>\$ 241,277</b>	<b>\$ 5,858</b>	<b>\$ 430,810</b>	<b>\$ 142,963</b>

## Credit Quality

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

are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The Association uses a two-dimensional loan risk rating model based on internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default over a period of time. Probability of default rating is management’s assumption of the probability that a borrower will experience a default in the twelve months from the date of the determination of the risk rating. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower is past due more than 90 days. The loss given default is management’s assumption of the anticipated principal loss on a specific loan assuming default occurs. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The Association reviews the probability of default category when a credit action is taken or on an annual basis.

Each of the probability of default categories carries a distinct percentage of default

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

- **acceptable** – assets are expected to be fully collectible and represent the highest quality,

- **other assets especially mentioned (OAEM)** – assets are currently collectible but exhibit some potential weakness,
- **substandard** – assets exhibit some serious weakness in repayment capacity, equity, or collateral pledged on the loan,
- **doubtful** – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable, and
- **loss** – assets are considered uncollectible.

The following table shows loans under the FCA Uniform Loan Classification system as a percentage of total loans by loan type as of December 31:

	2025	2024	2023
<b>Real estate mortgage</b>			
Acceptable	95.13%	94.52%	96.13%
OAEM	1.94%	2.03%	1.66%
Substandard	2.93%	3.45%	2.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Production and intermediate-term</b>			
Acceptable	94.00%	92.58%	94.55%
OAEM	1.24%	2.88%	1.39%
Substandard	4.76%	4.54%	4.06%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Agribusiness</b>			
Acceptable	87.58%	93.06%	91.81%
OAEM	3.90%	0.00%	7.61%
Substandard	8.52%	6.94%	0.58%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Rural infrastructure</b>			
Acceptable	100.00%	100.00%	100.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Total Loans</b>			
Acceptable	94.25%	94.07%	95.58%
OAEM	1.93%	2.01%	1.99%
Substandard	3.82%	3.92%	2.43%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

The Association's concentration of credit risk in various agricultural commodities is shown in the following table.

Commodity	2025		December 31 2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Cattle	\$ 627,328	41.10%	\$ 570,682	39.47%	\$ 539,849	39.40%
Hay/Alfalfa	282,058	18.48%	284,508	19.68%	274,880	20.06%
Field Crops/Grains	180,940	11.85%	194,008	13.42%	176,370	12.87%
Processing/Marketing	133,968	8.78%	111,631	7.72%	79,110	5.77%
Dairy	85,873	5.63%	85,451	5.91%	78,837	5.75%
Fruit/Nuts	50,947	3.34%	48,414	3.35%	42,427	3.10%
Sheep	33,104	2.17%	30,199	2.09%	29,683	2.17%
Rural Infrastructure	29,390	1.93%	27,204	1.88%	30,697	2.24%
Farm Related Business	29,343	1.92%	23,805	1.65%	26,463	1.93%
Poultry Products	25,877	1.70%	20,738	1.43%	22,701	1.66%
Nursery Products	17,031	1.12%	15,345	1.06%	28,841	2.10%
Forest Products	16,367	1.07%	17,543	1.21%	15,557	1.13%
Other	14,180	0.91%	16,466	1.13%	24,906	1.82%
<b>Total</b>	<b>\$ 1,526,406</b>	<b>100.00%</b>	<b>\$ 1,445,994</b>	<b>100.00%</b>	<b>\$ 1,370,321</b>	<b>100.00%</b>

While the percentages shown in the previous table represent the relative amounts of the Association's potential credit risk as it relates to recorded loan principal, a substantial portion of the Association's loans are collateralized. Accordingly, the Association's exposure to credit loss associated with lending activities is considerably less than the recorded loan balances. An estimate of the Association's current loss exposure is indicated in the consolidated statements of condition in the allowance for credit losses.

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on a 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 first liens on the underlying real property. Federal regulations state that long-

term real estate loans are not to exceed 85% (97% if guaranteed or enhanced 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 loan to value ratios in excess of the regulatory maximum.

Outstanding credit guarantees with federal government agencies totaled \$12.6 million, \$12.2 million, and \$23.1 million at December 31, 2025, 2024, and 2023, respectively. Most of the government guarantees are issued by the Farm Service Agency of the United States Department of Agriculture. These guarantees typically reimburse the lender for any loss sustained on the loan up to 90% of the principal indebtedness.

Nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned) and related credit quality statistics are as follows:

	December 31		
	2025	2024	2023
Nonaccrual loans:			
Real estate mortgage	<b>\$11,460</b>	\$ 6,774	\$ 6,403
Production & intermediate-term	<b>7,585</b>	4,664	3,246
Agribusiness	<b>5,244</b>	8,449	561
Total nonaccrual loans	<b>24,289</b>	19,887	10,210
Other property owned	<b>2</b>	2	702
Total nonperforming assets	<b>\$24,291</b>	\$ 19,889	\$ 10,912

The following table reflects certain related credit quality statistics:

	December 31,		
	2025	2024	2023
Nonaccrual loans as a percentage of total loans	<b>1.59%</b>	1.38%	0.75%
Nonperforming assets as a percentage of total loans and other property owned	<b>1.59%</b>	1.38%	0.80%
Nonperforming assets as a percentage of capital	<b>7.03%</b>	6.13%	3.60%

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 operating loans secured by crop inventory and equipment and real estate mortgage loans. The extent to which collateral secures certain loans is primarily based on the calculated loan-to-value ratio. There were \$15.0 million in collateral dependent loans as of December 31, 2025, \$7.2 million at December 31, 2024, and \$0 at December 31, 2023.

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for credit losses, as well as interest income recognized on nonaccrual loans during the period:

	December 31, 2025			Interest Income
	Amortized cost with Allowance	Amortized Cost without Allowance	Total	Recognized
				For the Year Ended December 31, 2025
Nonaccrual loans:				
Real estate mortgage	\$ -	\$ 11,460	\$ 11,460	\$ 349
Production and intermediate-term	85	7,500	7,585	608
Agribusiness	-	5,244	5,244	353
Total nonaccrual loans	<b>\$ 85</b>	<b>\$ 24,204</b>	<b>\$ 24,289</b>	<b>\$ 1,310</b>

	December 31, 2024			Interest Income Recognized	
	Amortized cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2024	
	Nonaccrual loans:				
Real estate mortgage	\$ 6,774	\$ -	\$ 6,774	\$	56
Production and intermediate-term	4,664	-	4,664		100
Agribusiness	8,449	-	8,449		1
<b>Total nonaccrual loans</b>	<b>\$ 19,887</b>	<b>\$ -</b>	<b>\$ 19,887</b>	<b>\$</b>	<b>157</b>

	December 31, 2023			Interest Income Recognized	
	Amortized cost with Allowance	Amortized Cost without Allowance	Total	For the Year Ended December 31, 2023	
	Nonaccrual loans:				
Real estate mortgage	\$ 6,403	\$ -	\$ 6,403	\$	27
Production and intermediate-term	3,246	-	3,246		643
Agribusiness	561	-	561		-
<b>Total nonaccrual loans</b>	<b>\$ 10,210</b>	<b>\$ -</b>	<b>\$ 10,210</b>	<b>\$</b>	<b>670</b>

Accrued interest receivable on loans of \$24.9 million, \$25.3 million, and \$24.0 million at December 31, 2025, 2024, and 2023 have been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition.

