



Financing All Things Country

# Annual Report 2025



Letter to Stockholders for  
2025 Annual Report

Dear Louisiana Land Bank Stockholders,

On behalf of the Association's board of directors and our entire employee team, I am pleased to report on the achievement of our key 2025 business plan goals. Our lending staff originated more than \$290 million in loan closings during 2025, which represents a 15-year high, and accruing loan volume at year-end topped \$1.15 billion or some 7 percent greater than a year earlier. Loan portfolio quality remained high, with acceptable assets of 98.59 percent and nonearning assets totaling just \$1.65 million at year-end.

Final net earnings of \$17.77 million exceeded our business plan goal despite the patronage paid to the Association by the Farm Credit Bank of Texas (Bank) being reduced by more than \$1 million or 24 percent compared to the previous year. We were able to offset the reduction in Bank patronage by growing our asset base and increasing net interest income by \$2.32 million or approximately 8 percent compared to the 2024 total.

The Association remains well-capitalized with a permanent capital ratio of 16 percent even after making an additional capital investment in the Bank of \$5.06 million in March 2025. This additional investment was due to an increase in required capitalization from 2 percent to 2.50 percent of our average direct note borrowing from the Bank coupled with the continued growth in our business relationship with the Bank.

Even with the negative financial impacts of the lower bank patronage and our additional capital investment in the Bank, we are pleased that the Association's board approved a total cash patronage payout of \$8.5 million for borrowers whose loans are held in portfolio and an additional \$1.67 million for borrowers who have portions of their loan balances participated with or sold to the Bank and other Farm Credit associations as a result of loan portfolio risk management and hold limit strategies. Our cooperative business structure is based on sharing our profits, and the patronage checks will be distributed in early spring.

The board and our employee team recognize the difficult operating environment being faced by many of our farm and agribusiness producers, including adverse weather conditions, lower agricultural commodity prices, increasing input costs and government program uncertainty. We sincerely appreciate the opportunity to help our borrower/stockholders meet these ongoing challenges, realize financial success and improve the lives of their family members and business associates.

We serve the entire state of Louisiana, and we strive daily to effectively live up to our motto of "Financing All Things Country." We value the positive business relationship that we have with each of you, and we look forward to serving your credit and related financial services needs for years to come.

Sincerely,

/s/ F. Stephen Austin  
F. Stephen Austin  
Chief Executive Officer

/s/ Cullen M. Kovac  
Cullen M. Kovac  
Chairman of the Board

**Louisiana Land Bank, ACA**

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## REPORT OF MANAGEMENT

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

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

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

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

/s/ F. Stephen Austin

F. Stephen Austin, Chief Executive Officer  
*March 6, 2026*

/s/ Cullen M. Kovac

Cullen M. Kovac, Chairman, Board of Directors  
*March 6, 2026*

/s/ Christopher E. Bentley

Christopher E. Bentley, Chief Financial Officer  
*March 6, 2026*

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

/s/ F. Stephen Austin

F. Stephen Austin, Chief Executive Officer  
*March 6, 2026*

/s/ Cullen M. Kovac

Cullen M. Kovac, Chairman, Board of Directors  
*March 6, 2026*

/s/ Christopher E. Bentley

Christopher E. Bentley, Chief Financial Officer  
*March 6, 2026*

## REPORT OF AUDIT COMMITTEE

The Audit Committee (Committee) is composed of the Mary Saporito – Chairman, Clark Canterbury, Gertrude Hawkins and John McLain. In 2025, 11 Committee meetings were held. The Committee oversees the scope of Louisiana Land Bank, ACA’s system of internal controls and procedures, and the adequacy of management’s action with respect to recommendations arising from those auditing activities. The Committee’s approved responsibilities are described more fully in the Audit Committee Charter, which is available on request or on Louisiana Land Bank, ACA’s website. The Committee approved the appointment of PricewaterhouseCoopers LLP (PwC) for 2025.

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

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

The Committee discussed with PwC its firm independence Louisiana Land Bank, ACA. The Committee also reviewed the nonaudit services provided by PwC and concluded that these services were not incompatible with maintaining the independent accountant’s independence. The Committee has discussed with management and PwC such other matters and received such assurances from them as the Committee deemed appropriate.

Based on the foregoing review and discussions and relying thereon, the Committee recommended that the board of directors include the audited consolidated financial statements in the Louisiana Land Bank, ACA’s Annual Report to Stockholders for the year ended December 31, 2025.

### Audit Committee Members

*Mary Saporito, Chairman*  
*Clark Canterbury*  
*Gertrude Hawkins*  
*John McLain*

*March 6, 2026*

LOUISIANA LAND BANK, ACA

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

|   | 2025         | 2024         | 2023         | 2022         | 2021         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Balance Sheet Data</b>                                       |              |              |              |              |              |
| <u>Assets</u>   |              |              |              |              |              |
| Cash  | \$ 28        | \$ 36        | \$ 50        | \$ 94        | \$ 36        |
| Loans   | 1,156,387    | 1,082,269    | 1,018,767    | 1,025,074    | 1,003,680    |
| Less: allowance for credit losses on loans                      | 3,606        | 3,097        | 3,249        | 6,444        | 6,554        |
| Net loans   | 1,152,781    | 1,079,172    | 1,015,518    | 1,018,630    | 997,126      |
| Investment in and receivable from the Farm Credit Bank of Texas | 29,982       | 25,616       | 19,904       | 25,367       | 18,147       |
| Other property owned, net                                       | 32           | 214          | -            | -            | -            |
| Other assets  | 21,528       | 18,974       | 17,812       | 15,756       | 14,527       |
| Total assets  | \$ 1,204,351 | \$ 1,124,012 | \$ 1,053,284 | \$ 1,059,847 | \$ 1,029,836 |
| <u>Liabilities</u>  |              |              |              |              |              |
| Obligations with maturities of one year or less                 | \$ 16,776    | \$ 18,697    | \$ 15,557    | \$ 17,722    | \$ 18,153    |
| Obligations with maturities greater than one year               | 978,506      | 905,571      | 845,753      | 862,026      | 841,624      |
| Total liabilities   | 995,282      | 924,268      | 861,310      | 879,748      | 859,777      |
| <u>Members' Equity</u>  |              |              |              |              |              |
| Capital stock and participation certificates                    | 3,047        | 3,010        | 2,961        | 2,948        | 2,979        |
| Unallocated retained earnings                                   | 206,063      | 197,018      | 188,972      | 176,935      | 167,967      |
| Accumulated other comprehensive (loss) income                   | (41)         | (284)        | 41           | 216          | (887)        |
| Total members' equity   | 209,069      | 199,744      | 191,974      | 180,099      | 170,059      |
| Total liabilities and members' equity                           | \$ 1,204,351 | \$ 1,124,012 | \$ 1,053,284 | \$ 1,059,847 | \$ 1,029,836 |
| <b>Statement of Income Data</b>                                 |              |              |              |              |              |
| Net interest income   | \$ 31,556    | \$ 29,237    | \$ 28,310    | \$ 27,234    | \$ 25,725    |
| (Provision for credit losses) credit loss reversal              | (618)        | 46           | (124)        | 8            | (240)        |
| Income from the Farm Credit Bank of Texas                       | 3,232        | 4,242        | 3,800        | 6,922        | 6,196        |
| Other noninterest income  | 783          | 1,130        | 712          | 662          | 774          |
| Noninterest expense   | (17,170)     | (15,636)     | (15,029)     | (15,210)     | (14,740)     |
| (Provision for) benefit from income taxes                       | (12)         | (9)          | (5)          | (1)          | 5            |
| Net income  | \$ 17,771    | \$ 19,010    | \$ 17,664    | \$ 19,615    | \$ 17,720    |
| <b>Key Financial Ratios for the Year</b>                        |              |              |              |              |              |
| Return on average assets  | 1.5%         | 1.8%         | 1.7%         | 1.9%         | 1.8%         |
| Return on average members' equity                               | 8.5%         | 9.5%         | 9.2%         | 11.0%        | 10.4%        |
| Net interest income as a percentage of average earning assets   | 2.8%         | 2.8%         | 2.8%         | 2.7%         | 2.7%         |
| Net charge-offs as a percentage of average earning assets       | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         |

LOUISIANA LAND BANK, ACA

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

|   | 2025   | 2024   | 2023   | 2022   | 2021   |
|---|--------|--------|--------|--------|--------|
| <b>Key Financial Ratios at Year-End</b>                       |        |        |        |        |        |
| Members' equity as a percentage of total assets               | 17.4%  | 17.8%  | 18.2%  | 17.0%  | 16.5%  |
| Debt as a percentage of members' equity                       | 476.1% | 462.7% | 448.7% | 488.5% | 505.6% |
| Allowance for credit losses on loans as a percentage of loans | 0.3%   | 0.3%   | 0.3%   | 0.6%   | 0.7%   |
| Common equity tier 1 ratio                                    | 16.0%  | 17.1%  | 16.9%  | 15.5%  | 15.3%  |
| Tier 1 capital ratio  | 16.0%  | 17.1%  | 16.9%  | 15.5%  | 15.3%  |
| Total capital ratio   | 16.2%  | 17.4%  | 17.2%  | 16.1%  | 15.9%  |
| Permanent capital ratio                                       | 16.0%  | 17.2%  | 16.9%  | 15.6%  | 15.4%  |
| Tier 1 leverage ratio   | 16.2%  | 17.6%  | 17.3%  | 16.0%  | 15.9%  |
| UREE leverage ratio   | 15.9%  | 17.3%  | 17.0%  | 15.7%  | 17.0%  |

**Net Income Distribution**

|                      |           |          |           |          |           |
|----------------------|-----------|----------|-----------|----------|-----------|
| Patronage dividends: |           |          |           |          |           |
| Cash                 | \$ 10,892 | \$ 8,832 | \$ 10,550 | \$ 9,796 | \$ 11,399 |

LOUISIANA LAND BANK, ACA

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

|   | 2025   | 2024   | 2023   | 2022   | 2021   |
|---|--------|--------|--------|--------|--------|
| <b>Key Financial Ratios at Year End</b>                       |        |        |        |        |        |
| Members' equity as a percentage of total assets               | 17.4%  | 17.8%  | 18.2%  | 17.0%  | 16.5%  |
| Debt as a percentage of members' equity                       | 476.1% | 462.7% | 448.7% | 488.5% | 505.6% |
| Allowance for credit losses on loans as a percentage of loans | 0.3%   | 0.3%   | 0.3%   | 0.6%   | 0.7%   |
| Common equity tier 1 ratio                                    | 16.0%  | 17.1%  | 16.9%  | 15.5%  | 15.3%  |
| Tier 1 capital ratio  | 16.0%  | 17.1%  | 16.9%  | 15.5%  | 15.3%  |
| Total capital ratio   | 16.2%  | 17.4%  | 17.2%  | 16.1%  | 15.9%  |
| Permanent capital ratio                                       | 16.0%  | 17.2%  | 16.9%  | 15.6%  | 15.4%  |
| Tier 1 leverage ratio   | 16.2%  | 17.6%  | 17.3%  | 16.0%  | 15.9%  |
| UREE leverage ratio   | 15.9%  | 17.3%  | 17.0%  | 15.7%  | 17.0%  |

**Net Income Distribution**

|                      |           |          |           |          |           |
|----------------------|-----------|----------|-----------|----------|-----------|
| Patronage dividends: |           |          |           |          |           |
| Cash                 | \$ 10,892 | \$ 8,832 | \$ 10,550 | \$ 9,796 | \$ 11,399 |

The Association's ratios remained well above the regulatory minimums, including the conservation and leverage buffers at December 31, 2025. For more information, see Note 9, "Members Equity," in the accompanying consolidated financial statements.

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

The following commentary explains management's assessment of the principal aspects of the consolidated financial condition and results of operations of Louisiana Land Bank, ACA, including its wholly owned subsidiaries, Louisiana Production Credit Association, PCA and Louisiana Federal Land Bank, FLCA (collectively called "the Association") for the years ended December 31, 2025, 2024 and 2023 and should be read in conjunction with the accompanying consolidated financial statements. The accompanying consolidated financial statements were prepared under the oversight of the Association's Audit Committee.

### Forward-Looking Information

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

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

### Significant Events

The Association's financial condition may be impacted by factors that affect the Farm Credit Bank of Texas (the Bank). The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association.

During 2025, the Association's board of directors (Board) paid a patronage of \$10,885,218 to the eligible stockholders from 2024's earnings. The patronage was in the form of a qualified patronage distribution.

The Association's Board elected to pay patronage from 2025's earnings totaling approximately \$10.2 million. It is anticipated that this patronage will be paid to eligible stockholders in the first quarter of 2026.

In December 2025, the Association received a direct loan patronage of \$1,718,702 from the Bank, representing 18.08 basis points on the average daily balance of the Association's direct loan with the Bank. The Association received a capital markets patronage of \$1,519,479 from the Bank, representing 74.17 basis points on the Association's average balance of participation in the Bank's patronage pool program.

The Association is required to maintain an investment in the Bank in the form of Class A voting capital stock and allocated retained earnings. For 2024, the investment required of the Association was 2.00 percent of its average borrowing from the Bank, which was equalized annually. Beginning in 2025, the investment requirement of the Association increased to 2.50 percent of the average borrowings from the Bank, annualized semiannually. The first semiannual equalization resulted in an increased investment requirement in the Bank of \$5,059,875 in March 2025. The 2025 year-end equalization resulted in an increased investment in the Bank of \$1,961,735.

In March, the Farm Credit System Insurance Corporation (FCSIC) voted to return excess funds to Farm Credit System (System) banks. The Association received its portion of the excess funds from the Bank. The amount received was \$159,754. On July 10, the FCSIC Board of Directors voted to maintain the insurance premium assessment at the current rate of 10 basis points plus an additional 10 basis points for nonaccrual loan volume.

In 2024, the Association launched a crop insurance operation to supplement the Association's loan business. This new business line will pair well with the Association's existing short-term and long-term Farm Credit lending. The 2025 revenue from this operation is immaterial to the Association at this time.

Please refer to the quarterly reports for updates to the membership of the Board of Directors that took place during the year.

The Association has continued to provide its members with quality financial services. The Board and management remain committed to maintaining the financial integrity of the Association while offering competitive loan products that meet the financial needs of agricultural producers.

### Adoption of New Accounting Standard

Effective January 1, 2023, the Association adopted the current expected credit losses (CECL) accounting guidance that replaced the incurred loss guidance. CECL established a single-allowance framework for financial assets carried at amortized cost and certain off-balance sheet credit exposures. CECL requires management to consider in its estimate of allowance for credit losses (ACL) relevant historical events, current conditions, and reasonable and supportable forecasts that affect the collectibility of the assets. The adoption of this guidance resulted in a cumulative effect transition adjustment at January 1, 2023, reflecting a decrease in the Association’s ACL of \$3,168,989 on outstanding loans and unfunded commitments and a corresponding increase in unallocated retained earnings.

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

### Patronage Refunds Received From Farm Credit Bank of Texas

In December 2025, the Association received a direct loan patronage of \$1,718,702 from the Farm Credit Bank of Texas, representing 18.08 basis points on the average daily balance of the Association’s direct loan with the Bank. The Association received a capital markets patronage of \$1,519,479 from the Bank, representing 74.17 basis points on the Association’s average balance of participations in the Bank’s patronage pool program.

### Loan Portfolio

The Association makes and services loans to farmers, ranchers, rural homeowners and certain farm-related businesses. The Association’s loan volume consists of long-term farm mortgage loans, production and intermediate-term loans, and farm-related business loans. These loan products are available to eligible borrowers with competitive variable, fixed, adjustable, SOFR-based and prime-based interest rates. Loan maturities range from one to 40 years, with annual operating loans comprising the majority of the commercial loans and 20- to 30-year maturities comprising the majority of the mortgage loans. Loans serviced by the Association offer several installment payment cycles, the timing of which usually coincides with the seasonal cash-flow capabilities of the borrower.

The Geographic Distribution closely mirrors the Association’s chartered territory, which is the entire state of Louisiana. The Association has a network of 10 branch offices that serves the 64 parishes of Louisiana. This chartered territory authorizes the Association to make loans and provide financially related services to qualified borrower in the agricultural and rural sections of the state and to certain qualified related entities.

Geographical risk is an element of allowance. The following is a breakdown of the Association’s portfolio by geographic region as of December 31:

| Region                 | 2025           | 2024    | 2023    |
|------------------------|----------------|---------|---------|
| <b>Louisiana</b>       |                |         |         |
| Northeast              | 20.86%         | 21.36%  | 22.58%  |
| Northwest              | 16.94%         | 17.06%  | 16.77%  |
| Southeast              | 31.92%         | 30.63%  | 29.31%  |
| Southwest              | 18.57%         | 19.83%  | 19.83%  |
| <b>Total Louisiana</b> | <b>88.29%</b>  | 88.88%  | 88.49%  |
| <b>Out of State</b>    | <b>11.71%</b>  | 11.12%  | 11.51%  |
|                        | <b>100.00%</b> | 100.00% | 100.00% |

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

| Operation/Commodity                    | 2025                    |               | 2024                    |               | 2023                    |               |
|--|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
|  | Amount                  | %             | Amount                  | %             | Amount                  | %             |
| Hunting, trapping and game propagation | \$ 295,252,835          | 25.4%         | \$ 223,965,595          | 20.7%         | \$ 201,711,958          | 19.8%         |
| Cash grains                            | 243,882,521             | 21.1%         | 251,996,787             | 23.3%         | 221,948,709             | 21.8%         |
| Timber                                 | 214,914,675             | 18.6%         | 205,375,995             | 19.0%         | 209,416,254             | 20.6%         |
| General farms, primarily crops         | 145,625,276             | 12.6%         | 142,961,048             | 13.2%         | 145,559,877             | 14.3%         |
| Livestock, except dairy and poultry    | 91,583,010              | 8.0%          | 83,743,151              | 7.7%          | 82,876,123              | 8.1%          |
| Other                                  | 165,129,005             | 14.3%         | 174,226,257             | 16.1%         | 157,253,856             | 15.4%         |
| Total                                  | <u>\$ 1,156,387,322</u> | <u>100.0%</u> | <u>\$ 1,082,268,833</u> | <u>100.0%</u> | <u>\$ 1,018,766,777</u> | <u>100.0%</u> |

The composition of the Association's loan portfolio, including principal less funds held of \$1,156,387,322, \$1,082,268,833 and \$1,018,766,777 as of December 31, 2025, 2024 and 2023, respectively, is described more fully in detailed tables in Note 3, "Loans and Allowance for Credit Losses on Loans," in the accompanying consolidated financial statements.

### Purchase and Sales of Loans

During 2025, 2024 and 2023, the Association was participating in loans with other lenders. As of December 31, 2025, 2024 and 2023, participations purchased totaled \$76,420,085, \$75,628,601 and \$77,179,949, or 6.6 percent, 7.0 percent and 7.6 percent of loans, respectively. Included in these amounts are participations purchased from entities outside the District of \$0, \$65,868 and \$600,434, or 0.0 percent of loans in 2025 and 2024, and 0.1 percent of loans in 2023. The Association has also sold participations of \$295,248,470, \$230,048,867 and \$179,000,585 as of December 31, 2025, 2024 and 2023, respectively.

### Risk Exposure

Nonperforming assets include nonaccrual loans, loans that are 90 days or more past due and still accruing interest and other property owned, net.

The following table illustrates the Association's components and trends of nonperforming assets serviced for the prior three years as of December 31:

|   | 2025                |               | 2024                |               | 2023                |               |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|   | Amount              | %             | Amount              | %             | Amount              | %             |
| Nonaccrual loans                        | \$ 1,657,872        | 98.1%         | \$ 3,112,660        | 91.7%         | \$ 6,508,350        | 100.0%        |
| Accruing loans 90 days or more past due | -                   | 0.0%          | 68,828              | 2.0%          | -                   | 0.0%          |
| Nonperforming loans                     | 1,657,872           | 98.1%         | 3,181,488           | 93.7%         | 6,508,350           | 100.0%        |
| Other property owned, net               | 31,569              | 1.9%          | 214,158             | 6.3%          | -                   | 0.0%          |
| Nonperforming assets                    | <u>\$ 1,689,441</u> | <u>100.0%</u> | <u>\$ 3,395,646</u> | <u>100.0%</u> | <u>\$ 6,508,350</u> | <u>100.0%</u> |

At December 31, 2025, 2024 and 2023, nonperforming loans were \$1,657,872, \$3,181,488 and \$6,508,350, representing 0.1 percent, 0.3 percent and 0.6 percent of loan volume, respectively.

Except for the relationship between installment due date and seasonal cash-flow capabilities of the borrower, the Association is not affected by any seasonal characteristics. The factors affecting the operations of the Association are the same factors that would affect any agricultural real estate lender.

### Allowance for Credit Losses on Loans

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

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with the Association's appraisal policy, the fair value of collateral-dependent loans is based upon independent third-party appraisals or on collateral valuations prepared by in-house

appraisers. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed or nonrecoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the component of the allowance for credit losses on loans that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include credit quality rating (probability of default and loss given default), loss rates, exposure at default, and prepayment estimates. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating or delinquency buckets using historical life-of-loan analysis periods for loan types, and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool. The Association utilizes certain scenarios and input factors as model input. These scenarios and input factors utilized are baseline economic scenarios, upside economic scenarios, and downside economic scenarios.

Prior to January 1, 2023, the allowance for loan losses was maintained at a level considered adequate to provide for probable losses existing in and inherent in the loan portfolio. The allowance was based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition and prior loan loss experience. The allowance for loan losses encompassed various judgments, evaluations and appraisals with respect to the loans and their underlying collateral that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity would cause these various judgments, evaluations and appraisals to change over time. Management considered a number of factors in determining and supporting the levels of the allowances for loan losses, which included, but were limited to, the concentration of lending in agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects and weather-related influences.

Based upon ongoing risk assessment and the procedures outlined above, the allowance for credit losses on loans of \$3,606,108, \$3,097,093 and \$3,248,864 at December 31, 2025, 2024 and 2023, respectively, is considered adequate by management to compensate for losses in the loan portfolio at such dates. Based on accounting guidance, management believes the current allowance levels are adequate. The Association's historically low loss rate, paired with the large first mortgage real estate collateral position, allows for allowance levels at the current level.

## Results of Operations

The Association's net income for the year ended December 31, 2025, was \$17,771,227 as compared to \$19,009,870 for the year ended December 31, 2024, reflecting a decrease of \$1,238,643, or 6.5 percent. The Association's net income for the year ended December 31, 2023 was \$17,664,294. Net income increased \$1,345,576, or 7.6 percent, in 2024 versus 2023.

Net interest income for 2025, 2024 and 2023 was \$31,556,177, \$29,236,410 and \$28,309,697, respectively, reflecting increases of \$2,319,767, or 7.9 percent, for 2025 versus 2024 and \$926,713, or 3.3 percent, for 2024 versus 2023. Net interest income is the principal source of earnings for the Association and is affected by volume, yields on assets and cost of debt.

The effects of changes in average volume and interest rates on net interest income over the past three years are presented in the following tables:

|                              | 2025             |               | 2024             |               | 2023             |               |
|------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                              | Average Balance  | Interest      | Average Balance  | Interest      | Average Balance  | Interest      |
| Loans                        | \$ 1,128,942,571 | \$ 67,923,200 | \$ 1,029,166,671 | \$ 59,006,906 | \$ 1,017,201,846 | \$ 54,352,704 |
| Interest-bearing liabilities | 950,636,860      | 36,367,023    | 853,908,758      | 29,770,496    | 848,294,124      | 26,043,007    |
| Impact of capital            | \$ 178,305,711   |               | \$ 175,257,913   |               | \$ 168,907,722   |               |
| Net interest income          |                  | \$ 31,556,177 |                  | \$ 29,236,410 |                  | \$ 28,309,697 |

|                                      | 2025          | 2024          | 2023          |
|--------------------------------------|---------------|---------------|---------------|
|                                      | Average Yield | Average Yield | Average Yield |
| Yield on loans                       | 6.02%         | 5.73%         | 5.34%         |
| Cost of interest-bearing liabilities | 3.83%         | 3.49%         | 3.07%         |
| Interest rate spread                 | 2.19%         | 2.24%         | 2.27%         |

|                         | 2025 vs. 2024              |              |              | 2024 vs. 2023              |              |              |
|-------------------------|----------------------------|--------------|--------------|----------------------------|--------------|--------------|
|                         | Increase (decrease) due to |              |              | Increase (decrease) due to |              |              |
|                         | Volume                     | Rate         | Total        | Volume                     | Rate         | Total        |
| Interest income - loans | \$ 5,720,651               | \$ 3,195,643 | \$ 8,916,294 | \$ 639,328                 | \$ 4,014,874 | \$ 4,654,202 |
| Interest expense        | 3,372,329                  | 3,224,198    | 6,596,527    | 172,369                    | 3,555,120    | 3,727,489    |
| Net interest income     | \$ 2,348,322               | \$ (28,555)  | \$ 2,319,767 | \$ 466,959                 | \$ 459,754   | \$ 926,713   |

Interest income for 2025 increased by \$8,916,294, or 15.1 percent, compared to 2024, primarily due to an increase in yields on earning assets and an increase in average loan volume. Interest expense for 2025 increased by \$6,596,527, or 22.2 percent, compared to 2024 due to an increase in interest rates and an increase in average debt volume. The interest rate spread decreased by 5 basis points to 2.19 percent in 2025 from 2.24 percent in 2024, primarily due to an increase in the cost of funds that outpaced the increase in loans. These same factors led to an interest rate spread decrease of 3 basis points to 2.24 percent in 2024 from 2.27 percent in 2023. Interest rate volatility could negatively impact margin going forward.

Noninterest income for 2025 decreased by \$1,356,664, or 25.3 percent, compared to 2024, due primarily to a decrease in the direct note patronage income from the Bank. Noninterest income for 2024 increased by \$858,763, or 19.0 percent, compared to 2023, due primarily to an increase in the direct note patronage from the Bank

Provisions for credit losses on loans increased by \$664,673, or 1,435.9 percent, from \$(46,290) to \$618,383 for the years ended December 31, 2024, and 2025, respectively, primarily due to fluctuation in credit ratings within the portfolio.

Operating expenses consist primarily of salaries and employee benefits, insurance fund premiums, occupancy and equipment and purchased services. Expenses for purchased services may include administrative services, marketing, information systems, accounting and loan processing, among others. Operating expenses increased by \$1,533,767 in 2025 when compared with 2024, primarily due to an increase in salaries and employee benefits of \$1,088,295, or 11.0 percent, and advertising of \$82,069 or 11.9 percent. Additionally, there was an increase in insurance fund premiums expense of \$86,775, or 11.0 percent, resulting from an increase in the debt outstanding for the Association. The Association is required to pay into an insurance fund as part of the Farm Credit System.

Loan origination fees and direct loan origination costs are capitalized, and the net fee or cost is amortized over the life of the related loan as an adjustment to yield. The net amount of loan fees and related origination costs are not material to the consolidated financial statements taken as a whole. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding.

For the year ended December 31, 2025, the Association's return on average assets was 1.5 percent, as compared to 1.8 percent and 1.7 percent for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2025, the Association's return on average members' equity was 8.5 percent, as compared to 9.5 percent and 9.2 percent for the years ended December 31, 2024 and 2023, respectively.

Because the Association depends on the Bank for funding, any significant positive or negative factors affecting the operations of the Bank may have an effect on the operations of the Association.

### Liquidity and Funding Sources

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

The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of \$975,290,411, \$902,906,866 and \$843,355,247 as of December 31, 2025, 2024 and 2023, respectively, is recorded as a liability on the Association's Consolidated Balance Sheets. The note carried a weighted average interest rate of 3.94 percent, 3.69 percent and 3.36 percent at December 31, 2025, 2024 and 2023, respectively. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by a general financing agreement. The increase in note payable to the Bank and related accrued interest payable since December 31, 2024, is due to an increase in accrual loan volume.

The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were \$179,812,459, \$178,322,053 and \$174,542,794 at December 31, 2025, 2024 and 2023, respectively. The maximum amount the Association may borrow from the Bank as of December 31, 2025, was \$1,166,864,327 as defined by the general financing agreement. The indebtedness continues in effect until the expiration date of the general financing agreement, which is September 30, 2026, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days prior written notice or in all other circumstances, upon giving the Bank 120 days prior written notice.

The liquidity policy of the Association is to manage cash balances, maximize debt reduction and increase accrual loan volume. This policy will continue to be pursued during 2026. As borrower payments are received, they are applied to the Association’s note payable to the Bank.

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

### Capital Resources

The Association’s capital position remains strong, with total members’ equity of \$209,069,128, \$199,743,413 and \$191,974,740 at December 31, 2025, 2024 and 2023, respectively.

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

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

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

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

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

|                            | 2025          | 2024   | 2023   | Total Regulatory Requirements<br>Including Capital Conservation<br>Buffers |
|----------------------------|---------------|--------|--------|--|
| Common equity tier 1 ratio | <b>15.95%</b> | 17.13% | 16.86% | 7.00%  |
| Tier 1 capital ratio       | <b>15.95%</b> | 17.13% | 16.86% | 8.50%  |
| Total capital ratio        | <b>16.24%</b> | 17.41% | 17.18% | 10.50%   |
| Permanent capital ratio    | <b>16.00%</b> | 17.18% | 16.91% | 7.00%  |
| Tier 1 leverage ratio      | <b>16.15%</b> | 17.59% | 17.32% | 5.00%  |
| UREE leverage ratio        | <b>15.89%</b> | 17.31% | 17.03% | 1.50%  |

Regulatory capital required are discussed further in Note 9 to the consolidated financial statements, “Members’ Equity,” included in this annual report.

## **Regulatory Matters**

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

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

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

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

In 2025, 2024 and 2023, the Association paid cash patronage of \$10,892,265, \$8,831,954 and \$10,550,218, respectively. The board of directors approved a qualified patronage distributions of \$10,173,581 to be paid prior to September 15, 2026, from 2025 earnings. See Note 9 “Members Equity,” included in this annual report for further information.

## **Relationship With the Bank**

The Association’s statutory obligation to borrow only from the Bank is discussed in Note 8 to the consolidated financial statements, “Note Payable to the Bank,” included in this annual report.

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

The Bank’s role in mitigating the Association’s exposure to interest rate risk is described in the section “Liquidity and Funding Sources” of Management’s Discussion and Analysis and in Note 8 to the consolidated financial statements, “Note Payable to the Bank,” included in this annual report.

The Bank provides computer systems to support the critical operations of all District associations. In addition, each association has operating systems and facility-based systems that are not supported by the Bank. As disclosed in Note 12 to the consolidated financial statements, “Related Party Transactions,” included in this annual report, the Bank provides many services that the Association can utilize, such as administrative, marketing, information systems and accounting services. Additionally, the Bank bills District expenses to the District associations, such as the Farm Credit System Insurance Corporation insurance premiums.

## **Summary**

Over the past 109 years, regardless of the state of the agricultural economy, the Association’s board of directors and management, as well as the board of directors and management of the Bank, have been committed to offering their borrowers a ready source of financing at a competitive price. Your continued support will be critical to the success of this Association.