The following table provides an aging analysis of past due loans as of 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	\$ 721	\$ 2,859	\$ 3,580	\$ 1,001,081	\$ 1,004,661	\$ -
Production and intermediate-term	197	1,450	1,647	344,547	346,194	-
Agribusiness	-	5,245	5,245	140,915	146,160	-
Rural infrastructure	-	-	-	29,391	29,391	-
<b>Total</b>	<b>\$ 918</b>	<b>\$ 9,554</b>	<b>\$ 10,472</b>	<b>\$ 1,515,934</b>	<b>\$ 1,526,406</b>	<b>\$ -</b>

The following table provides an aging analysis of past due loans as of 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	\$ 1,995	\$ -	1,995	\$ 975,833	\$ 977,828	\$ -
Production and intermediate-term	199	3,084	3,283	315,888	319,171	-
Agribusiness	-	8,016	8,016	113,775	121,791	-
Rural infrastructure	-	-	-	27,204	27,204	-
<b>Total</b>	<b>\$ 2,194</b>	<b>\$ 11,100</b>	<b>\$ 13,294</b>	<b>\$ 1,432,700</b>	<b>\$ 1,445,994</b>	<b>\$ -</b>

The following table provides an aging analysis of past due loans as of 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	Amortized Cost >90 Days and Accruing
Real estate mortgage	\$ -	\$ 2,514	2,514	\$ 956,374	\$ 958,888	\$ -
Production and intermediate-term	9	436	445	283,164	283,609	-
Agribusiness	-	-	-	97,127	97,127	-
Rural infrastructure	-	-	-	30,697	30,697	-
Total	\$ 9	\$ 2,950	\$ 2,959	\$ 1,367,362	\$ 1,370,321	\$ -

### Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon the adoption of ASU 2022-02, Financial Instruments – Credit Losses, Troubled Debt Restructurings and Vintage Disclosure, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty.

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulties during 2025, 2024, and 2023, disaggregated by loan type and type of modification granted.

	For the Year Ended December 31, 2025						
	Interest Rate		Payment Extension	Combination - Interest Rate & Term Extension		Combination - Interest Rate & Payment Extension	Percentage of Total by Loan Type
	Reduction	Term Extension		Term Extension	Payment Extension		
Real estate mortgage	\$ 560	\$ -	\$ 11,553	\$ -	\$ 631	0.83%	
Production & intermediate-term	243	11,867	421	-	-	0.82%	
Agribusiness	-	-	-	-	7,755	0.51%	
Total	\$ 803	\$ 11,867	\$ 11,974	\$ -	\$ 8,386	2.16%	

	For the Year Ended December 31, 2024						
	Interest Rate		Payment Extension	Combination - Interest Rate & Term Extension		Combination - Interest Rate & Payment Extension	Percentage of Total by Loan Type
	Reduction	Term Extension		Term Extension	Payment Extension		
Real estate mortgage	\$ -	\$ -	\$ 7,988	\$ -	\$ -	0.55%	
Production & intermediate-term	-	2,053	504	75	-	0.18%	
Total	\$ -	\$ 2,053	\$ 8,492	\$ 75	\$ -	0.73%	

	For the Year Ended December 31, 2023						
	Interest Rate		Payment Extension	Combination - Interest Rate & Term Extension		Combination - Interest Rate & Payment Extension	Percentage of Total by Loan Type
	Reduction	Term Extension		Term Extension	Payment Extension		
Real estate mortgage	\$ 8,516	\$ -	\$ 4,627	\$ -	\$ -	0.96%	
Production & intermediate-term	-	1,597	152	7,139	-	0.65%	
Agribusiness	-	76	-	-	-	0.01%	
Total	\$ 8,516	\$ 1,673	\$ 4,779	\$ 7,139	\$ -	1.61%	



Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during 2025, 2024, and 2023 was \$678 thousand at December 31, 2025, \$483 thousand at December 31, 2024, and \$818 thousand at December 31, 2023.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during 2025, 2024, and 2023:

For the year ended December 31, 2025	Weighted average interest rate pre-modification	Weighted average interest rate post-modification	Weighted average term extensions (months)	Weighted average payments deferred (months)
Real estate mortgage	8.53%	7.94%	N/A	3
Production & intermediate-term	6.65%	6.00%	5	4
Agribusiness	8.52%	7.50%	N/A	211

For the year ended December 31, 2024	Weighted average interest rate pre-modification	Weighted average interest rate post-modification	Weighted average term extensions (months)	Weighted average payments deferred (months)
Real estate mortgage	N/A	N/A	N/A	185
Production & intermediate-term	12.55%	11.90%	11	13

For the year ended December 31, 2023	Weighted average interest rate pre-modification	Weighted average interest rate post-modification	Weighted average term extensions (months)	Weighted average payments deferred (months)
Real estate mortgage	9.41%	7.91%	N/A	3
Production & intermediate-term	10.75%	9.25%	10	5
Agribusiness	N/A	N/A	12	N/A

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that received a modification during 2025 and that defaulted in the period presented:

	For the Year Ended December 31, 2025				
	Interest Rate Reduction	Term Extension	Payment Extension	Combination - Interest Rate & Term Extension	Combination - Interest Rate & Payment Extension
Production & intermediate-term	\$ -	\$ 560	\$ -	\$ -	\$ -
Total	\$ -	\$ 560	\$ -	\$ -	\$ -

There were no borrowers experiencing financial difficulty that received a modification during 2024 or 2023 and subsequently defaulted.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2025 through December 31, 2025:

Real estate mortgage	\$ 12,744	\$ -	\$ -
Production & intermediate-term	11,971	-	560
Agribusiness	7,755	-	-
Total	\$ 32,470	\$ -	\$ 560

<sup>1</sup>Excludes loans that were modified during the period but were paid off or sold prior to period end.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were \$108 thousand at December 31, 2025.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2024 through December 31, 2024:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
	Real estate mortgage	\$ 7,988	\$ -
Production & intermediate-term	2,632	-	-
Total	\$ 10,620	\$ -	\$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were \$134 thousand at December 31, 2024.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2023 through December 31, 2023:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
	Real estate mortgage	\$ 10,585	\$ -
Production & intermediate-term	8,888	-	-
Agribusiness	76	-	-
Total	\$ 19,549	\$ -	\$ 2,558

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were \$595 thousand at December 31, 2023.

## 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 is 15% of the Association's lending 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 are as follows:

	Real estate mortgage	Production and intermediate- term	Agribusiness	Rural infrastructure	Total
<b>Allowance for credit losses:</b>					
Balance at December 31, 2024	\$ 897	\$ 2,910	\$ 367	\$ 57	\$ 4,231
Provision/(reversal) for credit losses	588	(2,488)	320	26	(1,554)
Balance at December 31, 2025	\$ 1,485	\$ 422	\$ 687	\$ 83	\$ 2,677
<b>Allowance for Unfunded Commitments:</b>					
Balance at December 31, 2024	\$ 6	\$ 63	\$ 45	\$ 3	\$ 117
Provision/(reversal) for unfunded commitments	28	(13)	28	2	45
Balance at December 31, 2025	\$ 34	\$ 50	\$ 73	\$ 5	\$ 162
<b>Total allowance for credit losses</b> at December 31, 2025	\$ 1,519	\$ 472	\$ 760	\$ 88	\$ 2,839

	Real estate mortgage	Production and intermediate- term	Agribusiness	Rural infrastructure	Total
<b>Allowance for credit losses:</b>					
Balance at December 31, 2023	\$ 522	\$ 985	\$ 238	\$ 53	\$ 1,798
Recoveries	-	44	-	-	44
Transfer to unfunded commitments	(6)	(63)	(45)	(3)	(117)
Provision for credit losses	381	1,944	174	7	2,506
Balance at December 31, 2024	\$ 897	\$ 2,910	\$ 367	\$ 57	\$ 4,231
<b>Allowance for Unfunded Commitments:</b>					
Balance at December 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to unfunded commitments	6	63	45	3	117
Balance at December 31, 2024	\$ 6	\$ 63	\$ 45	\$ 3	\$ 117
<b>Total allowance for credit losses</b> at December 31, 2024	\$ 903	\$ 2,973	\$ 412	\$ 60	\$ 4,348