## **Report of Independent Auditors**

To the Board of Directors of Louisiana Land Bank, ACA

### ***Opinion***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Other Information***

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

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

PricewaterhouseCoopers LLP

Austin, Texas  
March 6, 2026

LOUISIANA LAND BANK, ACA

CONSOLIDATED BALANCE SHEETS

|   | December 31,            |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 2025                    | 2024                    | 2023                    |
| <b><u>Assets</u></b>  |                         |                         |                         |
| Cash  | \$ 27,595               | \$ 35,518               | \$ 50,001               |
| Loans   | 1,156,387,322           | 1,082,268,833           | 1,018,766,777           |
| Less: allowance for credit losses on loans                          | 3,606,108               | 3,097,093               | 3,248,864               |
| Net loans   | 1,152,781,214           | 1,079,171,740           | 1,015,517,913           |
| Accrued interest receivable   | 15,181,296              | 13,619,327              | 12,542,722              |
| Investment in and receivable from the Farm<br>Credit Bank of Texas: |                         |                         |                         |
| Capital stock   | 24,751,226              | 17,729,616              | 17,756,466              |
| Other   | 5,231,225               | 7,886,390               | 2,147,253               |
| Other property owned, net   | 31,569                  | 214,158                 | -                       |
| Premises and equipment, net   | 5,538,424               | 4,485,904               | 4,367,535               |
| Other assets  | 808,465                 | 868,888                 | 902,494                 |
| Total assets  | <b>\$ 1,204,351,014</b> | <b>\$ 1,124,011,541</b> | <b>\$ 1,053,284,384</b> |
| <b><u>Liabilities</u></b>   |                         |                         |                         |
| Note payable to the Farm Credit Bank of Texas                       | \$ 975,290,411          | \$ 902,906,866          | \$ 843,355,247          |
| Advance conditional payments  | -                       | -                       | 4,754                   |
| Accrued interest payable  | 3,215,556               | 2,664,159               | 2,340,529               |
| Drafts outstanding  | 31,543                  | 206,244                 | 52,507                  |
| Patronage distributions payable                                     | 8,800,203               | 10,967,044              | 8,834,074               |
| Other liabilities   | 7,944,173               | 7,523,815               | 6,722,533               |
| Total liabilities   | <b>995,281,886</b>      | <b>924,268,128</b>      | <b>861,309,644</b>      |
| <b><u>Members' Equity</u></b>                                       |                         |                         |                         |
| Capital stock and participation certificates                        | 3,047,290               | 3,009,800               | 2,961,020               |
| Unallocated retained earnings                                       | 206,063,092             | 197,017,289             | 188,972,343             |
| Accumulated other comprehensive (loss) income                       | (41,254)                | (283,676)               | 41,377                  |
| Total members' equity   | <b>209,069,128</b>      | <b>199,743,413</b>      | <b>191,974,740</b>      |
| Total liabilities and members' equity                               | <b>\$ 1,204,351,014</b> | <b>\$ 1,124,011,541</b> | <b>\$ 1,053,284,384</b> |

The accompanying notes are an integral part of these consolidated financial statements  
Louisiana Land Bank, ACA — 2025 Annual Report

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|   | Year Ended December 31, |                      |                      |
|---|-------------------------|----------------------|----------------------|
|   | 2025                    | 2024                 | 2023                 |
| <b><u>Interest Income</u></b>   |                         |                      |                      |
| Loans   | \$ 67,923,200           | \$ 59,006,906        | \$ 54,352,704        |
| Total interest income   | <u>67,923,200</u>       | <u>59,006,906</u>    | <u>54,352,704</u>    |
| <b><u>Interest Expense</u></b>  |                         |                      |                      |
| Note payable to the Farm Credit Bank of Texas                                   | 36,367,023              | 29,770,496           | 26,042,629           |
| Advance conditional payments  | -                       | -                    | 378                  |
| Total interest expense  | <u>36,367,023</u>       | <u>29,770,496</u>    | <u>26,043,007</u>    |
| Net interest income   | <u>31,556,177</u>       | <u>29,236,410</u>    | <u>28,309,697</u>    |
| <b><u>Provision for credit losses (credit loss reversal)</u></b>                |                         |                      |                      |
| Net interest income after<br>provision for credit losses (credit loss reversal) | <u>618,383</u>          | <u>(46,290)</u>      | <u>124,268</u>       |
|   | <u>30,937,794</u>       | <u>29,282,700</u>    | <u>28,185,429</u>    |
| <b><u>Noninterest Income</u></b>  |                         |                      |                      |
| Income from the Farm Credit Bank of Texas:                                      |                         |                      |                      |
| Patronage income  | 3,232,376               | 4,242,063            | 3,800,303            |
| Loan fees   | 258,203                 | 368,713              | 249,075              |
| Financially related services income   | 36,024                  | 1,758                | 1,954                |
| Gain on sale of premises and equipment, net                                     | 75,629                  | 258,432              | 329,177              |
| Other noninterest income  | 413,129                 | 501,059              | 132,753              |
| Total noninterest income  | <u>4,015,361</u>        | <u>5,372,025</u>     | <u>4,513,262</u>     |
| <b><u>Noninterest Expenses</u></b>  |                         |                      |                      |
| Salaries and employee benefits  | 10,944,446              | 9,856,151            | 8,866,159            |
| Directors' expense  | 390,484                 | 377,950              | 383,559              |
| Purchased services  | 398,654                 | 365,189              | 436,365              |
| Travel  | 700,624                 | 648,662              | 698,674              |
| Occupancy and equipment   | 813,762                 | 809,452              | 771,853              |
| Communications  | 224,996                 | 221,748              | 199,031              |
| Advertising   | 768,943                 | 686,874              | 466,811              |
| Public and member relations   | 522,931                 | 444,304              | 439,415              |
| Supervisory and exam expense  | 757,302                 | 731,800              | 735,924              |
| Insurance Fund premiums   | 873,032                 | 786,257              | 1,578,120            |
| Other components of net periodic postretirement<br>benefit cost                 | 200,082                 | 160,520              | 132,592              |
| Loss on other property owned, net   | 4,526                   | 2,079                | -                    |
| Other noninterest expense   | 570,015                 | 545,044              | 320,520              |
| Total noninterest expenses  | <u>17,169,797</u>       | <u>15,636,030</u>    | <u>15,029,023</u>    |
| Income before income taxes  | <u>17,783,358</u>       | <u>19,018,695</u>    | <u>17,669,668</u>    |
| Provision for income taxes  | 12,131                  | 8,825                | 5,374                |
| <b>NET INCOME</b>   | <u>17,771,227</u>       | <u>19,009,870</u>    | <u>17,664,294</u>    |
| Other comprehensive income (loss):  |                         |                      |                      |
| Change in postretirement benefit plans  | 242,422                 | (325,053)            | (175,098)            |
| Other comprehensive income, net of tax  | 242,422                 | (325,053)            | (175,098)            |
| <b>COMPREHENSIVE INCOME</b>   | <u>\$ 18,013,649</u>    | <u>\$ 18,684,817</u> | <u>\$ 17,489,196</u> |

The accompanying notes are an integral part of these consolidated financial statements  
Louisiana Land Bank, ACA — 2025 Annual Report

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

|  | <b>Capital Stock/<br/>Participation<br/>Certificates</b> | <b>Unallocated<br/>Retained Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Income (Loss)</b> | <b>Total<br/>Members'<br/>Equity</b> |
|--|--|--|--|--------------------------------------|
| Balance at December 31, 2022                                   | \$ 2,948,335   | \$ 176,934,599                           | \$ 216,475   | \$ 180,099,409                       |
| Cumulative effect of a change in accounting principle (Note 1) | -  | 3,168,989                                | -  | 3,168,989                            |
| Balance at January 1, 2023                                     | 2,948,335  | 180,103,588                              | 216,475  | 183,268,398                          |
| Comprehensive income   | -  | 17,664,294                               | (175,098)  | 17,489,196                           |
| Capital stock/participation certificates issued                | 281,265  | -  | -  | 281,265                              |
| Capital stock/participation certificates retired               | (268,580)  | -  | -  | (268,580)                            |
| Patronage dividends:   |  |  |  |                                      |
| Patronage declared and accrued                                 | -  | (8,795,539)                              | -  | (8,795,539)                          |
| Balance at December 31, 2023                                   | 2,961,020  | 188,972,343                              | 41,377   | 191,974,740                          |
| Comprehensive income   | -  | 19,009,870                               | (325,053)  | 18,684,817                           |
| Capital stock/participation certificates issued                | 293,545  | -  | -  | 293,545                              |
| Capital stock/participation certificates retired               | (244,765)  | -  | -  | (244,765)                            |
| Patronage dividends:   |  |  |  |                                      |
| Patronage declared and accrued                                 | -  | (10,964,924)                             | -  | (10,964,924)                         |
| Balance at December 31, 2024                                   | 3,009,800  | 197,017,289                              | (283,676)  | 199,743,413                          |
| Comprehensive income   | -  | 17,771,227                               | 242,422  | 18,013,649                           |
| Capital stock/participation certificates issued                | 372,480  | -  | -  | 372,480                              |
| Capital stock/participation certificates retired               | (334,990)  | -  | -  | (334,990)                            |
| Patronage dividends:   |  |  |  |                                      |
| Patronage declared and accrued                                 | -  | (8,725,424)                              | -  | (8,725,424)                          |
| <b>Balance at December 31, 2025</b>                            | <b>\$ 3,047,290</b>                                      | <b>\$ 206,063,092</b>                    | <b>\$ (41,254)</b>   | <b>\$ 209,069,128</b>                |

The accompanying notes are an integral part of these consolidated financial statements  
Louisiana Land Bank, ACA — 2025 Annual Report

**LOUISIANA LAND BANK, ACA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  | <b>Year Ended December 31,</b> |                     |                   |
|--|--------------------------------|---------------------|-------------------|
|  | <b>2025</b>                    | <b>2024</b>         | <b>2023</b>       |
| <b>Cash flows from operating activities:</b>                                       |                                |                     |                   |
| Net income   | \$ 17,771,227                  | \$ 19,009,870       | \$ 17,664,294     |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                                |                     |                   |
| Provision for credit losses (credit loss reversal)                                 | 618,383                        | (46,290)            | 124,268           |
| Loss on sale of other property owned, net  | 3,484                          | -                   | -                 |
| Depreciation and amortization  | 405,472                        | 516,208             | 525,256           |
| Gain on sale of premises and equipment, net  | (75,629)                       | (258,432)           | (329,177)         |
| Increase in accrued interest receivable  | (1,561,969)                    | (1,076,605)         | (1,864,663)       |
| Decrease (increase) in other receivable from the Farm Credit Bank of Texas         | 2,655,165                      | (5,739,137)         | 6,061,179         |
| Decrease in deferred tax assets  | 10,467                         | 8,825               | 5,374             |
| (Increase) decrease in other assets  | (63,242)                       | (25,370)            | 43,424            |
| Increase in accrued interest payable   | 551,397                        | 323,630             | 322,734           |
| Increase (decrease) in other liabilities   | 775,978                        | 526,380             | (388,869)         |
| Allocated Equities from the Farm Credit Bank of Texas                              | -                              | -                   | (711,226)         |
| Net cash provided by operating activities  | <u>21,090,733</u>              | <u>13,239,079</u>   | <u>21,452,594</u> |
| <b>Cash flows from investing activities:</b>                                       |                                |                     |                   |
| (Increase) decrease in loans, net  | (74,165,150)                   | (64,214,401)        | 5,949,604         |
| Cash recoveries of loans previously charged off                                    | 34,237                         | 22,292              | 22,585            |
| Proceeds from (purchase) redemption of investment in the Farm Credit Bank of Texas | (7,021,610)                    | 26,850              | (597,886)         |
| Purchases of premises and equipment  | (1,643,707)                    | (794,394)           | (875,655)         |
| Proceeds from sales of premises and equipment                                      | 164,400                        | 428,132             | 424,269           |
| Transfers of premises and equipment  | -                              | -                   | 31,225            |
| Proceeds from sales of other property owned  | 179,105                        | 360,531             | -                 |
| Purchases of other investments in the Farm Credit Bank of Texas                    | -                              | -                   | 711,226           |
| Net cash (used in) provided by investing activities                                | <u>(82,452,725)</u>            | <u>(64,170,990)</u> | <u>5,665,368</u>  |

*The accompanying notes are an integral part of these consolidated financial statements  
Louisiana Land Bank, ACA — 2025 Annual Report*

**LOUISIANA LAND BANK, ACA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  | <b>Year Ended December 31,</b> |              |              |
|--|--------------------------------|--------------|--------------|
|  | <b>2025</b>                    | <b>2024</b>  | <b>2023</b>  |
| <b>Cash flows from financing activities:</b>                                 |                                |              |              |
| Net draws on (repayment of) note payable to<br>the Farm Credit Bank of Texas | <b>72,383,545</b>              | 59,551,619   | (16,652,807) |
| (Decrease) increase in drafts outstanding                                    | <b>(174,701)</b>               | 153,737      | 23,672       |
| (Decrease) increase in advance conditional payments                          | -                              | (4,754)      | 4,754        |
| Issuance of capital stock and participation certificates                     | <b>372,480</b>                 | 293,545      | 281,265      |
| Retirement of capital stock and participation certificates                   | <b>(334,990)</b>               | (244,765)    | (268,580)    |
| Patronage distributions paid   | <b>(10,892,265)</b>            | (8,831,954)  | (10,550,218) |
| Net cash provided by (used in) financing activities                          | <b>61,354,069</b>              | 50,917,428   | (27,161,914) |
| <br>Net decrease in cash   | <br><b>(7,923)</b>             | <br>(14,483) | <br>(43,952) |
| <br>Cash at the beginning of the year  | <br><b>35,518</b>              | <br>50,001   | <br>93,953   |
| <br>Cash at the end of the year  | <br><b>\$ 27,595</b>           | \$ 35,518    | \$ 50,001    |

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

|  |                  |            |           |
|--|------------------|------------|-----------|
| Loans transferred to other property owned  | \$ -             | \$ 574,689 | \$ -      |
| Loans charged off  | <b>154,862</b>   | 126,302    | 318,718   |
| Patronage distributions declared   | <b>8,725,424</b> | 10,964,924 | 8,795,539 |
| Transfer of allowance for credit losses on loans from<br>reserve for credit losses on unfunded commitments | -                | -          | 1,749     |

**Supplemental cash flow information:**

|                                |                      |               |               |
|--------------------------------|----------------------|---------------|---------------|
| Cash paid during the year for: |                      |               |               |
| Interest                       | <b>\$ 35,815,626</b> | \$ 29,446,866 | \$ 25,719,895 |

**LOUISIANA LAND BANK, ACA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 — ORGANIZATION AND OPERATIONS:**

- A. Organization: Louisiana Land Bank, ACA, including its wholly owned subsidiaries, Louisiana Production Credit Association, PCA and Louisiana Federal Land Bank, FLCA (collectively called “the Association”), is a member-owned cooperative that provides credit and credit-related services to, or for the benefit of, eligible borrowers/stockholders for qualified agricultural purposes in the parishes of Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, Lafayette, Lafourche, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, and Winn in the state of Louisiana.

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

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

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

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

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

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

The Association’s financial condition may be affected by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect stockholders’ investments in the Association. The Bank’s Annual Report to Stockholders discusses the material aspects of the District’s financial condition, changes in financial condition and results of

operations. In addition, the Bank's Annual Report to Stockholders identified favorable and unfavorable trends, significant events, uncertainties and the impact of activities of the Insurance Fund. Upon request, stockholders of the Association will be provided with the Bank's Annual Report to Stockholders.

## **NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

### ***Basis of Presentation and Consolidation***

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

### ***Use of Estimates***

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

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

#### **A. Recently Issued or Adopted Accounting Pronouncements:**

In December 2025, Financial Accounting Standards Board (FASB) issued an update titled "Narrow-Scope Improvements." The update provides narrow-scope improvements to interim reporting guidance to enhance clarity, navigability and completeness of interim financial statements and disclosures, without fundamentally changing reporting requirements. Key changes include clarifying who is subject to interim reporting requirements, adding comprehensive lists of required disclosures from other codification topics, and establishing a principle to disclose events since the end of the last annual reporting period that have a material impact on the entity. The update is effective for public business entities for interim reporting periods within annual reporting periods beginning after December 15, 2027, and for other entities after December 15, 2028, with early adoption permitted. The Association is currently assessing the potential impact of this amendment on its financial condition, results of operations and cash flows.

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

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

In July 2025, the FASB issued an update titled "Financial Instruments - Credit Losses - Measurement of Credit Losses for Accounts Receivable and Contract Assets." This update provides (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The practical expedient would

allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The accounting policy election allows an entity to consider collection activity after the balance sheet date when estimating expected credit losses. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. Early adoption is permitted for interim or annual periods in which financial statements have not yet been issued. The Association is currently assessing the potential impact of this amendment on its financial condition, results of operations and cash flows.

In December 2023, the FASB issued an update titled “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 update require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association’s financial condition, results of operations, or cash flows but may impact the income tax disclosures.

On January 1, 2023, the Association adopted the FASB guidance titled “Measurement of Credit Losses on Financial Instruments” and other subsequently issued accounting standards updates related to credit losses. This guidance replaced the current 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 is applied on a modified retrospective basis. This 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.

Also adopted effective January 1, 2023, was the updated guidance titled “Financial Instruments – Credit Losses: Troubled Debt Restructurings and Vintage Disclosure.” This guidance requires the creditor to determine whether a modification results in a new loan or a continuation of an existing loan, among other disclosures specific to modifications with borrowers that are experiencing financial difficulties. The update eliminated the accounting guidance for troubled debt restructurings by creditors. The update also requires disclosure of current period gross write-offs by year of origination for financing receivables and net investments in leases on a prospective basis.

The following table presents the balance sheet impact to the allowance for credit losses and capital upon adoption of this guidance on January 1, 2023:

|   | <u>December 31, 2022</u> | <u>CECL adoption impact</u> | <u>January 1, 2023</u> |
|---|--------------------------|-----------------------------|------------------------|
| <b>Assets:</b>                                      |                          |                             |                        |
| Allowance for credit losses on loans                | \$ 6,444,281             | \$ (3,021,805)              | \$ 3,422,476           |
| <b>Liabilities:</b>                                 |                          |                             |                        |
| Allowance for credit losses on unfunded commitments | \$ 175,716               | \$ (147,184)                | \$ 28,532              |
| <b>Retained earnings:</b>                           |                          |                             |                        |
| Unallocated retained earnings, net of tax           | \$ 176,934,599           | \$ 3,168,989                | \$ 180,103,588         |

- B. Cash: Cash, as included in the consolidated financial statements, represents cash on hand and deposits at banks.
- C. Loans and Allowance for Credit Losses on Loans: Long-term real estate mortgage loans generally have original maturities ranging from five to 40 years. Substantially all short- and intermediate-term loans for agricultural production or operating purposes have maturities of 10 years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and net deferred loan fees or costs. Loan origination fees and direct loan origination costs are capitalized and the net fee or cost is amortized over the life of the related loan as an adjustment to yield. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding.

***Nonaccrual Loans***

A loan is considered a nonaccrual loan if there is a 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 a result of past-due status, is collected or otherwise discharged in full.

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

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

### ***Accrued Interest Receivable***

The Association elected to continue classifying accrued interest on loans in accrued interest receivable and not as part of loans or investments on the Consolidated Balance Sheets. The Association has also elected to not estimate an allowance on interest receivable balances because the nonaccrual policies in place provide for the accrual of interest to cease on a timely basis when all contractual amounts are not expected.

### ***Loan Modifications to Borrowers Experiencing Financial Difficulty***

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

### ***Collateral Dependent Loans***

Collateral dependent loans are loans secured by collateral, including but not limited to agricultural real estate, crop inventory, equipment and livestock. The Association is required to measure the CECL of a collateral dependent loan based on fair value of the collateral the reporting date when the Association determines that foreclosure is probable. Additionally, CECL allows a fair value practical expedient as a measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulties. Under the practical expedient measurement approach, the expected credit losses are 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***

Effective January 1, 2023, the ACL represents the estimated current expected credit losses over the remaining contractual life of financial assets measured at amortized cost and certain off-balance sheet credit exposures. The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancelable. The ACL comprises:

- The allowance for credit losses on loans (ACL), which covers the loan portfolio and is presented separately on the Consolidated Balance Sheets; and
- The allowance for credit losses on unfunded commitments, which is presented on the Consolidated Balance Sheets in other liabilities.

Determining the appropriateness of the ACL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the loan portfolio considering macroeconomic conditions, forecasts and other factors prevailing at the time may result in significant changes in the ACL in those future periods.

### ***Allowance for Credit Losses on Loans***

The ACL represents management's estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums, discounts and fair value hedge accounting adjustments. The expected life of a loan is determined based on the contractual term of the loan, anticipated prepayment rates, cancellation features and certain extension and call options. The ACL is estimated using a probability of default (PD) and loss given default (LGD) model wherein

impairment is calculated by multiplying the PD (probability the loan will default in a given timeframe) by the LGD (percentage of the loan expected to be collected at default.)

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

Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. 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 credit quality rating (probability of default and loss given default), loss rates, exposure at default, and prepayment estimates. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit quality rating and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool.

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

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

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

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

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

Prior to January 1, 2023, the allowance for loan losses was maintained at a level considered adequate to provide for probable losses existing in and inherent in the loan portfolio. The allowance was based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including economic conditions, collateral values, borrowers' financial conditions, loan portfolio composition and prior loan loss experience. The allowance for loan losses encompassed various judgments, evaluations

and appraisals with respect to the loans and their underlying collateral that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity would cause these various judgments, evaluations and appraisals to change over time. Management considered a number of factors in determining and supporting the levels of the allowances for loan losses, which included, but were not limited to, the concentration of lending in agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects and weather-related influences.

#### ***Allowance for Credit Losses on Unfunded Commitments***

The Association evaluates the need for an allowance for credit losses on unfunded commitments under CECL and, if required, an amount is recognized and included in other liabilities on the Consolidated Balance Sheets. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancelable 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 cancelable.

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

- D. **Capital Stock Investment in the Farm Credit Bank of Texas:** The Association's investment in the Bank is in the form of Class A voting capital stock and allocated retained earnings. This investment is adjusted periodically based on the Association's proportional utilization of the Bank compared with other District associations. For 2025, the investment required of the Association was 2.50 percent of Association's average borrowings from the Bank. For 2024 and 2023, the investment required of the Association was 2 percent of the Association's average borrowings from the Bank. This investment is carried at cost plus allocated equities in the accompanying Consolidated Balance Sheets.

If needed to meet regulatory capital adequacy requirements, the board of directors of the Bank may increase the percentage of stock held by an association from 2.50 percent of the average outstanding balance of borrowings from the Bank to a maximum of 5 percent of the average outstanding balance of borrowings from the Bank.

- E. **Other Property Owned, Net:** Other property owned, net, consists of real and personal property acquired through foreclosure or deed in lieu of foreclosure, and is recorded at fair value less estimated selling costs upon acquisition and is included in other assets in the Consolidated Balance Sheets. 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 less cost to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations and carrying value adjustments are included in net gains (losses) on other property owned in the Consolidated Statements of Comprehensive Income.
- F. **Premises and Equipment, net:** Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method using estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operations. Maintenance and repairs are charged to operating expense, and improvements are capitalized. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset group may not be recoverable.
- G. **Advance Conditional Payments:** The Association is authorized under the Act to accept advance payments from borrowers. To the extent that the borrower's access to such funds is restricted, the advance conditional payments are netted against the borrower's related loan balance. Amounts in excess of the related loan balance and amounts to which the borrower has unrestricted access are presented as liabilities in the accompanying Consolidated Balance Sheets. Advance conditional payments are not insured. Interest is generally paid by the Association on such accounts at rates established by the board of directors.
- H. **Employee Benefit Plans:** Substantially all employees of the Association may be eligible to participate in either the District defined benefit retirement plan (DB plan) or the defined contribution plan (DC plan). All eligible employees may participate in the Farm Credit Benefits Alliance 401(k) Plan. The DB plan is closed to new participants. Participants generally include employees hired prior to January 1, 1996. The DB plan is noncontributory and provides benefits based on salary and years of service. The "projected unit credit" actuarial method is used for financial reporting and funding purposes for the DB plan.

Participants in the DC plan generally include employees who elected to transfer from the DB plan prior to January 1, 1996, and employees hired on or after January 1, 1996. Participants in the DC plan direct the placement of their employers' contributions, 5.0 percent of eligible pay for the year ended December 31, 2025, made on their behalf into various investment alternatives.

The structure of the District's DB plan is characterized as multiemployer, since neither the assets, liabilities nor costs of the plan are segregated or separately accounted for by the associations. No portion of any surplus assets is available to the associations, nor are the associations required to pay for plan liabilities upon withdrawal from the plans. As a result, the associations recognize as pension cost the required contribution to the plans for the year. Contributions due and unpaid are recognized as a liability. The Association recognized pension costs for the DC plan of \$342,821, \$331,815 and \$299,691 for the years ended December 31, 2025, 2024 and 2023, respectively. For the DB plan, the Association recognized pension costs of \$139,254, \$104,024 and \$396,875 for the years ended December 31, 2025, 2024 and 2023, respectively.

The Association also participates in the Farm Credit Benefits Alliance 401(k) Plan, which requires the associations to match 100 percent of employee contributions up to 3.0 percent of eligible earnings and to match 50 percent of employee contributions for the next 2.0 percent of employee contributions, up to a maximum employer contribution of 4.0 percent of eligible earnings. Association 401(k) plan costs are expensed as incurred. The Association's contributions to the 401(k) plan were \$239,380, \$224,294 and \$200,933 for the years ended December 31, 2025, 2024 and 2023, respectively.

In addition to the DB plan, the DC plan and the Farm Credit Benefits Alliance 401(k) plans above, the Association sponsors a defined contribution supplemental retirement plan. This plan is a nonqualified 401(k) plan; therefore, the associated liabilities are included in the Association's Consolidated Balance Sheets in other liabilities. The expenses of the nonqualified plan included in the Association's employee benefit costs were \$12,000 for the year ended December 31, 2025, and \$0 for the years ended December 31, 2024 and 2023.

In addition to pension benefits, the Association provides certain health care and life insurance benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multiemployer and, consequently, the liability for these benefits is included in other liabilities on the Consolidated Balance Sheets.

- I. **Income Taxes:** The ACA holding company conducts its business activities through two wholly owned subsidiaries. Long-term mortgage lending activities are operated through the wholly owned FLCA subsidiary, which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through the wholly owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on estimated relative service. All significant transactions between the subsidiaries and the parent company have been eliminated in consolidation. The ACA, along with the PCA subsidiary, is subject to income tax. The Association is eligible to operate as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the Association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. Deferred taxes are provided on the Association's taxable income on the basis of a proportionate share of the tax effect of temporary differences not allocated in patronage form. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the Association's expected patronage program, which reduces taxable earnings.
- J. **Patronage Refunds From the Farm Credit Bank of Texas:** The Association records patronage refunds from the Bank on an accrual basis.
- K. **Fair Value Measurement:** The FASB guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

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

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

corporate debt securities, and derivative contracts. Pension plan assets that are derived from observable inputs, including corporate bonds and mortgage-backed securities, are reported in Level 2.

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

The fair value disclosures are presented in Note 13, “Fair Value Measurements.”

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

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

A summary of loans as of December 31 follows:

| Loan Type                        | 2025             |        | 2024             |        | 2023             |        |
|----------------------------------|------------------|--------|------------------|--------|------------------|--------|
|                                  | Amount           | %      | Amount           | %      | Amount           | %      |
| Real estate mortgage             | \$ 962,981,756   | 83.3%  | \$ 907,797,000   | 83.9%  | \$ 853,987,185   | 83.8%  |
| Production and intermediate-term | 115,503,328      | 10.0%  | 82,447,188       | 7.6%   | 73,200,019       | 7.2%   |
| Agribusiness:                    |                  |        |                  |        |                  |        |
| Processing and marketing         | 46,577,881       | 4.0%   | 59,809,090       | 5.5%   | 53,553,829       | 5.3%   |
| Farm-related business            | 9,218,593        | 0.8%   | 12,063,464       | 1.1%   | 15,352,863       | 1.5%   |
| Loans to cooperatives            | 3,637,887        | 0.3%   | 561,173          | 0.1%   | 590,535          | 0.1%   |
| Communication                    | 8,410,431        | 0.7%   | 8,541,804        | 0.8%   | 12,451,812       | 1.2%   |
| Rural residential real estate    | 5,598,869        | 0.5%   | 6,478,939        | 0.6%   | 7,334,447        | 0.7%   |
| Energy                           | 2,639,806        | 0.2%   | 2,751,876        | 0.2%   | 478,260          | 0.0%   |
| International                    | 1,818,771        | 0.2%   | 1,818,299        | 0.2%   | 1,817,827        | 0.2%   |
| Total                            | \$ 1,156,387,322 | 100.0% | \$ 1,082,268,833 | 100.0% | \$ 1,018,766,777 | 100.0% |

The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. There were no participations purchased or sold with non-Farm Credit institutions as of December 31, 2025. The following table presents information regarding participations purchased and sold as of December 31, 2025:

|                                  | Other Farm Credit Institutions |                     | Non-Farm Credit Institutions |                     | Total                    |                     |
|----------------------------------|--------------------------------|---------------------|------------------------------|---------------------|--------------------------|---------------------|
|                                  | Participations Purchased       | Participations Sold | Participations Purchased     | Participations Sold | Participations Purchased | Participations Sold |
|                                  | Real estate mortgage           | \$ 49,310,544       | \$ 45,326,798                | \$ -                | \$ -                     | \$ 49,310,544       |
| Communication                    | 8,410,431                      | -                   | -                            | -                   | 8,410,431                | -                   |
| Agribusiness                     | 7,638,310                      | 244,921,672         | -                            | -                   | 7,638,310                | 244,921,672         |
| Production and intermediate-term | 6,602,223                      | 5,000,000           | -                            | -                   | 6,602,223                | 5,000,000           |
| Energy                           | 2,639,806                      | -                   | -                            | -                   | 2,639,806                | -                   |
| International                    | 1,818,771                      | -                   | -                            | -                   | 1,818,771                | -                   |
| Total                            | \$ 76,420,085                  | \$ 295,248,470      | \$ -                         | \$ -                | \$ 76,420,085            | \$ 295,248,470      |

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

necessary to protect the financial interest of the Association in the collateral, may result in the loan-to-value ratios in excess of the regulatory maximum.

## **Credit Quality**

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

The Association uses a two-dimensional loan risk rating model based on internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default over a period of time. Probability of default rating is management's assumption of the probability that a borrower will experience a default within 12 months from the date of the determination of the risk rating. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower is past due more than 90 days. The loss given default is management's assumption of the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The Association reviews, at least on an annual basis or when a credit action is taken, the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (nonviable) 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 and related accrued interest classified under the Farm Credit Administration's Uniform Loan Classification System as a percentage of total loans by loan type as of December 31, 2025, 2024 and 2023:

|                                  | 2025           | 2024           | 2023           |
|----------------------------------|----------------|----------------|----------------|
| Real estate mortgage             |                |                |                |
| Acceptable                       | 98.8 %         | 99.2 %         | 98.9 %         |
| OAEM                             | 0.4            | 0.4            | 0.4            |
| Substandard/doubtful             | 0.8            | 0.4            | 0.7            |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Production and intermediate-term |                |                |                |
| Acceptable                       | 99.1           | 100.0          | 99.2           |
| OAEM                             | 0.2            | -              | -              |
| Substandard/doubtful             | 0.7            | -              | 0.8            |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Processing and marketing         |                |                |                |
| Acceptable                       | 100.0          | 100.0          | 100.0          |
| OAEM                             | -              | -              | -              |
| Substandard/doubtful             | -              | -              | -              |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Farm-related business            |                |                |                |
| Acceptable                       | 70.8           | 100.0          | 100.0          |
| OAEM                             | 29.2           | -              | -              |
| Substandard/doubtful             | -              | -              | -              |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Loans to cooperatives            |                |                |                |
| Acceptable                       | 100.0          | 100.0          | 100.0          |
| OAEM                             | -              | -              | -              |
| Substandard/doubtful             | -              | -              | -              |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Communication                    |                |                |                |
| Acceptable                       | 100.0          | 100.0          | 100.0          |
| OAEM                             | -              | -              | -              |
| Substandard/doubtful             | -              | -              | -              |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Rural residential real estate    |                |                |                |
| Acceptable                       | 98.6           | 97.5           | 98.6           |
| OAEM                             | -              | 1.1            | -              |
| Substandard/doubtful             | 1.4            | 1.4            | 1.4            |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Energy                           |                |                |                |
| Acceptable                       | 100.0          | 100.0          | 84.5           |
| OAEM                             | -              | -              | -              |
| Substandard/doubtful             | -              | -              | 15.5           |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| International                    |                |                |                |
| Acceptable                       | 100.0          | 100.0          | 100.0          |
| OAEM                             | -              | -              | -              |
| Substandard/doubtful             | -              | -              | -              |
|                                  | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |
| Total Loans                      |                |                |                |
| Acceptable                       | 98.6           | 99.4           | 99.0           |
| OAEM                             | 0.6            | 0.3            | 0.3            |
| Substandard/doubtful             | 0.8            | 0.3            | 0.7            |
|                                  | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |

Accrued interest receivable on loans of \$15,181,296, \$13,619,327 and \$12,542,722, at December 31, 2025, 2024 and 2023, respectively, has been excluded from the amortized cost of loans and reported separately on the Consolidated Balance Sheets.