	Real estate mortgage	Production and intermediate- term	Agribusiness	Rural infrastructure	Total
<b>Allowance for loan losses:</b>					
Balance at January 1, 2023	\$ 779	\$ 741	\$ 253	\$ 55	\$ 1,828
Recoveries	-	12	-	-	12
(Reversal of)/provision for loan losses	(257)	232	(15)	(2)	(42)
Balance at December 31, 2023	\$ 522	\$ 985	\$ 238	\$ 53	\$ 1,798
Total allowance for credit losses on December 31, 2023	\$ 522	\$ 985	\$ 238	\$ 53	\$ 1,798

#### NOTE 4 – INVESTMENT IN COBANK

At December 31, 2025, the Association’s investment in CoBank is in the form of Class A stock with a par value of \$100 per share. The Association is required to own stock in CoBank to capitalize its direct loan balance and participation loans sold to CoBank. The current requirement for capitalizing its direct loan from CoBank is 3.00% of the Association’s prior one-year average direct loan balance. Under the current CoBank capital plan applicable to such participations sold, patronage from CoBank related to these participations sold is paid 75% cash and 25% Class A stock. The capital plan is evaluated annually by CoBank’s board of directors and management and is subject to change.

CoBank may require the holders of its equities to subscribe for such additional capital as may be needed to meet its capital requirements for its joint and several liability under the Farm Credit Act and regulations. In making such a capital call, CoBank shall take into account the financial condition of each such holder and such other considerations, as it deems appropriate.

The Association owned approximately 0.75% of the outstanding common stock of CoBank at December 31, 2025.

#### NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment consisted of the following:

	<b>December 31</b>		
	<b>2025</b>	2024	2023
Land	\$ 3,097	\$ 3,663	\$ 3,663
Buildings and leasehold improvements	10,070	9,979	9,915
Construction in progress	-	-	3
Furniture and equipment	2,146	1,885	1,860
Automobiles	1,333	1,251	1,171
	<b>16,646</b>	16,778	16,612
Less: accumulated depreciation	<b>(6,458)</b>	(6,084)	(5,522)
Total	<b>\$ 10,188</b>	\$ 10,694	\$ 11,090

The Association has an obligation under a noncancelable operating lease for office space. At December 31, 2025, future minimum lease payments for all noncancelable leases are as follows:

	<b>TOTAL</b>
2026	\$ 5
2027	5
Total minimum lease payments	\$ 10

## NOTE 6 – OTHER ASSETS AND OTHER LIABILITIES

A summary of other assets and other liabilities follows:

Other assets	December 31		
	2025	2024	2023
Prepaid expenses	\$ 9,937	\$ 10,080	\$ 10,264
Patronage receivable	5,714	5,833	5,473
Equity investments in other system institutions	497	459	456
Prepaid taxes	107	107	206
Other	277	283	326
<b>Total</b>	<b>\$ 16,532</b>	<b>\$ 16,762</b>	<b>\$ 16,725</b>

Other liabilities	December 31		
	2025	2024	2023
Accrued employee compensation	\$ 1,817	\$ 1,711	\$ 2,004
Accounts payable	1,173	1,164	1,863
Pension and other postretirement benefit liabilities	209	214	225
Allowance for unfunded commitments	162	117	-
Other	918	1,014	924
<b>Total</b>	<b>\$ 4,279</b>	<b>\$ 4,220</b>	<b>\$ 5,016</b>

## NOTE 7 – NOTE PAYABLE TO COBANK

The Association's indebtedness to CoBank represents borrowings by the Association used primarily to fund its loan portfolio. This indebtedness is collateralized by a pledge of substantially all of the Association's assets to CoBank and is governed by a General Financing Agreement (GFA). The GFA and promissory note are subject to periodic renewals in the normal course of business. A new GFA was signed effective June 1, 2023 with a term of 5 years. An amendment was added effective June 1, 2025. The Association was in compliance with the terms and conditions of the GFA as of December 31,

2025. Substantially all borrower loans are match-funded with the Bank which means payments and disbursements are made on the note payable to CoBank on the same basis that the Association collects payments from and disburses on borrower loans. The interest rate may periodically be adjusted by CoBank based on the terms and conditions of the borrowing. The weighted average interest rate was 3.30%, 3.25%, and 2.84% for the years ended December 31, 2025, 2024, and 2023, respectively. The actual year end interest rate was 3.42%, 3.34%, and 3.32% for the years ended December 31, 2025, 2024, and 2023, respectively.

The Association has the opportunity to commit loanable funds with CoBank as a part of the Bank's Association Equity Positioning Program at a fixed rate for a specified timeframe. Participants in the program receive a fixed rate credit on the committed loanable funds balance classified as a reduction of interest expense.

These committed funds, which are netted against the note payable to CoBank, as of December 31, follows:

	2025	2024	2023
Committed funds	\$ 18,730	\$ 22,562	\$ 44,558
Average rate	2.25%	2.09%	1.94%

Under the Farm Credit Act, the Association is obligated to borrow only from CoBank, unless CoBank gives approval to borrow elsewhere. CoBank, consistent with FCA regulations, has 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, the Association’s note payable was within the specified limitations.

#### NOTE 8 – MEMBERS’ EQUITY

Descriptions of the Association’s capitalization requirements, protection mechanisms, regulatory capitalization requirements and restrictions, and equities follow:

##### A. Capital Stock and Participation

**Certificates:** In accordance with the Association’s capitalization bylaws, each borrower is required to invest in the Association as a condition of borrowing. The borrower normally acquires ownership of the stock or participation certificates at the time the loan is made but usually does not make a cash investment. Generally, the aggregate par value of the stock is added to the principal amount of the related loan obligation. The Association has a first lien on the stock or participation certificates owned by its borrowers. At the discretion of the Board of Directors, 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 stock or participation certificates.

Capitalization bylaws allow stock requirements to range from the lesser of \$1 thousand dollars or 2% -10% of the amount of the loan. The Board of Directors has the authority to change the minimum required stock level as long as the change is within this range. Currently, the Association has a stock requirement at the regulatory minimum of the lesser of \$1 thousand dollars or 2% of the amount borrowed at the customer level.

##### B. Regulatory Capitalization Requirements and Restrictions:

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations. Current regulatory capital requirements for Banks and Associations were adopted on January 1, 2017. These requirements replaced core surplus and total surplus requirements with Common Equity Tier 1, Tier 1 Capital, and Total Capital risk-based capital ratio requirements. The requirements also replaced the existing net collateral ratio for System Banks with a Tier 1 Leverage ratio and an Unallocated Retained Earnings (URE) and URE Equivalents Leverage ratio that are applicable to the Banks and Associations. The Permanent Capital Ratio continues to remain in effect; however, the risk-adjusted assets are calculated differently than in the past.