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

|  | <b>December 31,<br/>2025</b> | December 31,<br>2024 | December 31,<br>2023 |
|--|------------------------------|----------------------|----------------------|
| <b>Nonaccrual loans:</b>   |                              |                      |                      |
| Real estate mortgage   | \$ 955,467                   | \$ 3,102,225         | \$ 5,868,195         |
| Production and intermediate-term   | 702,405                      | 9,397                | 561,446              |
| Energy   | -                            | -                    | 73,938               |
| Rural residential real estate  | -                            | 1,038                | 4,771                |
| Total nonaccrual loans   | <u>1,657,872</u>             | <u>3,112,660</u>     | <u>6,508,350</u>     |
| <b>Accruing loans 90 days or more past due:</b>                              |                              |                      |                      |
| Rural residential real estate  | -                            | 68,828               | -                    |
| <b>Other property owned</b>  |                              |                      |                      |
|  | <u>31,569</u>                | <u>214,158</u>       | <u>-</u>             |
| <b>Total nonperforming assets</b>  | <u>\$ 1,689,441</u>          | <u>\$ 3,395,646</u>  | <u>\$ 6,508,350</u>  |
| Nonaccrual loans as a percentage of total loans                              | 0.14%                        | 0.29%                | 0.64%                |
| Nonperforming assets as a percentage of total loans and other property owned | 0.15%                        | 0.31%                | 0.64%                |
| Nonperforming assets as a percentage of capital                              | 0.81%                        | 1.70%                | 3.39%                |

The following table provides 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 periods ending December 31, 2025, 2024 and 2023:

|                                  | <b>December 31, 2025</b>                     |   |                     | <b>Interest Income Recognized<br/>For the Year Ended December<br/>31, 2025</b> |
|----------------------------------|--|---|---------------------|--|
|                                  | <b>Amortized Cost<br/>with Allowance</b>     | <b>Amortized Cost<br/>without Allowance</b>     | <b>Total</b>        |  |
| <b>Nonaccrual loans:</b>         |  |   |                     |  |
| Real estate mortgage             | \$ 74,548                                    | \$ 880,919                                      | \$ 955,467          | \$ 651,838   |
| Production and intermediate-term | -  | 702,405   | 702,405             | -  |
| Total nonaccrual loans           | <u>\$ 74,548</u>                             | <u>\$ 1,583,324</u>                             | <u>\$ 1,657,872</u> | <u>\$ 651,838</u>  |
| <b>December 31, 2024</b>         |  |   |                     |  |
|                                  | <b>Amortized<br/>Cost with<br/>Allowance</b> | <b>Amortized Cost<br/>without<br/>Allowance</b> | <b>Total</b>        | <b>Interest Income Recognized<br/>For the Year Ended<br/>December 31, 2024</b> |
| Nonaccrual loans:                |  |   |                     |  |
| Real estate mortgage             | \$ 513,796                                   | \$ 2,588,429                                    | \$ 3,102,225        | \$ 348,522   |
| Production and intermediate-term | -  | 9,397   | 9,397               | -  |
| Energy                           | -  | -   | -                   | 20,798   |
| Rural residential real estate    | -  | 1,038   | 1,038               | -  |
| Total nonaccrual loans           | <u>\$ 513,796</u>                            | <u>\$ 2,598,864</u>                             | <u>\$ 3,112,660</u> | <u>\$ 369,320</u>  |

|                                  | December 31, 2023                   |  |                     | Interest Income Recognized<br>For the Year Ended<br>December 31, 2023 |
|----------------------------------|-------------------------------------|--|---------------------|---|
|                                  | Amortized<br>Cost with<br>Allowance | Amortized Cost<br>without<br>Allowance | Total               |   |
|                                  | Nonaccrual loans:                   |  |                     |   |
| Real estate mortgage             | \$ -                                | \$ 5,868,195                           | \$ 5,868,195        | \$ 63,506   |
| Production and intermediate-term | 552,249                             | 9,197                                  | 561,446             | -   |
| Energy                           | 73,938                              | -                                      | 73,938              | -   |
| Rural residential real estate    | -                                   | 4,771                                  | 4,771               | -   |
| Total nonaccrual loans           | <u>\$ 626,187</u>                   | <u>\$ 5,882,163</u>                    | <u>\$ 6,508,350</u> | <u>\$ 63,506</u>  |

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

| December 31, 2025:               | 30-89<br>Days<br>Past Due | 90 Days<br>or More<br>Past Due | Total<br>Past<br>Due | Not Past Due or<br>less than 30<br>Days Past Due | Total<br>Loans          | Amortized Cost<br>>90 Days and Accruing |
|----------------------------------|---------------------------|--------------------------------|----------------------|--|-------------------------|---|
| Real estate mortgage             | \$ 803,088                | \$ 317,006                     | \$ 1,120,094         | \$ 961,861,662                                   | \$ 962,981,756          | \$ -                                    |
| Production and intermediate-term | 187,847                   | 586,820                        | 774,667              | 114,728,661                                      | 115,503,328             | -                                       |
| Processing and marketing         | -                         | -                              | -                    | 46,577,881                                       | 46,577,881              | -                                       |
| Farm-related business            | -                         | -                              | -                    | 9,218,593  | 9,218,593               | -                                       |
| Loans to cooperatives            | -                         | -                              | -                    | 3,637,887  | 3,637,887               | -                                       |
| Communication                    | -                         | -                              | -                    | 8,410,431  | 8,410,431               | -                                       |
| Rural residential real estate    | -                         | -                              | -                    | 5,598,869  | 5,598,869               | -                                       |
| Energy                           | -                         | -                              | -                    | 2,639,806  | 2,639,806               | -                                       |
| International                    | -                         | -                              | -                    | 1,818,771  | 1,818,771               | -                                       |
| Total                            | <u>\$ 990,935</u>         | <u>\$ 903,826</u>              | <u>\$ 1,894,761</u>  | <u>\$ 1,154,492,561</u>                          | <u>\$ 1,156,387,322</u> | <u>\$ -</u>                             |

| December 31, 2024:               | 30-89<br>Days<br>Past Due | 90 Days<br>or More<br>Past Due | Total<br>Past<br>Due | Not Past Due or<br>less than 30<br>Days Past Due | Total<br>Loans          | Amortized Cost<br>>90 Days and Accruing |
|----------------------------------|---------------------------|--------------------------------|----------------------|--|-------------------------|---|
| Real estate mortgage             | \$ 1,928,855              | \$ 479,728                     | \$ 2,408,583         | \$ 905,388,417                                   | \$ 907,797,000          | \$ -                                    |
| Production and intermediate-term | 735,464                   | 9,397                          | 744,861              | 81,702,327                                       | 82,447,188              | -                                       |
| Processing and marketing         | -                         | -                              | -                    | 59,809,090                                       | 59,809,090              | -                                       |
| Farm-related business            | -                         | -                              | -                    | 12,063,464                                       | 12,063,464              | -                                       |
| Loans to cooperatives            | -                         | -                              | -                    | 561,173  | 561,173                 | -                                       |
| Communication                    | -                         | -                              | -                    | 8,541,804  | 8,541,804               | -                                       |
| Rural residential real estate    | -                         | 68,828                         | 68,828               | 6,410,111  | 6,478,939               | 68,828                                  |
| Energy                           | -                         | -                              | -                    | 2,751,876  | 2,751,876               | -                                       |
| International                    | -                         | -                              | -                    | 1,818,299  | 1,818,299               | -                                       |
| Total                            | <u>\$ 2,664,319</u>       | <u>\$ 557,953</u>              | <u>\$ 3,222,272</u>  | <u>\$ 1,079,046,561</u>                          | <u>\$ 1,082,268,833</u> | <u>\$ 68,828</u>                        |

| December 31, 2023:               | 30-89<br>Days<br>Past Due | 90 Days<br>or More<br>Past Due | Total<br>Past<br>Due | Not Past Due or<br>less than 30<br>Days Past Due | Total<br>Loans          | Amortized Cost<br>>90 Days and Accruing |
|----------------------------------|---------------------------|--------------------------------|----------------------|--|-------------------------|---|
| Real estate mortgage             | \$ 974,729                | \$ 138,478                     | \$ 1,113,207         | \$ 852,873,978                                   | \$ 853,987,185          | \$ -                                    |
| Production and intermediate-term | 952,653                   | -                              | 952,653              | 72,247,366                                       | 73,200,019              | -                                       |
| Processing and marketing         | -                         | -                              | -                    | 53,553,829                                       | 53,553,829              | -                                       |
| Farm-related business            | -                         | -                              | -                    | 15,352,863                                       | 15,352,863              | -                                       |
| Loans to cooperatives            | -                         | -                              | -                    | 590,535  | 590,535                 | -                                       |
| Communication                    | -                         | -                              | -                    | 12,451,812                                       | 12,451,812              | -                                       |
| Rural residential real estate    | -                         | -                              | -                    | 7,334,447  | 7,334,447               | -                                       |
| Energy                           | -                         | -                              | -                    | 478,260  | 478,260                 | -                                       |
| International                    | -                         | -                              | -                    | 1,817,827  | 1,817,827               | -                                       |
| Total                            | <u>\$ 1,927,382</u>       | <u>\$ 138,478</u>              | <u>\$ 2,065,860</u>  | <u>\$ 1,016,700,917</u>                          | <u>\$ 1,018,766,777</u> | <u>\$ -</u>                             |

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

### Loan Modifications to Borrowers Experiencing Financial Difficulties

As of December 31, 2025, 2024 and 2023, the Association had no loan modifications granted to borrowers experiencing financial difficulty.

### Allowance for Credit Losses

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. The regulatory limit to

a single borrower or lessee is 15 percent of the Association’s lending and leasing limit base but the Association’s board of directors has generally established more restrictive lending limits.

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

|  | Real Estate<br>Mortgage | Production and<br>Intermediate-Term | Agribusiness      | Communication    | Rural Residential<br>Real Estate | Energy          | International   | Total               |
|--|-------------------------|-------------------------------------|-------------------|------------------|----------------------------------|-----------------|-----------------|---------------------|
| <b>Allowance for Credit Losses on Loans:</b>       |                         |                                     |                   |                  |                                  |                 |                 |                     |
| Balance at December 31, 2024                       | \$ 2,827,087            | \$ 19,137                           | \$ 198,032        | \$ 26,246        | \$ 19,460                        | \$ 5,099        | \$ 2,032        | \$ 3,097,093        |
| Charge-offs  | (37,021)                | (115,558)                           | -                 | -                | (2,283)                          | -               | -               | (154,862)           |
| Recoveries   | 31,954                  | -                                   | -                 | -                | 2,283                            | -               | -               | 34,237              |
| Provision for credit losses (credit loss reversal) | 358,968                 | 310,752                             | (34,044)          | (2,250)          | (2,079)                          | (1,532)         | (175)           | 629,640             |
| Balance at December 31, 2025                       | <u>\$ 3,180,988</u>     | <u>\$ 214,331</u>                   | <u>\$ 163,988</u> | <u>\$ 23,996</u> | <u>\$ 17,381</u>                 | <u>\$ 3,567</u> | <u>\$ 1,857</u> | <u>\$ 3,606,108</u> |

|   |                 |                 |                 |               |             |             |               |                  |
|---|-----------------|-----------------|-----------------|---------------|-------------|-------------|---------------|------------------|
| <b>Allowance for Credit Losses on Unfunded Commitments:</b> |                 |                 |                 |               |             |             |               |                  |
| Balance at December 31, 2024                                | \$ 3,066        | \$ 7,664        | \$ 20,129       | \$ 640        | \$ -        | \$ -        | \$ 253        | \$ 31,752        |
| Provision for (reversal of) unfunded commitments            | (395)           | 1,444           | (12,242)        | (33)          | -           | -           | (31)          | (11,257)         |
| Balance at December 31, 2025                                | <u>\$ 2,671</u> | <u>\$ 9,108</u> | <u>\$ 7,887</u> | <u>\$ 607</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 222</u> | <u>\$ 20,495</u> |

**Total allowance for credit losses** \$ 3,183,659 \$ 223,439 \$ 171,875 \$ 24,603 \$ 17,381 \$ 3,567 \$ 2,079 \$ 3,626,603

|  | Real Estate<br>Mortgage | Production and<br>Intermediate-Term | Agribusiness      | Communication    | Rural Residential<br>Real Estate | Energy          | International   | Total               |
|--|-------------------------|-------------------------------------|-------------------|------------------|----------------------------------|-----------------|-----------------|---------------------|
| <b>Allowance for Credit Losses on Loans:</b>       |                         |                                     |                   |                  |                                  |                 |                 |                     |
| Balance at December 31, 2023                       | \$ 2,708,531            | \$ 245,976                          | \$ 157,646        | \$ 60,951        | \$ 24,664                        | \$ 48,841       | \$ 2,255        | \$ 3,248,864        |
| Charge-offs  | (52,580)                | (73,722)                            | -                 | -                | -                                | -               | -               | (126,302)           |
| Recoveries   | 22,292                  | -                                   | -                 | -                | -                                | -               | -               | 22,292              |
| Provision for (reversal of) credit losses on loans | 148,844                 | (153,117)                           | 40,386            | (34,705)         | (5,204)                          | (43,742)        | (223)           | (47,761)            |
| Balance at December 31, 2024                       | <u>\$ 2,827,087</u>     | <u>\$ 19,137</u>                    | <u>\$ 198,032</u> | <u>\$ 26,246</u> | <u>\$ 19,460</u>                 | <u>\$ 5,099</u> | <u>\$ 2,032</u> | <u>\$ 3,097,093</u> |

|   |                 |                 |                  |               |             |             |               |                  |
|---|-----------------|-----------------|------------------|---------------|-------------|-------------|---------------|------------------|
| <b>Allowance for Credit Losses on Unfunded Commitments:</b> |                 |                 |                  |               |             |             |               |                  |
| Balance at December 31, 2023                                | \$ 904          | \$ 5,822        | \$ 22,252        | \$ 1,009      | \$ -        | \$ -        | \$ 294        | \$ 30,281        |
| Provision for (reversal of) unfunded commitments            | 2,162           | 1,842           | (2,123)          | (369)         | -           | -           | (41)          | 1,471            |
| Balance at December 31, 2024                                | <u>\$ 3,066</u> | <u>\$ 7,664</u> | <u>\$ 20,129</u> | <u>\$ 640</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 253</u> | <u>\$ 31,752</u> |

**Total allowance for credit losses** \$ 2,830,153 \$ 26,801 \$ 218,161 \$ 26,886 \$ 19,460 \$ 5,099 \$ 2,285 \$ 3,128,845

|   | Real Estate<br>Mortgage | Production and<br>Intermediate-Term | Agribusiness      | Communication    | Rural Residential<br>Real Estate | Energy           | International   | Total               |
|---|-------------------------|-------------------------------------|-------------------|------------------|----------------------------------|------------------|-----------------|---------------------|
| <b>Allowance for Credit Losses on Loans:</b>          |                         |                                     |                   |                  |                                  |                  |                 |                     |
| Balance at December 31, 2022                          | \$ 5,219,364            | \$ 493,924                          | \$ 599,104        | \$ 36,724        | \$ 53,995                        | \$ 40,768        | \$ 402          | \$ 6,444,281        |
| Cumulative effect of a change in accounting principle | (2,180,585)             | (435,834)                           | (339,314)         | (21,118)         | (19,249)                         | (26,091)         | 386             | (3,021,805)         |
| Balance at January 1, 2023                            | 3,038,779               | 58,090                              | 259,790           | 15,606           | 34,746                           | 14,677           | 788             | 3,422,476           |
| Charge-offs   | -                       | (318,716)                           | -                 | -                | -                                | -                | -               | (318,716)           |
| Recoveries  | 22,585                  | -                                   | -                 | -                | -                                | -                | -               | 22,585              |
| Provision for credit losses (credit loss reversal)    | (352,833)               | 506,602                             | (102,144)         | 45,345           | (10,082)                         | 34,164           | 1,467           | 122,519             |
| Balance at December 31, 2023                          | <u>\$ 2,708,531</u>     | <u>\$ 245,976</u>                   | <u>\$ 157,646</u> | <u>\$ 60,951</u> | <u>\$ 24,664</u>                 | <u>\$ 48,841</u> | <u>\$ 2,255</u> | <u>\$ 3,248,864</u> |

|   |                     |                   |                   |                  |                  |                  |                 |                     |
|---|---------------------|-------------------|-------------------|------------------|------------------|------------------|-----------------|---------------------|
| <b>Allowance for Credit Losses on Unfunded Commitments:</b> |                     |                   |                   |                  |                  |                  |                 |                     |
| Balance at December 31, 2022                                | \$ 137,111          | \$ 6,269          | \$ 31,269         | \$ 1,067         | \$ -             | \$ -             | \$ -            | \$ 175,716          |
| Cumulative effect of a change in accounting principle       | (136,329)           | 834               | (10,761)          | (928)            | -                | -                | -               | (147,184)           |
| Balance at January 1, 2023                                  | 782                 | 7,103             | 20,508            | 139              | -                | -                | -               | 28,532              |
| Provision for (reversal of) unfunded commitments            | 122                 | (1,281)           | 1,744             | 870              | -                | -                | 294             | 1,749               |
| Balance at December 31, 2023                                | <u>\$ 904</u>       | <u>\$ 5,822</u>   | <u>\$ 22,252</u>  | <u>\$ 1,009</u>  | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 294</u>   | <u>\$ 30,281</u>    |
| <b>Total allowance for credit losses</b>                    | <u>\$ 2,709,435</u> | <u>\$ 251,798</u> | <u>\$ 179,898</u> | <u>\$ 61,960</u> | <u>\$ 24,664</u> | <u>\$ 48,841</u> | <u>\$ 2,549</u> | <u>\$ 3,279,145</u> |

The allowance for credit losses as of December 31, 2025 was \$3,626,603, reflecting an increase of \$497,758 from December 31, 2024. The increase was driven primarily by growth of the portfolio during the year. Additionally, fluctuations in the loan portfolio risk ratings, standard reviews of adverse assets and the need for an allowance for expected credit losses on asset-specific loans were part of the change. The allowance for credit losses as of December 31, 2024, was \$3,128,845, reflecting a decrease of \$150,300 from December 31, 2023. The decrease in allowance was driven by standard review of adverse assets and the need for an allowance for expected credit losses on asset-specific loans, as well as fluctuations in loan portfolio risk ratings.