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

Ratio	Primary Components of		Ratios as of	Minimum	Minimum
	Numerator	Denominator	December 31, 2025	with Buffer*	Requirement
Common Equity Tier 1 (CET1) Capital	Unallocated retained earnings (URE), and common cooperative equities (qualifying capital stock and allocated equity) <sup>1</sup>	Risk-weighted assets	19.13%	7.0%	4.5%
Tier 1 Capital	CET 1 Capital, and non-cumulative perpetual preferred stock	Risk-weighted assets	19.13%	8.5%	6.0%
Total Capital	Tier 1 Capital, allowance for loan losses <sup>2</sup> , other common cooperative equities <sup>3</sup> , and term preferred stock and subordinated debt <sup>4</sup>	Risk-weighted assets	19.30%	10.5%	8.0%
Tier 1 Leverage	Tier 1 Capital (at least 1.5% must be URE and URE equivalents)	Total assets	20.69%	5.0%	4.0%
Unallocated Retained Earnings and URE Equivalents (UREE) Leverage	URE and URE Equivalents	Total assets	20.59%	-	1.5%
Permanent Capital	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	Risk-weighted assets	19.16%	-	7.0%

1 Equities subject to a minimum redemption or revolvement period of 7 or more years

2 Capped at 1.25% of risk-weighted assets and inclusive of the reserve for unfunded commitments

3 Equities subject to a minimum redemption or revolvement period of 5 or more, but less than 7 years

4 Equities subject to a minimum redemption or revolvement period of 5 or more years

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 Association was not restricted or prohibited from distributing capital or paying discretionary bonuses as of December 31, 2025.

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

- C. Description of Equities:** Each owner of Class C capital stock is entitled to a single vote. Other classes of borrower equities do not provide voting rights to their owners. Voting stock may not be transferred to another person unless such person is eligible to hold voting stock.

At December 31, 2025, the Association had the following classes of equity outstanding, all at a par value of \$5.00 per share/unit:

Class	Number of Shares	Voting	Protected
C - common stock	307,612	Yes	No
F - participation certificates	7,405	No	No

The Association has the authority to issue other classes of stock, no shares of which are outstanding. The voting rights, duties, and liabilities of such classes of stock are similar to the classes of stock discussed above.

Losses that result in impairment of capital stock and participation certificates will be allocated to the classes of equity described above on a prorata basis. Upon liquidation of the Association, any assets remaining after the settlement of all liabilities will be distributed first to redeem the par value of equities. Any assets remaining after such distribution will be distributed to patrons with an allocated patronage balance and any remaining balance will be shared prorata by all stock and certificate holders of record immediately before the liquidation distribution.

- D. Patronage Distributions:** Consistent with the Association’s Bylaws and Subchapter T of the Internal Revenue Code, the

Association adopted a patronage program in 2005. Each year, the Board of Directors determines how much net income needs to be retained to ensure the Association remains appropriately capitalized. The remaining patronage sourced net income is distributed to eligible patrons by declaring a qualified/cash patronage refund. That portion of patronage sourced net income not distributed in cash is also allocated to patrons. In accordance with Internal Revenue Service requirements, each customer is sent a nonqualified written notice of allocation. Allocated, but not distributed patronage refunds, are added to the Association’s unallocated retained earnings. The Board of Directors considers these unallocated retained earnings to be permanently invested in the Association. As such, there is no current plan to revolve or redeem these amounts. No express or implied right to have such capital retired or revolved at any time is granted.

The Board of Directors approved the following cash patronage distributions:

	2025	2024	2023
Cash patronage distribution	\$ 19,350	\$ 14,350	\$ 17,898
Final Distribution	February 2026	February 2025	February 2024

## NOTE 9 – PATRONAGE DISTRIBUTION FROM FARM CREDIT INSTITUTIONS

Patronage income recognized from Farm Credit Institutions to the Association follows:

	2025	2024	2023
CoBank	\$ 5,696	\$ 5,830	\$ 5,410
Other	311	345	399
<b>Total</b>	<b>\$ 6,007</b>	<b>\$ 6,175</b>	<b>\$ 5,809</b>

Patronage distributed from CoBank was in cash and stock. The amount earned in 2025 was accrued and will be paid by CoBank in March 2026. The amount earned in 2025 included \$512 thousand of special patronage that was declared from 2025 earnings. The amount earned in 2024 included \$769 thousand of special patronage that was declared from 2024 earnings. The amount earned and accrued in 2024 was paid by CoBank in March 2025. The amount earned in 2023 included \$728 thousand of special patronage that was declared from 2023 earnings. The amount earned and accrued in 2023 was paid by CoBank in March 2024.

## NOTE 10 – INCOME TAXES

The provision/(benefit) for income taxes follows:

	For the Year Ended December 31		
	2025	2024	2023
Current:			
Federal	\$ -	\$ (10)	\$ 1
State	-	-	-
Deferred:			
Federal	251	(465)	(83)
State	64	(112)	(20)
<b>Provision/(benefit) for income taxes</b>	<b>\$ 315</b>	<b>\$ (587)</b>	<b>\$ (102)</b>

The provision/(benefit) 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 Year Ended December 31		
	2025	2024	2023
Federal tax at statutory rate	\$ 8,508	\$ 7,438	\$ 7,258
State tax, net	64	(112)	(20)
Effect of non-taxable FLCA subsidiary	(7,488)	(7,559)	(6,650)
Patronage distributions to borrowers	(1,036)	(467)	(716)
Loss carryforwards	(524)	-	-
Impact of future anticipated patronage allocations	501	-	-
Change in deferred tax asset valuation	279	-	37
Other	11	113	(11)
<b>Provision/(benefit) for income taxes</b>	<b>\$ 315</b>	<b>\$ (587)</b>	<b>\$ (102)</b>

Deferred tax assets and liabilities are comprised of the following:

	December 31		
	2025	2024	2023
Deferred income tax assets:			
Allowance for credit losses	\$ 245	\$ 828	\$ 304
Nonaccrual loan interest	337	360	255
Loss carryforward	956	314	317
Gross deferred tax assets	1,538	1,502	876
Less: Valuation allowance	(577)	(236)	(236)
Deferred tax assets, net of valuation allowance	961	1,266	640
Deferred income tax liabilities			
Bank patronage allocations	(625)	(615)	(567)
Non-patronage sourced merger recapitalization	(112)	(112)	(112)
Gross deferred tax liability	(737)	(727)	(679)
Net deferred tax asset/(liability)	\$ 224	\$ 539	\$ (39)

The loss carryforward is primarily due to changes in allowance for credit losses. The calculation of deferred tax assets and liabilities involves various management estimates and assumptions as to future taxable earnings, including the amount of non-patronage income and patronage income retained. The expected future tax rates are based upon enacted tax laws. The Association recorded change in valuation allowances totaling \$341 thousand, \$0, and \$45 thousand 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.

The Association accounts for income taxes in accordance with ASC 740, which provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Association's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the

tax position, and then measuring the tax benefit that is more-likely-than-not to be realized. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. The Association has no uncertain tax positions during the years presented. The Association recognizes interest and penalties, if any, related to unrecognized tax positions as an adjustment to income tax expense. The tax years that remain open for federal and major state income tax jurisdictions are 2019 and forward.

#### NOTE 11 – EMPLOYEE BENEFIT PLANS

Certain employees participate in the Eleventh District Retirement Plan, a multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is

contingent on the sufficiency of the plan's net assets to provide benefits at that time. This Plan is noncontributory and covers eligible employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if the Association chooses to stop participating in the plan, it may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Because of the multi-employer nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee moves to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

The defined benefit pension plan reflects a funded asset totaling \$16.2 million at December 31, 2025. The pension benefits funding status reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these consolidated financial statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The projected benefit obligation of the plan was \$209.8 million at December 31, 2025, \$212.4 million at December 31, 2024, and \$243.7 million at December 31, 2023. The fair value of the plan assets was \$226.0 million at December 31, 2025, \$221.4 million at December 31, 2024,

and \$243.3 million at December 31, 2023. The amount of the pension benefits funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to its current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. The Association recognizes its proportional share of expense and contributes a proportional share of funding. Total plan expense/(income) for participating employers was \$2.5 million in 2025, \$3.8 million in 2024, and 4.7 million in 2023. The Association's allocated share of plan expenses/(income) included in salaries and employee benefits was \$171 thousand in 2025, \$263 thousand in 2024, and \$344 thousand in 2023. Participating employers contributed \$0.3 million in 2025, \$1.1 million in 2024, and \$1.5 million in 2023 to the plan. The Association's allocated share of these pension contributions was \$0 in 2025, \$48 thousand in 2024, and \$81 thousand in 2023. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total employer contributions expected to be paid into the pension plans during 2026 is \$0. The Association does not expect to make pension contributions during 2026. The amount ultimately to be contributed and the amount ultimately recognized as expense, as well as the timing of those contributions and expenses, are subject to many variables including performance of

plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than anticipated.

Postretirement benefits other than pensions are also provided through the Farm Credit Foundations Retiree Medical and Retiree Life Plans to eligible current and retired employees of the Association. Benefits provided are determined on a graduated scale, based on years of service. The anticipated costs of these benefits are accrued during the period of the employee's active service. Postretirement benefits expense/(income) (primarily health care benefits and life insurance) included in salaries and employee benefits were \$4 thousand in 2025, (\$2) thousand in 2024, and

(\$1) thousand in 2023. These expenses are equal to the Association's cash contributions for each year presented.

The Association participates in a non-qualified defined benefit Pension Restoration Plan that is unfunded. The plan provides retirement benefits above the Internal Revenue Code compensation limit to certain highly compensated eligible employees.

Benefits payable under the Pension Restoration Plan are offset by the benefits payable from the Pension Plan. The Association did not recognize Pension Restoration Plan expenses in salaries and employee benefits during the years presented.

The funding status and the amounts recognized in the Consolidated Statements of Condition for the Association's Pension Restoration Plan follow:

	2025	2024	2023
<b>Change in benefit obligation:</b>			
Benefit obligation at the beginning of the period	\$ -	\$ -	\$ 13
Benefits paid	-	-	(13)
Benefit obligation at the end of the period	-	-	-
Funded status	-	-	-
Net amount recognized	\$ -	\$ -	\$ -

There was no accrued benefit liability, projected benefit obligations, and costs recognized in AOCI as of December 31, 2025, 2024, or 2023 as there were no active employees participating in the Pension Restoration Plan.

The net periodic pension expense for the Pension Restoration Plan included in the Consolidated Statements of Comprehensive Income is comprised of the following at December 31:

	Nonqualified Pension Restoration Benefits		
	2025	2024	2023
<b>Components of net periodic benefit cost:</b>			
Amortization of unrecognized net actuarial loss	\$ -	\$ -	\$ 8
Net amortization and deferral	\$ -	\$ -	\$ 8
Net periodic cost	\$ -	\$ -	\$ 8
Net periodic benefit cost	\$ -	\$ -	\$ 8

The components of net periodic benefit cost are included in the line item "other operating expense" in the consolidated statements of condition.



Changes in benefit obligation recognized in accumulated other comprehensive loss are included in the following table.

	2025	2024	2023
Current year net actuarial gain	\$ -	\$ -	\$ -
Amortization of net actuarial loss	-	-	(8)
Net amount recognized	\$ -	\$ -	\$ (8)

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31:

	<b>Nonqualified Pension Restoration Benefits</b>		
	2025	2024	2023
Discount rate	N/A	N/A	4.66%
Rate of compensation increase	N/A	N/A	6.70%

The Association also participates in the Farm Credit Foundations Defined Contribution/401(k) Plan (Contribution Plan). The Contribution Plan has two components. Employees who do not participate in the pension plan may receive benefits through the Employer Contribution portion of the Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee’s salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions. Employer contributions to the Contribution Plan were \$775 thousand for 2025, \$674 thousand for 2024, and \$722 thousand for 2023.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

In the ordinary course of business, the Association enters into loan transactions with officers and directors of the Association, their immediate families, and other organizations

with which such persons may be associated (related party borrowers). Some of these loans are subject to special approval requirements contained in FCA regulations and all of these loans are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with unrelated borrowers. While the Association has no loans outstanding to officers of the Association, it does have loans outstanding to immediate family members of senior officers and some employees.

The Association has a policy that loans to directors and senior officers must be maintained at an Acceptable or Other Assets Especially Mentioned (OAEM) credit classification. If the loan falls below the OAEM credit classification, corrective action must be taken, and the loan brought back to either Acceptable or OAEM within 2 years. If not, the director or senior officer must resign from the Board or employment.

Loan information to related parties for the years ended December 31 is shown below:

	2025	2024	2023
Balance at January 1,	\$ 18,146	\$ 17,017	\$ 17,836
New loans and advances	14,021	10,903	6,891
Repayments and other	(12,258)	(9,774)	(7,710)
Balance at December 31,	<u>\$ 19,909</u>	<u>\$ 18,146</u>	<u>\$ 17,017</u>

Repayments and other above reflects loan repayments and changes in related parties for the respective periods. In the opinion of management, no loans to a senior officer or director, or to any immediate family member who resides in the same household as such person or in whose loan or business operation such person has a material financial or legal interest, involved more than a normal risk of collectability as of December 31, 2025.

The Association also has business relationships with certain other System entities. The Association paid \$4 thousand in 2025, \$3 thousand in 2024, and \$10 thousand in 2023 to AgVantis for technology services. The Association paid \$200 thousand in 2025, \$192 thousand in 2024, and \$176 thousand in 2023 to Farm Credit Foundations for payroll and human resource services.

### NOTE 13 – REGULATORY ENFORCEMENT MATTERS

There are no regulatory enforcement actions in effect for the Association.

### NOTE 14 – COMMITMENTS & CONTINGENCIES

The Association has various commitments outstanding and contingent liabilities. While the Association may be a party to legal claims in the ordinary course of business, no actions are pending against the Association in which claims for material money damages are asserted.

The Association may participate in financial instruments with off-balance sheet risk to satisfy the financing needs of its borrowers and to manage their exposure to interest rate risk. These financial instruments include commitments to extend credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated 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. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. At December 31, 2025, \$300.5 million of commitments to extend credit were outstanding.

Since many of these commitments are expected to expire without being drawn, 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 Statements of Condition until funded or drawn. The credit risk associated with issuing commitments 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 a credit evaluation of the borrower.

## NOTE 15 – 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. The fair value measurement is not an indication of liquidity. See Note 2 for additional information.

The Association has no assets or liabilities measured at fair value on a recurring basis for the periods presented.

Assets measured at fair value on a non-recurring basis at December 31 for each of the fair value hierarchy values are summarized below:

	Total Fair Value		
	December 31		
	2025	2024	2023
LEVEL 3 - Assets:			
Loans	\$24,289	\$ 19,887	\$ 10,210
Other property owned	\$ 2	\$ 2	\$ 702

### Valuation Techniques

As more fully discussed in Note 2, 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 presents a brief summary of the valuation techniques used by the Association for assets and liabilities subject to fair value measurement:

- Loans Evaluated for Impairment:** Fair value of loans in a nonaccrual status is estimated as described above, with appropriately higher interest rates, which reflect the uncertainty of continued cash flows. For noncurrent nonaccrual loans, it is assumed that collection will result only from the disposition of the underlying collateral. Fair value of these loans is estimated to equal the aggregate net realizable value of the underlying collateral, discounted at an interest rate, which appropriately reflects the uncertainty of the expected future cash flows over the average disposal period. Where the net realizable value of the

collateral exceeds the legal obligation for a particular loan, the legal obligation is generally used in place of the net realizable value.