The economic scenarios utilized in the December 31, 2025, estimate for the allowance for credit losses were based on the following scenarios: a baseline scenario which represents a relatively stable economic environment; a downside scenario reflecting an economic recession; and an upside scenario that considers the potential for economic improvement relative to the baseline.

**NOTE 4 — INVESTMENT IN THE FARM CREDIT BANK OF TEXAS:**

The investment in the Farm Credit Bank of Texas is a requirement of borrowing from the Bank and is carried at cost plus allocated equities in the accompanying Consolidated Balance Sheets. Estimating the fair value of the Association's investment in the Farm Credit Bank of Texas is not practicable because the stock is not traded. The Association owned 3.4 percent, 3.3 percent and 3.4 percent of the issued stock of the Bank as of December 31, 2025, 2024 and 2023, respectively. As of those dates, the Bank's assets totaled \$42.2 billion, \$39.5 billion and \$37.3 billion and members' equity totaled \$2.1 billion, \$1.8 billion and \$1.7 billion, respectively. The Bank's earnings were \$212.3 million, \$222.0 million and \$199.9 million during 2025, 2024 and 2023, respectively.

**NOTE 5 — PREMISES AND EQUIPMENT, NET:**

Premises and equipment consisted of the following at December 31:

|                                 | 2025                | 2024                | 2023                |
|---------------------------------|---------------------|---------------------|---------------------|
| Building and improvements       | \$ 4,269,084        | \$ 4,258,209        | \$ 4,258,431        |
| Automobiles                     | 1,795,666           | 1,633,607           | 1,478,553           |
| Land and improvements           | 1,730,032           | 544,082             | 544,082             |
| Furniture and equipment         | 543,525             | 548,805             | 559,213             |
| Computer equipment and software | 436,160             | 424,556             | 456,198             |
|                                 | <u>8,774,467</u>    | <u>7,409,259</u>    | <u>7,296,477</u>    |
| Accumulated depreciation        | (3,236,043)         | (2,923,355)         | (2,928,942)         |
| Total                           | <u>\$ 5,538,424</u> | <u>\$ 4,485,904</u> | <u>\$ 4,367,535</u> |

The Association acquired commercial real estate property located in Crowley, Louisiana during 2025 for the purpose of building a branch office. The Association leases office space in Crowley, Arcadia, Monroe, and Port Allen. Lease expense for office space and equipment was \$144,346, \$144,851 and \$140,309 for 2025, 2024 and 2023, respectively. Minimum annual lease payments for the next five years are as follows:

|            | Operating Leases  |
|------------|-------------------|
| 2026       | \$ 118,743        |
| 2027       | 28,692            |
| 2028       | 15,521            |
| 2029       | 10,654            |
| 2030       | -                 |
| Thereafter | -                 |
| Total      | <u>\$ 173,610</u> |

**NOTE 6 — OTHER PROPERTY OWNED, NET:**

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

|                                  | 2025              | 2024              | 2023        |
|----------------------------------|-------------------|-------------------|-------------|
| Loss on sale, net                | \$ (3,484)        | \$ -              | \$ -        |
| Operating expense, net           | (1,042)           | (2,079)           | -           |
| Net loss on other property owned | <u>\$ (4,526)</u> | <u>\$ (2,079)</u> | <u>\$ -</u> |

The Association held acquired property of \$31,569, \$214,158 and \$0 as of December 31, 2025, 2024 and 2023, respectively.

**NOTE 7 — OTHER ASSETS AND OTHER LIABILITIES:**

Other assets comprised the following at December 31:

|                     | <u>2025</u>       | <u>2024</u>       | <u>2023</u>       |
|---------------------|-------------------|-------------------|-------------------|
| Accounts receivable | \$ 808,465        | \$ 868,888        | \$ 902,494        |
| Total               | <u>\$ 808,465</u> | <u>\$ 868,888</u> | <u>\$ 902,494</u> |

Other liabilities comprised the following at December 31:

|  | <u>2025</u>         | <u>2024</u>         | <u>2023</u>         |
|--|---------------------|---------------------|---------------------|
| Accumulated Postretirements Benefit Obligation | \$ 3,663,210        | \$ 3,805,949        | \$ 3,402,521        |
| Accounts Payable                               | 2,916,998           | 2,158,611           | -                   |
| Insurance Premium Payable                      | 873,032             | 782,756             | 1,403,284           |
| Other  | 490,933             | 776,499             | 1,916,728           |
| Total  | <u>\$ 7,944,173</u> | <u>\$ 7,523,815</u> | <u>\$ 6,722,533</u> |

**NOTE 8 — NOTE PAYABLE TO THE BANK:**

The interest rate risk inherent in the Association's loan portfolio is substantially mitigated through the funding relationship with the Bank. The Bank manages interest rate risk through its direct loan pricing and asset/liability management process. The Association's indebtedness to the Bank represents borrowings by the Association to fund the majority of its loan portfolio. The indebtedness is collateralized by a pledge of substantially all of the Association's assets and is governed by a general financing agreement (GFA). The interest rate on the direct loan is based upon the Bank's cost of funding the loans the Association has outstanding to its borrowers. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

The total amount and the weighted average interest rate of the Association's direct loan from the Bank at December 31, 2025, 2024 and 2023, was \$975,290,411 at 3.94 percent, \$902,906,866 at 3.69 percent and \$843,355,247 at 3.36 percent, respectively.

Under the Act, the Association is obligated to borrow only from the Bank unless the Bank approves borrowing from other funding sources. The Bank and FCA regulations have established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2025, 2024 and 2023, the Association's note payable was within the specified limitations. The maximum amount the Association may borrow from the Bank as of December 31, 2025, was \$1,166,864,327, as defined by the GFA.

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

Other than the Association's funding relationship with the Bank, the Association has no other uninsured or insured debt.

**NOTE 9 — MEMBERS' EQUITY:**

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

The Association maintains an unallocated surplus account. The minimum for this account shall be prescribed by the FCA and FCA regulations. The Association does not have an allocated surplus account. Rather than earnings held therein and allocated to borrowers on a patronage basis, the Association funds 100 percent of any declared patronage through cash.

Protection of certain borrower equity is provided under the Act that requires the Association, when retiring protected borrower equity, to retire such equity at par or stated value regardless of its book value. Protected borrower equity includes capital stock, participation certificates and allocated equities that were outstanding as of January 6, 1988, or were issued or allocated prior to October 6, 1988. If an association is unable to retire protected borrower equity at par value or stated value, amounts required to retire this equity would be obtained from the Insurance Fund.

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

Association bylaws generally permit stock and participation certificates to be retired at the discretion of the board of directors and in accordance with the Association’s capitalization plans, provided prescribed capital standards have been met. At December 31, 2025, the Association exceeded the prescribed standards. The Association does not anticipate any significant changes in capital that would affect the normal retirement of stock. All classes of stock are transferable to other customers who are eligible to hold such class as long as the Association meets the regulatory minimum capital requirements.

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

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

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

All borrower stock is at-risk. As such, losses that result in impairment of capital stock or participation certificates shall be borne on a pro rata basis by all holders of Class A and participation certificates. In the event of liquidation of the Association, capital stock and participation certificates would be utilized as necessary to satisfy any remaining obligations in excess of the amounts realized on the sale or liquidation of assets. Any excess of the amounts realized on the sale or liquidation of assets over the Association’s obligations to external parties and to the Bank would be distributed to the Association’s stockholders.

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

| <u>Date Declared</u> | <u>Date Paid</u>       | <u>Patronage</u> |
|----------------------|------------------------|------------------|
| December 2025        | Anticipated March 2026 | \$ 10,184,638    |
| December 2024        | March 2025             | \$ 10,917,978    |
| December 2023        | March 2024             | \$ 8,831,954     |

As of December 31, 2025, the Association is not prohibited from retiring stock or distributing earnings; furthermore, neither the board nor senior management knows of any such prohibitions that may apply during the subsequent fiscal year.

The Farm Credit Administration sets minimum regulatory capital requirements for banks and associations. The following sets forth the regulatory capital ratio requirements and ratios at December 31:

| Risk-weighted:             | Regulatory | Regulatory           | 2025          | 2024   | 2023   |
|----------------------------|------------|----------------------|---------------|--------|--------|
|                            | Minimums   | Minimums with Buffer |               |        |        |
| Common equity tier 1 ratio | 4.50%      | 7.00%                | <b>15.95%</b> | 17.13% | 16.86% |
| Tier 1 capital ratio       | 6.00%      | 8.50%                | <b>15.95%</b> | 17.13% | 16.86% |
| Total capital ratio        | 8.00%      | 10.50%               | <b>16.24%</b> | 17.41% | 17.18% |
| Permanent capital ratio    | 7.00%      | 7.00%                | <b>16.00%</b> | 17.18% | 16.91% |
| <b>Non-risk-weighted:</b>  |            |                      |               |        |        |
| Tier 1 leverage ratio      | 4.00%      | 5.00%                | <b>16.15%</b> | 17.59% | 17.32% |
| UREE leverage ratio        | 1.50%      | 1.50%                | <b>15.89%</b> | 17.31% | 17.03% |

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

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

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

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

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

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

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

|  | Common<br>equity<br>tier 1 ratio | Tier 1<br>capital ratio | Total capital<br>ratio  | Permanent<br>capital ratio |
|--|----------------------------------|-------------------------|-------------------------|----------------------------|
| <b>Numerator:</b>  |                                  |                         |                         |                            |
| Unallocated retained earnings  | \$ 210,972,329                   | \$ 210,972,329          | \$ 210,972,329          | \$ 210,972,329             |
| Common Cooperative Equities:   |                                  |                         |                         |                            |
| Statutory minimum purchased borrower stock   | 3,039,549                        | 3,039,549               | 3,039,549               | 3,039,549                  |
| Allowance for credit losses on loans and reserve for credit losses subject to certain limitations* | -                                | -                       | 3,434,967               | -                          |
| Regulatory Adjustments and Deductions:   |                                  |                         |                         |                            |
| Amount of allocated investments in other System institutions                                       | (22,811,288)                     | (22,811,288)            | (22,811,288)            | (22,811,288)               |
| Other regulatory required deductions   | -                                | -                       | -                       | -                          |
|  | <u>\$ 191,200,590</u>            | <u>\$ 191,200,590</u>   | <u>\$ 194,635,557</u>   | <u>\$ 191,200,590</u>      |
| <b>Denominator:</b>  |                                  |                         |                         |                            |
| Risk-adjusted assets excluding allowance   | \$ 1,221,441,137                 | \$ 1,221,441,137        | \$ 1,221,441,137        | \$ 1,221,441,137           |
| Regulatory Adjustments and Deductions:   |                                  |                         |                         |                            |
| Regulatory deductions included in total capital  | (22,811,288)                     | (22,811,288)            | (22,811,288)            | (22,811,288)               |
| Allowance for credit losses on loans   | -                                | -                       | -                       | (3,412,760)                |
|  | <u>\$ 1,198,629,849</u>          | <u>\$ 1,198,629,849</u> | <u>\$ 1,198,629,849</u> | <u>\$ 1,195,217,089</u>    |

\*Capped at 1.25 percent of risk-weighted assets and inclusive of the reserve for unfunded commitments.

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

|  | Tier 1<br>leverage ratio | UREE<br>leverage ratio  |
|--|--------------------------|-------------------------|
| Numerator:   |                          |                         |
| Unallocated retained earnings                                | \$ 210,972,329           | \$ 210,972,329          |
| Common Cooperative Equities:                                 |                          |                         |
| Statutory minimum purchased borrower stock                   | 3,039,549                | -                       |
| Regulatory Adjustments and Deductions:                       |                          |                         |
| Amount of allocated investments in other System institutions | (22,811,288)             | (22,811,288)            |
|  | <u>\$ 191,200,590</u>    | <u>\$ 188,161,041</u>   |
| Denominator:   |                          |                         |
| Total Assets   | \$ 1,208,528,722         | \$ 1,208,528,722        |
| Regulatory Adjustments and Deductions:                       |                          |                         |
| Regulatory deductions included in tier 1 capital             | (24,437,567)             | (24,437,567)            |
|  | <u>\$ 1,184,091,155</u>  | <u>\$ 1,184,091,155</u> |

The Association has a capital adequacy plan (Plan) that includes capital targets necessary to achieve the Association's capital adequacy goals as well as the minimum permanent capital standard. In addition to factors that must be considered in meeting the minimum standards, the board considered the following factors in developing the Plan:

- Capability of management
- Quality of operating policies, procedures, and internal controls
- Quality and quantity of earnings
- Asset quality
- Sufficiency of liquid funds
- Needs of the ACA customer base
- Other operating risks

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

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

|                            | 2025           | 2024           | 2023           |
|----------------------------|----------------|----------------|----------------|
| Class A stock              | 590,220        | 579,496        | 566,628        |
| Participation certificates | 19,238         | 22,464         | 25,576         |
| Total                      | <u>609,458</u> | <u>601,960</u> | <u>592,204</u> |

An additional component of equity is accumulated other comprehensive (loss) income, which is reported net of taxes as follows:

| <b>December 31, 2025</b>           | <b>Before Tax</b>   | <b>Deferred Tax</b> | <b>Net of Tax</b>   |
|------------------------------------|---------------------|---------------------|---------------------|
| Nonpension postretirement benefits | <u>\$ (41,254)</u>  | <u>\$ -</u>         | <u>\$ (41,254)</u>  |
|                                    |                     |                     |                     |
| December 31, 2024                  | Before Tax          | Deferred Tax        | Net of Tax          |
| Nonpension postretirement benefits | <u>\$ (283,676)</u> | <u>\$ -</u>         | <u>\$ (283,676)</u> |
|                                    |                     |                     |                     |
| December 31, 2023                  | Before Tax          | Deferred Tax        | Net of Tax          |
| Nonpension postretirement benefits | <u>\$ 41,377</u>    | <u>\$ -</u>         | <u>\$ 41,377</u>    |