For certain loans individually evaluated for impairment under accounting 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, these fair value measurements fall within Level 3 of the 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 and the net loan is reported at its fair value.

- **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. As a result, these fair value measurements fall within Level 3 of the hierarchy. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

## NOTE 16 – QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly results of operations for the years ended December 31, 2025, 2024, and 2023, follow:

	2025				
	First	Second	Third	Fourth	Total
Net interest income	\$ 11,952	\$ 13,232	\$ 12,369	\$ 11,970	\$ 49,523
(Provision for) / Reversal of credit losses	(364)	2,389	(563)	47	1,509
Noninterest expense, net	(2,846)	(3,302)	(2,503)	(2,183)	(10,834)
Net income	\$ 8,742	\$ 12,319	\$ 9,303	\$ 9,834	\$ 40,198

	2024				
	First	Second	Third	Fourth	Total
Net interest income	\$ 11,854	\$ 12,124	\$ 12,271	\$ 11,677	\$ 47,926
(Provision for) / Reversal of credit losses	(97)	163	(39)	(2,533)	(2,506)
Noninterest expense, net	(2,684)	(2,293)	(2,721)	(1,717)	(9,415)
Net income	\$ 9,073	\$ 9,994	\$ 9,511	\$ 7,427	\$ 36,005

	2023				
	First	Second	Third	Fourth	Total
Net interest income	\$ 10,763	\$ 11,147	\$ 12,108	\$ 11,620	\$ 45,638
Reversal of / (Provision for) loan losses	528	(25)	(342)	(119)	42
Noninterest expense, net	(2,986)	(2,784)	(2,780)	(2,462)	(11,012)
Net income	\$ 8,305	\$ 8,338	\$ 8,986	\$ 9,039	\$ 34,668

## NOTE 17 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through February 20, 2026, which is the date the financial statements were issued, and no material subsequent events were identified.

# REQUIRED DISCLOSURES

## Description of Business

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

The description of significant developments that had or could have a material impact on earnings or interest rates to borrowers, acquisitions or dispositions of material assets, material changes in the manner of conduct of the business, seasonal characteristics, and concentrations of assets, if any, required to be disclosed in this section is incorporated herein by reference from Management's Discussion and Analysis of Financial Condition and Results of Operations included in this annual report to shareholders.

## Description of Property

The following table sets forth certain information regarding properties of the Association:

Description	Location	Phone Number	Form of Ownership
Administration Office	10980 S. Jordan Gateway South Jordan, Utah 84095	(801) 571-9200	Owned
Logan Branch	2195 North Main North Logan, Utah 84341-1993	(435) 752-2146	Owned
Evanston Branch	848 Front Street Evanston, Wyoming 82930-3408	(307) 789-9420	Owned
Tremonton Branch	781 East Main Tremonton, Utah 84337	(435) 257-0179	Owned
Spanish Fork Branch	692 South Main Spanish Fork, Utah 84660	(801) 798-7360	Owned
Richfield Branch	63 East 600 North Richfield, Utah 84701-0665	(435) 896-8407	Owned
Cedar City Branch	2495 North Main Street Cedar City, Utah 84721	(435) 586-6575	Owned
Roosevelt Branch	55 South 1500 East Ballard, Utah 84066	(435) 722-4076	Owned
Delta Contact Point	655 E Days Ave Delta, Utah 84624	(435) 864-2314	Leased

## Legal Proceedings and Enforcement Actions

The Association is not aware of any legal proceedings or enforcement actions required to be included in this annual report to shareholders.

## Description of Capital Structure

Information required to be disclosed in this section is incorporated herein by reference from Note 8 to the consolidated financial statements, "Members' Equity," included in this Annual Report to Shareholders.

## Description of Liabilities

The description of debt outstanding required to be disclosed in this section is incorporated herein by reference from Note 7 to the consolidated financial statements, "Note Payable to CoBank," included in this annual report to shareholders.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Note 14 to the consolidated financial statements, "Commitments and Contingencies," included in this annual report to shareholders.

## Selected Financial Data

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

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

"Management's Discussion and Analysis of Financial Condition and Results of Operations," which appears on pages 7 through 32 of this Annual Report to Shareholders and is required to be disclosed in this section, is incorporated herein by reference.

## Directors and Senior Officers

FCA regulations require the disclosure of directors' business experience during the past five years (including principal occupation and employment), any other business interest where the director serves on the board of directors or as a senior officer (including the principal business in which the business is engaged), compensation received as an Association director, and certain other information.

The following represents disclosures for the directors of Western AgCredit:

### **Kim D. Haws, Director | Chair of the Board**

*Term of office expires 2029*

Mr. Haws is the owner/operator and President of Haws Farms Inc, which isa specialized alfalfa hay operation that also raises barley, silage corn, safflower, and wheat. This agricultural enterprise has been his primary occupation for at least the past five years. Mr. Haws also serves on the board of directors of Newton Water Users Association (water resource entity). He graduated from Utah State University with a bachelor's degree in accounting.

### **Kathryn Nye, Director | Vice-Chair of the Board**

*Term of office expires 2028*

Ms. Nye is an owner and a Financial Manager and Assistant Herdsman at Mountain View Dairy, LLC, a family owned and operated dairy and crop (corn and small grains) operation. This has been her primary occupation for at least the past five years. Ms. Nye and her husband (Greg) also personally own agricultural land. She holds a bachelor's degree in animal science from Cornell University.

**Boyd M. Bingham, Director****Compensation Committee Chair, Risk Committee Vice-Chair***Term of office expires 2027*

Mr. Bingham is a joint owner/operator and officer of Earl L. Bingham Ranch, L.L.C., 7/11 Ranch, LLC, and B.A. Bingham & Sons, LLC. Combined, these entities consist of livestock (beef cattle), grazing, and crop (wheat, corn, alfalfa hay, and triticale) business owned and operated with other family members. This agricultural business has been his primary occupation for at least the past five years. He also has business interests in other entities related to these agricultural operations and their property holdings. Mr. Bingham is currently a Box Elder County Commissioner and a board member of Bear River Water Conservancy District. He previously served as the Mayor of Honeyville City until 2022, the past vice president and board member of Gentile Valley Cattle Company until 2023, and a board member of Eastern Idaho Grazing Association until 2024.

**Dusty L. Reese, Director****Corporate Committee Chair, Risk Committee Chair***Term of office expires 2028*

Ms. Reese is a joint owner/operator and officer of a beef cattle (cow/calf) and alfalfa hay operation. This agricultural operation has been her primary occupation for at least the past five years. Ms. Reese is co-owner of Reese Cattle Company, LLC and Mt. Dutton Ranch, LLC, both of which are cow/calf and alfalfa hay production operations. She also owns and operates Mineral Springs Beef, Inc., a direct-to-consumer beef sales enterprise. She has served as a supervisor and currently serves as a clerk for the Kane County Soil Conservation Board and is on the board of directors for the Long Valley Jr Rodeo Association. Ms. Reese was the president of the Kane County Farm Bureau until 2023. She earned her bachelor's degree in agricultural business from Utah State University.

**Kirt H. Richins, Director****Audit Committee Member***Term of office expires 2028*

Mr. Richins is a joint owner/operator of a beef cattle (cow/calf) operation. He has spent 34 years in banking and is currently employed as a Senior Capital Markets Specialist with the National Credit Union Association (NCUA). During his career with NCUA he has also served as National Training Specialist, specialized in agriculture and commercial credit review, and served on various committees related to banking, risk management, Bloomberg analytics, and institutional oversight. This employment, combined with his agricultural business, has been his principal occupation for at least the past five years. He has a bachelor's degree in accounting from Weber State University.

**LaDell Eyre, Outside Director****Audit Committee Chair, Risk Committee Member. Corporate Committee IT Specialist***Term of office expires 2029*

Mr. Eyre is the President of LaDell J. Eyre, CPA, PC (CPA firm) in Cedar City, Utah. Mr. Eyre has been a practicing CPA for at least the past five years. He specializes in agriculture, real estate, construction accounting and taxation. Mr. Eyre graduated with honors from Southern Utah University where he received a bachelor's degree in accounting and a Master of Accountancy degree. Mr. Eyre's post education endeavors include experience as a Tax Consultant to Deloitte & Touche, LLP, in Phoenix, Arizona, Tax Manager for Kemp Burdick CPAs in St. George, Utah, and Chief Financial Officer of the Quantum Group in Cedar City, Utah. Currently, Mr. Eyre also serves as a Manager/Member of RHOB Properties, LLC (real estate), Manager/Member of Three Peaks Advisors, LLC (CPA firm), Member of Cottonwood Eyre, LLC (real estate), Manager/Member of Eyre Cattle Company, LLC (cow/calf), Manager/Member of CMJE Investments, LLC (Investment), President of Mini Farms Water Company (culinary and irrigation water distribution), Manager/Member of Achin' Foot Ranch, LLC (farming and grazing permits), and Manager/Member of Achin' Foot Properties, LLC (real estate). Mr. Eyre also has a business interest in Kohler & Eyre, CPAs, LLP, in Cedar City, Utah.

**Mark J. Wintch, Director**  
**Compensation Committee Member**

*Term of office expires 2027*

Mr. Wintch is a joint owner/operator and officer of Wintch Livestock Company, Inc. and Wintch & Company Limited, LLC. These entities consist of a livestock (beef cattle) and crop (alfalfa hay) operations, which are owned and operated with other family members. This agricultural business has been his primary occupation for at least the past five years. Mr. Wintch is also a member of the USDA County Operating Committee for Beaver County until February 2026 and is currently serving as a board member on the Cattlemen's Beef Board and the Utah Livestock Brand Board. Mr. Wintch previously served on the board of the National Cattleman's Beef Association until 2023. He has a bachelor's degree in business administration from Utah State University.

**Shirell D. Erb, Outside Director**  
**Audit Committee Vice-Chair, Compensation Committee Vice-Chair**

*Term of office expires 2028*

Ms. Erb is a Certified Public Accountant and a current partner in Knighton, Erb & Co, LLC (CPA firm), located in Salt Lake City, which has been her primary business for the past five years. In addition, Ms. Erb also has personal real estate investments in rental properties. Ms. Erb holds a bachelor's degree in accounting from Westminster College of Utah, and an MBA from Utah State University. Ms. Erb grew up in rural Idaho and has been a practicing CPA for at least the past five years.

**Steve W. Hanberg, Director**  
**Corporate Committee Member**

*Term of office expires 2029*

Mr. Hanberg is a joint owner/operator and officer of Steve Hanberg Farms, L.L.C., which consists of a crop (hay, corn, and wheat) enterprise and a winter grazing enterprise. Operating and managing this business has been his primary occupation for at least the past five years. Mr. Hanberg also has business interests in another entity related to this agricultural operation and its property holdings as well as personal real estate investments in rental properties. Mr. Hanberg currently serves on the board of trustees of the Central Utah Water Conservancy District and the Associated Water Users Association as well as the board of directors of Ouray Park Irrigation Company and the Uintah Conservation District. Steve earned his bachelor's degree in business administration from Utah State University.

**Wayne A. Smith, Director**  
**Corporate Committee Vice-Chair, Risk Committee Member**

*Term of office expires 2026*

Mr. Smith is an owner/operator and officer of Wayne A. Smith Livestock and the Wayne A. Smith Family Limited Partnership. These entities comprise a farming, ranching, and cattle operation, which has been his primary occupation for at least the past five years. Mr. Smith also currently serves as a board member of the Southwest Grazing Association.

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Directors are compensated for their services based on daily honorarium of \$600 plus an hourly rate for preparation for Board and Committee meetings. They are also paid \$75 per hour based on travel time of 65 miles per hour. The Board Chair (\$400), Vice-Chair (\$200) and Audit Committee Chairman (\$300) receive a monthly retainer. The Directors are also reimbursed for mileage, as well as documented business expenses while serving in an official capacity.

The following table details the total compensation paid by the Association to directors for 2025.

Director	Number of Days Served		Compensation					Total Compensation Paid
	Board Meetings	Other Official Activities	Board Meetings & Other Official Activities	Audit	Comp	Corp	Risk	
Boyd Bingham	11	9	\$ 19,647	\$ -	\$ 600	\$ -	\$ 150	\$ 20,397
Dusty Reese	11	7	22,185	-	-	600	150	22,935
Kathryn Nye	11	22	21,512	1,500	150	300	150	23,612
Kim D. Haws	11	38	28,048	1,500	600	600	300	31,048
Kirt Richins	11	13	17,916	1,500	-	-	-	19,416
LaDell Eyre	10	31	24,763	1,950	450	600	300	28,063
Mark Wintch	11	5	19,975	-	150	300	-	20,425
O. Scott Wayment	6	5	7,297	-	450	-	150	7,897
Shirelle Erb	11	19	15,158	3,900	600	-	150	19,808
Steve Hanberg	4	4	9,023	-	-	300	-	9,323
Wayne Smith	11	8	22,472	-	-	600	150	23,222
Total Compensation			\$ 207,996	\$ 10,350	\$ 3,000	\$ 3,300	\$ 1,500	\$ 226,146

Director O. Scott Wayment retired as of June 30, 2025. Director Steve Hanberg was elected to the Board of Directors during the annual election. Directors and employees are reimbursed reasonable costs of essential travel, subsistence, and other related expenses. A copy of the policy authorizing such reimbursement is available to shareholders upon request. The total amount of reimbursement to directors for travel related expenses totaled \$68,138, \$58,499, and \$61,588, in 2025, 2024 and 2023, respectively.

FCA regulations also require the following disclosure of the business experience for the last five years for each senior officer and any other business interest where the senior officer serves on the board of directors or as a senior officer (including the principal business in which the business is engaged). Required senior officer compensation information is included in the Association Annual Meeting Information Statement which is available for public inspection at any of our Association offices.

The following summarizes the composition and experience of the senior officers of the Association:

**David G. Brown, President & Chief Executive Officer**

Mr. Brown is a native of Coalville, Utah where he was raised on a family dairy farm. He has been with the Farm Credit System for 30+ years with credit, operations, and management experience. He started his career with Western AgCredit in 1993 as a loan officer in the Logan Branch before being promoted to Vice President – Credit Services in 2001. He later became the Chief Operating Officer on October 1, 2014, and then President/CEO on August 1, 2016.

**Darren L. Haas, Senior Vice President – Chief Financial Officer & Chief Risk Officer**

Mr. Haas is a native of West Valley, Utah. He has been with the Farm Credit System for 8 years with accounting, finance, and risk management experience. Previously, he worked for 15 years for different industrial banks as a Chief Financial Officer. He is a certified public accountant and began his career in public accounting with Deloitte & Touche in Salt Lake City. Mr. Haas began his service with Western AgCredit in January 2018 and became the Chief Financial Officer on July 1, 2020. He was appointed as the Chief Risk Officer on January 1, 2023.