The Association's accumulated other comprehensive (loss) income relates entirely to its nonpension other postretirement benefits. The following table summarizes the changes in accumulated other comprehensive (loss) income and the location on the Consolidated Statements of Comprehensive Income for the year ended December 31:

|  | <u>2025</u>        | <u>2024</u>         | <u>2023</u>      |
|--|--------------------|---------------------|------------------|
| Accumulated other comprehensive (loss) income at January 1                                 | \$ (283,676)       | \$ 41,377           | \$ 216,475       |
| Actuarial gains (losses)   | 242,422            | (301,817)           | (144,923)        |
| Amortization of prior service (credit) costs included<br>in salaries and employee benefits | -                  | (23,236)            | (30,175)         |
| Other comprehensive income (loss), net of tax  | 242,422            | (325,053)           | (175,098)        |
| Accumulated other comprehensive (loss) income at December 31                               | <u>\$ (41,254)</u> | <u>\$ (283,676)</u> | <u>\$ 41,377</u> |

#### NOTE 10 — INCOME TAXES:

The provision for income taxes follows for the years ended December 31:

|                                  | <u>2025</u>      | <u>2024</u>     | <u>2023</u>     |
|----------------------------------|------------------|-----------------|-----------------|
| Deferred:                        |                  |                 |                 |
| Federal                          | \$ 12,131        | \$ 8,825        | \$ 5,374        |
| Total provision for income taxes | <u>\$ 12,131</u> | <u>\$ 8,825</u> | <u>\$ 5,374</u> |

The difference in the statutory tax rate and the effective tax rate is primarily due to the tax exemption of the Association and FLCA subsidiary earnings. The provision for income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as follows for the years ended December 31:

|                                      | <u>2025</u>      | <u>2024</u>     | <u>2023</u>     |
|--------------------------------------|------------------|-----------------|-----------------|
| Federal tax at statutory rate        | \$ 3,736,921     | \$ 3,993,926    | \$ 3,710,630    |
| Effect of nontaxable FLCA subsidiary | (3,504,400)      | (3,713,769)     | (3,539,640)     |
| Patronage distributions              | (234,957)        | (276,372)       | (166,243)       |
| Change in valuation allowance        | 14,567           | 5,040           | 627             |
| Provision for income taxes           | <u>\$ 12,131</u> | <u>\$ 8,825</u> | <u>\$ 5,374</u> |

Deferred tax assets and liabilities are comprised of the following at December 31:

|  | <u>2025</u>        | <u>2024</u>        | <u>2023</u>        |
|--|--------------------|--------------------|--------------------|
| <u>Deferred Tax Assets</u>                     |                    |                    |                    |
| Allowance for credit losses on loans           | \$ 29,080          | \$ 14,959          | \$ 10,329          |
| Annual leave                                   | 21,566             | 21,121             | 20,021             |
| Loss carryforwards                             | 287,620            | 287,620            | 287,620            |
| Other  | -                  | -                  | 690                |
| Gross deferred tax assets                      | 338,266            | 323,700            | 318,660            |
| Less: Valuation allowance                      | (338,266)          | (323,700)          | (318,660)          |
| Deferred tax asset, net of valuation allowance | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| <u>Deferred Tax Liabilities</u>                |                    |                    |                    |
| Other  | (36,970)           | (24,839)           | (16,014)           |
| Gross deferred tax liabilities                 | <u>(36,970)</u>    | <u>(24,839)</u>    | <u>(16,014)</u>    |
| Net deferred tax liability                     | <u>\$ (36,970)</u> | <u>\$ (24,839)</u> | <u>\$ (16,014)</u> |

The expected future tax rates are based upon enacted tax laws. The Association recorded valuation allowances of \$338,266, \$323,700 and \$318,660 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 has a net operating loss carryforward of \$1,369,622 available to offset against future taxable income of which \$263,868 will expire in 2033, \$571,895 will expire in 2034, and \$533,859 will expire in 2035.

**NOTE 11 — EMPLOYEE BENEFIT PLANS:**

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

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

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

The Association elected to participate in elective deferrals. Contributions of \$12,000 for the year ended December 31, 2025 and \$0 for the years ended December 31, 2024 and 2023 were made to this plan. There were no payments made from the Supplemental 401(k) Plan to active employees during 2025, 2024 and 2023.

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

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

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

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

|   | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|-------------|
| Funded status of plan   | 78.1 %      | 75.7 %      | 73.3 %      |
| Association's contribution                                      | \$ 139,254  | \$ 104,024  | \$ 396,875  |
| Percentage of Association's contribution to total contributions | 3.5 %       | 2.8 %       | 6.1 %       |

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

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

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

**Retiree Welfare Benefit Plans**

| <b>Disclosure Information Related to Retirement Benefits</b>                  | <b>2025</b>           | <b>2024</b>           | <b>2023</b>           |
|---|-----------------------|-----------------------|-----------------------|
| <b>Change in Accumulated Postretirement Benefit Obligation</b>                |                       |                       |                       |
| Accumulated postretirement benefit obligation, beginning of year              | \$ 3,805,949          | \$ 3,402,521          | \$ 3,189,240          |
| Service cost  | 32,700                | 34,579                | 37,662                |
| Interest cost   | 200,082               | 183,756               | 162,767               |
| Plan participants' contributions  | 25,053                | 32,135                | 29,822                |
| Actuarial (gain) loss   | (242,422)             | 301,817               | 144,923               |
| Benefits paid   | (158,152)             | (148,859)             | (161,893)             |
| Accumulated postretirement benefit obligation, end of year                    | <u>\$ 3,663,210</u>   | <u>\$ 3,805,949</u>   | <u>\$ 3,402,521</u>   |
| <b>Change in Plan Assets</b>  |                       |                       |                       |
| Plan assets at fair value, beginning of year                                  | \$ -                  | \$ -                  | \$ -                  |
| Company contributions   | 133,099               | 116,724               | 132,071               |
| Plan participants' contributions  | 25,053                | 32,135                | 29,822                |
| Benefits paid   | (158,152)             | (148,859)             | (161,893)             |
| Plan assets at fair value, end of year  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Funded status of the plan   | <u>\$ (3,663,210)</u> | <u>\$ (3,805,949)</u> | <u>\$ (3,402,521)</u> |
| <b>Amounts Recognized on the Consolidated Balance Sheets</b>                  |                       |                       |                       |
| Current liabilities   | \$ (157,875)          | \$ (133,960)          | \$ (124,656)          |
| Noncurrent liabilities  | (3,505,335)           | (3,671,989)           | (3,277,865)           |
| Net liability, end of year  | <u>\$ (3,663,210)</u> | <u>\$ (3,805,949)</u> | <u>\$ (3,402,521)</u> |
| <b>Amounts Recognized in Accumulated Other Comprehensive Income</b>           |                       |                       |                       |
| Net actuarial loss (gain)   | \$ 41,254             | \$ 283,676            | \$ (18,141)           |
| Prior service credit  | -                     | -                     | (23,236)              |
| Total   | <u>\$ 41,254</u>      | <u>\$ 283,676</u>     | <u>\$ (41,377)</u>    |
| <b>Weighted-Average Assumptions Used to Determine Obligations at Year End</b> |                       |                       |                       |
| Measurement date  | 12/31/2025            | 12/31/2024            | 12/31/2023            |
| Discount rate   | 5.60%                 | 5.35%                 | 5.50%                 |
| Health care cost trend rate assumed for next year (pre-/post-65) - medical    | 8.40%/10.10%          | 9.20%/10.80%          | 7.50%/8.40%           |
| Ultimate health care cost trend rate  | 4.50%                 | 4.50%                 | 4.50%                 |
| Year that the rate reaches the ultimate trend rate                            | 2035                  | 2034                  | 2034                  |

| <b>Total Cost</b>   | <b>2025</b>  | <b>2024</b> | <b>2023</b> |
|---|--------------|-------------|-------------|
| Service cost  | \$ 32,700    | \$ 34,579   | \$ 37,662   |
| Interest cost   | 200,082      | 183,756     | 162,767     |
| Amortization of:  |              |             |             |
| Unrecognized prior service cost   | -            | (23,236)    | (30,175)    |
| Net postretirement benefit cost   | \$ 232,782   | \$ 195,099  | \$ 170,254  |
| <b>Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Other Comprehensive Income</b> |              |             |             |
| Net actuarial (gain) loss   | \$ (242,422) | \$ 301,817  | \$ 144,923  |
| Amortization of prior service cost  | -            | 23,236      | 30,175      |
| Total recognized in other comprehensive income  | \$ (242,422) | \$ 325,053  | \$ 175,098  |
| <b>AOCI Amounts Expected to be Amortized Into Expense in 2026</b>   |              |             |             |
| Unrecognized prior service cost   | \$ -         | \$ -        | \$ (23,236) |
| Total   | \$ -         | \$ -        | \$ (23,236) |
| <b>Weighted-Average Assumptions Used to Determine Benefit Cost</b>  |              |             |             |
| Measurement date  | 12/31/2024   | 12/31/2023  | 12/30/2022  |
| Discount rate   | 5.35%        | 5.50%       | 5.20%       |
| Health care cost trend rate assumed for next year (pre-/post-65) - medical                                    | 9.20%/10.80% | 7.50%/8.40% | 7.20%/7.70% |
| Ultimate health care cost trend rate  | 4.50%        | 4.50%       | 4.50%       |
| Year that the rate reaches the ultimate trend rate  | 2034         | 2033        | 2031        |
| <b>Expected Future Cash Flows</b>   |              |             |             |
| <b>Expected Benefit Payments (net of employee contributions)</b>  |              |             |             |
| Fiscal 2026   | \$ 157,875   |             |             |
| Fiscal 2027   | 175,164      |             |             |
| Fiscal 2028   | 187,045      |             |             |
| Fiscal 2029   | 194,775      |             |             |
| Fiscal 2030   | 224,277      |             |             |
| Fiscal 2031–2035  | 1,219,991    |             |             |
| <b>Expected Contributions</b>   |              |             |             |
| Fiscal 2026   | \$ 157,875   |             |             |

## NOTE 12 — RELATED PARTY TRANSACTIONS:

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

Total loans to such persons at December 31, 2025, 2024 and 2023 for the Association amounted to \$17,995,924, \$47,471,793 and \$38,456,106, respectively. During 2025, 2024 and 2023, \$6,093,125, \$18,439,812 and \$14,369,001 of new loans were made, and repayments totaled \$4,655,927, \$19,852,321 and \$25,336,439, respectively. In the opinion of management, no such loans outstanding at December 31, 2025, 2024 and 2023 involved more than a normal risk of collectibility.

Expenses included in purchased services may include purchased services such as administrative services, marketing, information systems and accounting services and allocations of expenses incurred by the Bank and passed through to the District associations, such as FCSIC expenses. The Bank charges the individual District associations directly for these services based on each association's proportionate usage. The operational support expenses totaled \$72,884, \$69,256 and \$70,377 in 2025, 2024 and 2023, respectively. FCSIC expense totaled \$873,032, \$786,257 and \$1,405,369 in 2025, 2024 and 2023, respectively.

The Association received patronage payments from the Bank totaling \$3,232,376, \$4,242,063 and \$3,800,303 during 2025, 2024 and 2023, respectively.

**NOTE 13 — FAIR VALUE MEASUREMENTS:**

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2, “Summary of Significant Accounting Policies,” for additional information.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2025, 2024 and 2023 for each of the fair value hierarchy values are summarized below:

| December 31, 2025                          | Fair Value Measurement Using |             |             | Total Fair Value |
|--|------------------------------|-------------|-------------|------------------|
|  | Level 1                      | Level 2     | Level 3     |                  |
| <b>Assets:</b>                             |                              |             |             |                  |
| Assets held in nonqualified benefit trusts | \$ 63,945                    | \$ -        | \$ -        | \$ 63,945        |
| <b>Total assets</b>                        | <b>\$ 63,945</b>             | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 63,945</b> |
| December 31, 2024                          | Fair Value Measurement Using |             |             | Total Fair Value |
|  | Level 1                      | Level 2     | Level 3     |                  |
| Assets:                                    |                              |             |             |                  |
| Assets held in nonqualified benefit trusts | \$ 35,981                    | \$ -        | \$ -        | \$ 35,981        |
| <b>Total assets</b>                        | <b>\$ 35,981</b>             | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 35,981</b> |
| December 31, 2023                          | Fair Value Measurement Using |             |             | Total Fair Value |
|  | Level 1                      | Level 2     | Level 3     |                  |
| Assets:                                    |                              |             |             |                  |
| Assets held in nonqualified benefit trusts | \$ 30,012                    | \$ -        | \$ -        | \$ 30,012        |
| <b>Total assets</b>                        | <b>\$ 30,012</b>             | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 30,012</b> |

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

| December 31, 2025    | Fair Value Measurement Using |             |                   | Total Fair Value  |
|----------------------|------------------------------|-------------|-------------------|-------------------|
|                      | Level 1                      | Level 2     | Level 3           |                   |
| <b>Assets:</b>       |                              |             |                   |                   |
| Loans                | \$ -                         | \$ -        | \$ 69,596         | \$ 69,596         |
| Other property owned | -                            | -           | 35,077            | 35,077            |
| <b>Total assets</b>  | <b>\$ -</b>                  | <b>\$ -</b> | <b>\$ 104,673</b> | <b>\$ 104,673</b> |
| December 31, 2024    | Fair Value Measurement Using |             |                   | Total Fair Value  |
|                      | Level 1                      | Level 2     | Level 3           |                   |
| Assets:              |                              |             |                   |                   |
| Loans                | \$ -                         | \$ -        | \$ 435,748        | \$ 435,748        |
| Other property owned | -                            | -           | 237,954           | 237,954           |
| <b>Total assets</b>  | <b>\$ -</b>                  | <b>\$ -</b> | <b>\$ 673,702</b> | <b>\$ 673,702</b> |
| December 31, 2023    | Fair Value Measurement Using |             |                   | Total Fair Value  |
|                      | Level 1                      | Level 2     | Level 3           |                   |
| Assets:              |                              |             |                   |                   |
| Loans                | \$ -                         | \$ -        | \$ 386,594        | \$ 386,594        |
| Other property owned | -                            | -           | -                 | -                 |
| <b>Total assets</b>  | <b>\$ -</b>                  | <b>\$ -</b> | <b>\$ 386,594</b> | <b>\$ 386,594</b> |

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

| December 31, 2025            |                          |                  |             |                         |                         |
|------------------------------|--------------------------|------------------|-------------|-------------------------|-------------------------|
| Fair Value Measurement Using |                          |                  |             |                         |                         |
|                              | Total Carrying<br>Amount | Level 1          | Level 2     | Level 3                 | Total Fair Value        |
| <b>Assets:</b>               |                          |                  |             |                         |                         |
| Cash                         | \$ 27,595                | \$ 27,595        | \$ -        | \$ -                    | \$ 27,595               |
| Net loans                    | 1,152,715,082            | -                | -           | 1,099,299,864           | 1,099,299,864           |
| <b>Total Assets</b>          | <b>\$ 1,152,742,677</b>  | <b>\$ 27,595</b> | <b>\$ -</b> | <b>\$ 1,099,299,864</b> | <b>\$ 1,099,327,459</b> |
| <b>Liabilities:</b>          |                          |                  |             |                         |                         |
| Note payable to Bank         | \$ 975,290,411           | \$ -             | \$ -        | \$ 930,237,612          | \$ 930,237,612          |
| <b>Total Liabilities</b>     | <b>\$ 975,290,411</b>    | <b>\$ -</b>      | <b>\$ -</b> | <b>\$ 930,237,612</b>   | <b>\$ 930,237,612</b>   |

| December 31, 2024            |                          |                  |             |                       |                       |
|------------------------------|--------------------------|------------------|-------------|-----------------------|-----------------------|
| Fair Value Measurement Using |                          |                  |             |                       |                       |
|                              | Total Carrying<br>Amount | Level 1          | Level 2     | Level 3               | Total Fair Value      |
| <b>Assets:</b>               |                          |                  |             |                       |                       |
| Cash                         | \$ 35,518                | \$ 35,518        | \$ -        | \$ -                  | \$ 35,518             |
| Net loans                    | 1,078,735,992            | -                | -           | 995,453,991           | 995,453,991           |
| <b>Total Assets</b>          | <b>\$ 1,078,771,510</b>  | <b>\$ 35,518</b> | <b>\$ -</b> | <b>\$ 995,453,991</b> | <b>\$ 995,489,509</b> |
| <b>Liabilities:</b>          |                          |                  |             |                       |                       |
| Note payable to Bank         | \$ 902,906,866           | \$ -             | \$ -        | \$ 833,394,002        | \$ 833,394,002        |
| <b>Total Liabilities</b>     | <b>\$ 902,906,866</b>    | <b>\$ -</b>      | <b>\$ -</b> | <b>\$ 833,394,002</b> | <b>\$ 833,394,002</b> |

| December 31, 2023            |                          |                  |             |                       |                       |
|------------------------------|--------------------------|------------------|-------------|-----------------------|-----------------------|
| Fair Value Measurement Using |                          |                  |             |                       |                       |
|                              | Total Carrying<br>Amount | Level 1          | Level 2     | Level 3               | Total Fair Value      |
| <b>Assets:</b>               |                          |                  |             |                       |                       |
| Cash                         | \$ 50,001                | \$ 50,001        | \$ -        | \$ -                  | \$ 50,001             |
| Net loans                    | 1,015,131,319            | -                | -           | 932,195,090           | 932,195,090           |
| <b>Total Assets</b>          | <b>\$ 1,015,181,320</b>  | <b>\$ 50,001</b> | <b>\$ -</b> | <b>\$ 932,195,090</b> | <b>\$ 932,245,091</b> |
| <b>Liabilities:</b>          |                          |                  |             |                       |                       |
| Note payable to Bank         | \$ 843,355,247           | \$ -             | \$ -        | \$ 774,453,123        | \$ 774,453,123        |
| <b>Total Liabilities</b>     | <b>\$ 843,355,247</b>    | <b>\$ -</b>      | <b>\$ -</b> | <b>\$ 774,453,123</b> | <b>\$ 774,453,123</b> |

#### *Uncertainty of Fair Value Measurements*

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the significant unobservable inputs used in the fair value measurement of the mortgage-backed securities are prepayment rates, probability of default and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would have resulted in a significantly lower (higher) fair value measurement.