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### **Ryan Howell, Senior Vice President – Chief Operations Officer & Chief IT Officer**

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Mr. Howell was raised on a remote cattle ranch in Christian Valley, British Columbia. He grew up raising hay and beef cattle. Mr. Howell has been with the Farm Credit System since 2002 with credit, operations, information technology, and management experience. He started his career with Western AgCredit as a loan officer in the Logan Branch before a promotion to Branch Manager of the Evanston, WY Branch in 2006. He was promoted to Senior Vice President, Operations Manager on September 15, 2016 and Senior Vice President, Chief Operations Officer and Chief Information Officer on July 1, 2020.

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### **Tony K. Powell, Senior Vice President – Chief Credit Officer**

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Mr. Powell is a native of Rexburg, Idaho where he was raised on a dairy and crop operation. He has been with the Farm Credit System for 22 years with credit and management experience. Previously, he worked for a company that specialized in dairy and feed management software. Mr. Powell began his service with Western AgCredit in July 2003 as a loan officer and became the Credit Manager on July 1, 2013, and the Chief Credit Officer on October 1, 2014.

### **Transactions with Senior Officers & Directors**

The Association's policies on loans to and transactions with its senior officers and directors, required to be disclosed in this section, are incorporated herein by reference from Note 12 to the consolidated financial statements, "Related Party Transactions," included in this annual report to shareholders.

### **Involvement in Certain Legal Proceedings**

There were no matters that came to the attention of management or the Board of Directors regarding involvement of current directors or senior officers in specified legal proceedings that are required to be disclosed in this section.

### **Relationship with Independent Auditors**

There was no change in independent auditors since the prior annual report to shareholders. The independent auditors, previously known as Moss Adams LLP, merged with Baker Tilly LLP during 2025. There were no material disagreements with our independent auditors on any matter of accounting principles or financial statement disclosures for the period ended December 31, 2025. Fee and service information required to be disclosed in this section is incorporated herein by reference from the "Audit Committee Report" included in this annual report to shareholders.

### **Financial Statements**

The financial statements, together with the report thereon of Baker Tilly LLP dated February 20, 2026, appearing on pages 37 and 38 of this annual report to shareholders, are incorporated herein by reference.

### **Relationship with CoBank**

The Association's statutory obligation to borrow from the Bank is discussed in Note 7 to the consolidated financial statements, "Note Payable to CoBank." CoBank's ability to access the capital of the Association is discussed in Note 4 to the consolidated financial statements, "Investment in CoBank." CoBank's role in mitigating the Association's exposure to interest rate risk is described in the "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### **Credit and Services to Young, Beginning and Small Farmers, Ranchers and Producers or Harvesters of Aquatic Products**

Information required to be disclosed in this section is incorporated herein by reference the "Young, Beginning and Small Farmers and Ranchers Program" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in this annual report to shareholders.

# STAFF

## South Jordan Administration

Kathy Kaiser ..... Executive Assistant  
 Jonathan Howard ..... VP-Capital Markets & Portfolio Manager  
 Bonnie Manis ..... Credit Support Specialist  
 Sarah Witt ..... VP-Marketing & Communications Director  
 Marissa Smith ..... VP-Reporting Director  
 Hayden Shelton ..... VP-Senior Programmer/Developer  
 Vamshi Vuppunuthala ..... Database Engineer  
 Greg Wood ..... VP-IT Director  
 Cindy Angell ..... VP-Loan Documentation Manager  
 Kathie Chahanovich ..... Loan Documentation Specialist  
 Lacie Musgrove ..... Loan Documentation Specialist  
 Lindsie Fitzgerald ..... Loan Documentation Specialist  
 Magen Christensen ..... Loan Documentation Specialist  
 Teri Young ..... Loan Documentation Specialist  
 Tracy Archuleta ..... Note/Collateral Custodian  
 Amy O’Hanlen ..... VP-Controller  
 Ashley Burr ..... VP-Loan Accounting Manager  
 Christine Hunt ..... Staff Accountant  
 Leasa Brown ..... Senior Staff Accountant  
 Natasha Williams ..... Senior Accounting Assistant  
 Cindy Kelsey ..... Senior Accounting Assistant  
 Sandee Stevens ..... Senior Accounting Assistant  
 Tamera Crowther ..... Senior Accounting Assistant  
 Kaitlin Kakau ..... Senior Accounting Assistant  
 Tina Fraidenburg ..... Receptionist/Accounting Assistant  
 Lisa Antell ..... Operations Assistant  
 Kent Crowther ..... Collateral Inspector & Valuation Specialist  
 Lacy Walker ..... HR Generalist  
 Kent Hall ..... Senior Risk Analyst  
 Penny Androff ..... Credit Analyst

## Cedar City Branch

Robbie Masterson ..... VP-Branch Manager  
 McKade Hatch ..... Loan Officer  
 Karissa Beagles ..... Credit Support Specialist  
 Morgan Baldwin ..... Credit Analyst

## Roosevelt Branch

Jason Gillman ..... VP-Branch Manager  
 Walker Bagley ..... Loan Officer  
 Darcy Flores ..... Credit Support Specialist

## Evanston Branch

Michael Kelley ..... VP-Branch Manager  
 Lex Peterson ..... Loan Officer  
 Abbie Nicholas ..... Credit Support Specialist

## Richfield Branch

Robert Miller ..... VP-Lending Manager  
 Cody Dyreng ..... Senior Loan Officer  
 Scott Reeve ..... Senior Loan Officer  
 Ashlin Gay ..... Loan Officer  
 Rainette Goold ..... Credit Support Specialist Team Lead  
 CJ Johnson ..... Staff Appraiser  
 Cara Utley ..... Credit Analyst

## Logan Branch

Lane Gardiner ..... VP-Lending Manager  
 Casey Beck ..... VP-Credit Administration  
 Honnalora Gailey ..... Credit Support Specialist  
 Craig Turner ..... Chief Appraiser  
 Jaxson Love ..... Senior Appraiser  
 Tamara Sinclair ..... Appraisal Support Specialist  
 Scott Marchant ..... VP-Credit Manager  
 Rhett Crandall ..... Credit Analyst  
 Kevin Beck ..... Loan Officer  
 Satchell Fausett ..... Software Engineer

## Tremonton Branch

J. Rhett Nielsen ..... VP-Branch Manager  
 Adam Carter ..... Correspondent Lending Officer  
 Andries van Heerden ..... Loan Officer  
 Michael Rallison ..... Loan Officer  
 Becky Christensen ..... Credit Support Specialist  
 JP Tegar ..... Credit Analyst

## Spanish Fork Branch

Alan Stevens ..... VP-Branch Manager  
 J. Wyatt Andersen ..... Senior Loan Officer  
 Alex Olson ..... Loan Officer  
 Aubrey Freidenberger ..... Loan Officer  
 Elyse Kunzler ..... Credit Support Specialist  
 Sovereign Edmands ..... Credit Analyst

**All photos included in this report were taken by our amazing customers and staff.**

Special thanks to Sara Harward (cover), Heidi Bumingham (TOC, p. 25), Stacey Lake (p. 4), Rhonda Bagley (p. 6), Kent Crowther (p. 10), Jud Harward (p. 11), Mitch Wallace (p. 19), Cigi Burton (p. 23), Tyrell Henderson (p. 30), and Krystal Bingham (back cover).



## OUR MISSION STATEMENT

To provide the most  
dependable source  
of constructive credit  
and related services  
to agriculture and  
the rural community.



WESTERN  
*AgCredit*