Generally, a change in the assumption used for the probability of default would have been accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Quoted market prices are generally not available for the instruments presented below. Accordingly, fair values are based on internal models that consider judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates involve uncertainties and matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

With regard to nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other

property owned and consider unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

### Valuation Techniques

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

#### *Assets Held in Nonqualified Benefits Trusts*

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

#### *Loans Evaluated for Impairment*

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

#### *Other Property Owned*

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

#### *Note Payable to the Bank*

The note payable to the Bank is not regularly traded, thus, quoted market prices are not available. Fair value of this instrument is discounted based on the Association’s and the Bank’s loan rates as well as on management estimates. For the purposes of this estimate, it is assumed that the cash flow on the note is equal to the principal payments on the Association’s loan receivables plus accrued interest on the note payable. The assumption implies that the earnings on the Association’s interest margin are used to fund operating expenses and capital expenditures. Management has no basis to determine whether the fair value would be indicative of the value negotiated in an actual sale.

|                          | <u>Valuation Technique(s)</u> | <u>Input</u>   |
|--------------------------|-------------------------------|--|
| Cash                     | Carrying value                | Par/principal and appropriate interest yield                     |
| Loans                    | Discounted cash flow          | Prepayment forecasts<br>Probability of default<br>Loss severity  |
| Note payable to the Bank | Discounted cash flow          | Benchmark yield curve<br>Derived yield spread<br>Own credit risk |

### NOTE 14 — COMMITMENTS AND CONTINGENCIES:

In addition to those commitments and contingencies discussed in Note 2, “Summary of Significant Accounting Policies,” the Association is involved in various legal proceedings in the ordinary course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the Association.

The Association may participate in financial instruments with off-balance sheet risk to satisfy the financing needs of its borrowers in the form of commitments to extend credit and commercial letters of credit. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the 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. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. At December 31, 2025, \$71,186,046 of commitments and \$715,217 of commercial letters of credit were outstanding.

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

**NOTE 15 — QUARTERLY FINANCIAL INFORMATION (UNAUDITED):**

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

|   | 2025     |          |          |          |           |
|---|----------|----------|----------|----------|-----------|
|   | First    | Second   | Third    | Fourth   | Total     |
| Net interest income                       | \$ 7,943 | \$ 7,744 | \$ 7,891 | \$ 7,978 | \$ 31,556 |
| (Provision for) reversal of credit losses | 2        | (300)    | (130)    | (190)    | (618)     |
| Noninterest income (expense), net         | (2,936)  | (3,165)  | (3,540)  | (3,526)  | (13,167)  |
| Net income                                | \$ 5,009 | \$ 4,279 | \$ 4,221 | \$ 4,262 | \$ 17,771 |

|   | 2024     |          |          |          |           |
|---|----------|----------|----------|----------|-----------|
|   | First    | Second   | Third    | Fourth   | Total     |
| Net interest income                       | \$ 7,382 | \$ 7,152 | \$ 7,367 | \$ 7,335 | \$ 29,236 |
| Reversal of (provision for) credit losses | (174)    | 243      | (211)    | 188      | 46        |
| Noninterest income (expense), net         | (2,939)  | (2,235)  | (2,628)  | (2,470)  | (10,272)  |
| Net income                                | \$ 4,269 | \$ 5,160 | \$ 4,528 | \$ 5,053 | \$ 19,010 |

|   | 2023     |          |          |          |           |
|---|----------|----------|----------|----------|-----------|
|   | First    | Second   | Third    | Fourth   | Total     |
| Net interest income                       | \$ 7,137 | \$ 7,014 | \$ 7,084 | \$ 7,075 | \$ 28,310 |
| (Provision for) reversal of credit losses | (209)    | 324      | (151)    | (88)     | (124)     |
| Noninterest income (expense), net         | (2,312)  | (2,379)  | (3,449)  | (2,382)  | (10,522)  |
| Net income                                | \$ 4,616 | \$ 4,959 | \$ 3,484 | \$ 4,605 | \$ 17,664 |

**NOTE 16 — SUBSEQUENT EVENTS:**

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

## **DISCLOSURE INFORMATION AND INDEX**

(Unaudited)

*Disclosures Required by Farm Credit Administration Regulations*

### **DESCRIPTION OF BUSINESS**

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

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

### **DESCRIPTION OF PROPERTY**

The Louisiana Land Bank, ACA (Association) serves its 64-parish territory through its main administrative and lending office at 2413 Tower Drive, Monroe, Louisiana, 71201. Additionally, there are 10 branch lending offices located throughout the territory. The Association owns the office buildings in Hammond, Monroe, Opelousas, Shreveport, Tallulah, Winnsboro, and Alexandria, Louisiana, free of debt. The Association leases the office buildings in Arcadia, Crowley, Monroe, and Port Allen, Louisiana. The Association owns the Monroe administrative and branch buildings but leases additional office space in Monroe for operational support employees.

The Association organized Louisiana White Energy, LLC and Louisiana ASA, LLC for the purpose of managing complex, out-of-state adverse credit relationships. The entities have no assets as of the date of this report, and management believes that the business of these LLCs has concluded.

### **LEGAL PROCEEDINGS**

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

### **DESCRIPTION OF CAPITAL STRUCTURE**

The information required to be disclosed in this section is incorporated herein by reference from Note 9 to the consolidated financial statements, "Members' Equity," included in this annual report.

### **DESCRIPTION OF LIABILITIES**

The description of liabilities required to be disclosed in this section is incorporated herein by reference from Note 8, "Note Payable to the Bank," Note 11, "Employee Benefit Plans," and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in this annual report.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Notes 2 and 14 to the consolidated financial statements, "Summary of Significant Accounting Policies" and "Commitments and Contingencies," respectively, included in this annual report.

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

The Association's financial condition may be impacted by factors that affect the Bank, as discussed in Note 1 to the consolidated financial statements, "Organization and Operations," included in this annual report. The financial condition and results of operations of the Bank may materially affect the stockholders' investment in the Association.

The annual and quarterly stockholder reports of the Bank are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720-2590 or calling (512) 465-0738. Copies of the Bank annual and quarterly stockholder reports can also be requested by e-mailing [fcf@farmcreditbank.com](mailto:fcf@farmcreditbank.com). The annual and quarterly stockholder reports are also available on its website at [www.farmcreditbank.com](http://www.farmcreditbank.com).

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports will be available approximately 40 days after quarter-end and can be obtained by writing to Louisiana Land Bank, ACA 2413 Tower Drive, Monroe, Louisiana, 71201 or calling 318-387-7535. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing

*alyssa.allen@louisianalandbank.com*. The Association’s annual stockholder report is available on its website at *www.louisianalandbank.com* 75 days after the fiscal year end. Copies of the Association’s annual stockholder report can also be requested 90 days after the fiscal year-end.

### SELECTED FINANCIAL DATA

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

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

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

### DIRECTORS AND SENIOR OFFICERS

The Association’s member-elected and director-elected board of directors and senior officers are as follows:

| NAME                          | POSITION  | DATE ELECTED/<br>EMPLOYED | TERM<br>EXPIRES |
|-------------------------------|---|---------------------------|-----------------|
| Cullen M. Kovac               | Chairman & Stockholder Elected Director             | 2011                      | 2027            |
| William B. Guthrie            | Vice Chairman & Stockholder Elected Director        | 2019                      | 2028            |
| Clark Canterbury              | Stockholder Elected Director                        | 2023                      | 2026            |
| Henry Capdeboscq, Jr.         | Stockholder Elected Director                        | 2008                      | 2026            |
| Wade H. Condrey               | Stockholder Elected Director                        | 2024                      | 2027            |
| John F. Earles                | Stockholder Elected Director                        | 2010                      | 2028            |
| Gertrude Hawkins              | Stockholder Elected Director                        | 2002                      | 2026            |
| Robert “Bobby” Soileau, Ph.D. | Board Appointed Director                            | 2015                      | 2027            |
| John L. Van Mol, Jr.          | Stockholder Elected Director                        | 2019                      | 2028            |
| Mary Saporito                 | Board Appointed Director (beginning July 2025)      | 2025                      | 2028            |
| John McLain                   | Board Appointed Director (beginning September 2025) | 2025                      | 2027            |
| F. Stephen Austin             | Chief Executive Officer                             | 2011                      |                 |
| Christopher E. Bentley        | Chief Financial Officer                             | 2008                      |                 |
| Brian D. Turner               | Chief Credit Officer                                | 2012                      |                 |
| David A. Ogletree             | Chief Lending Officer                               | 1987                      |                 |
| Robert “Wes” Lowe             | Chief Appraisal Officer                             | 2012                      |                 |

A brief statement of the business and employment background of each director and senior officer is provided for informational purposes.

**Cullen M. Kovac** has been a co-owner/operator in Kovac Cattle, Inc., a family-owned cow-calf and stocker operation, since 2008. He is a managing partner in both Kovac Inc. and Kovac Land, LLC, which are agricultural land acquisition and holding corporations. Mr. Kovac is vice president of the Fiske Union Water System, and he also serves as a director of the West Carroll Parish Farm Bureau, the West Carroll Soil and Water Conservation District Board. Mr. Kovac is a graduate of LSU with a B.S. in Animal Science and a minor in Agronomy. He is a member of Beulah Baptist Church and is a Gideon in the Oak Grove Camp.

**William Benjamin “Ben” Guthrie** is the General Manager/Secretary-Treasurer for Panola Company, LTD and the Managing Partner for Balmoral Farming Partnership, a farming and land-holding partnership that produces corn, cotton and soybeans on 8,000 acres in the Louisiana Delta. He currently serves on the boards of Panola Company, LTD, the Louisiana Boll Weevil Eradication Commission and the LAC-Self Insured Fund. He is a member of the National Cotton Council, Past President of the Louisiana Cotton and Grain Association, past Chairman of the Cotton Foundation and the Cotton Committee Chairman for the Louisiana Farm Bureau. Mr. Guthrie is a graduate of Louisiana State University and completed the LSU Ag Leadership Program.

**Henry A. Capdeboscq, Jr.** has been a self-employed dairy and beef cattle operator for more than 40 years. He is also owner of Capdeboscq Farms Trucking, LLC. Mr. Capdeboscq is a board member of the Louisiana Dairy Industry Promotion Board and the Louisiana Livestock Brand Commission. He also serves on the board of the Tangipahoa Parish Planning Commission, Tangipahoa Parish Cattlemen’s Association, Florida Parishes Farm Services Cooperative and the Tangipahoa Parish Dairy Advisory Committee. Mr. Capdeboscq is also a member of the Tangipahoa Parish Farm Bureau, Tangipahoa Parish Forestry Association and the Louisiana Cattlemen’s Association.

**Clark Canterbury** is a third-generation farmer/rancher who, in partnership with his father, operates 12 broiler houses with poultry integrator Raeford Farms and maintains a 200-head cow/calf beef herd. He has farmed for more than 20 years. He graduated from Louisiana Tech University with a BS in Ag Business and a minor in Animal Science. Mr. Canterbury currently serves on the Lincoln

Parish School Board, the Lincoln Parish Fire District Board, and the Northwest District Livestock Show Board. He previously served on the Lincoln Parish Farm Service Agency County Committee for nine years, and he is a member of the Louisiana Cattlemen's Association.

**Wade H. Condrey** is a life-long resident of Lake Providence, Louisiana in East Carroll Parish. He has been farming since he graduated from high school and is a partner and the owner/operator of Condrey Farms, a diversified 20,000-acre row crop operation producing corn, soybeans, cotton, rice, canola, and wheat. He is also the co-owner of two agricultural aerial applicator businesses, Delta Dusters, LLC and Precision Air, LLC. Mr. Condrey is the head of southern operations for Fall Line Capital and serves on the boards of Briarfield Academy and Lake Providence Country Club, as well as the advisory board of Guardian Agriculture Drones.

**John F. Earles** is a retired farmer whose operation previously produced soybeans, cattle, rice, crawfish, and sugar cane. He is a co-owner of Cenla Fuels LLC, Bunkie Flying Service Inc., Tri-Rock Aggregates and Gold Dust Investment Company. He is also an owner/partner in Rigolette Farms and Bayou DeSots, family land holding companies.

**Gertrude Hawkins** is a partner of GNL Farm, LLC, and GNG Farm Partnership. She farms cotton, corn, soybeans, sugarcane and wheat with her brother. Mrs. Hawkins manages the Edgar LaCour Land Company, LLC, which is a family-owned business consisting of timber and row crops. She also manages LaCour & Blake, LLC, and Blue Lake Farms, LLC. Mrs. Hawkins is a board member of the Pointe Coupee Parish Farm Bureau, Edgar LaCour Land Company, LLC, LaCour & Blake, LLC, Blue Lake Farms, LLC, Bessie Land Company and the American Society of Sugar Cane Technologists. She serves as the secretary for Schwab Farms, Inc., Bouanchaud Farms, Inc., Gilmer Farms, Inc., and G&M Farms, Inc. Mrs. Hawkins is a member of the American Sugar Cane League, Louisiana Sugar Growers and Tri Parish Gin. Mrs. Hawkins is a member of the Sugarcane Variety Development Committee, and she currently serves as District 6 director on the Louisiana Farm Bureau Women's Leadership Committee. In October 2019, Mrs. Hawkins retired after 27 years of service as a research associate for the LSU AgCenter Sugar Research Station.

**Robert James "Bobby" Soileau, PhD**, directs Ag Leadership for the Louisiana State University Agricultural Center. He coordinates the Agricultural Leadership Development Program. This is a privately funded program for people in production agriculture, forestry and agribusiness. In addition, he helps coordinate the Management Development Institute for LSU AgCenter and College of Agriculture faculty.

**John L. Van Mol, Jr.** is a life-long resident of Rapides Parish currently living in Alexandria, Louisiana. He has been farming for more than 40 years. Mr. Van Mol is the owner of Leverton Farms, LLC, a 3,200-acre operation producing 1,700 acres of sugar cane and 1,500 acres of soybeans in central Louisiana. He also serves as director for Central Cane Producers, Inc. (LASUCA), and is on the board of managers of Lagniappe Cotton Gin in Hamburg, Louisiana. He has previously served as chairman of the USDA Farm Services Agency County Committee and Advisory Board for Rapides Parish. He is a member of the Louisiana Farm Bureau and Rapides Parish Farm Bureau, where he has served in various officer roles and on various committees.

**Mary Saporito** is the Chief Audit Executive, Vice President of Audit, Risk & Privacy for Blue Cross Blue Shield of Louisiana. Ms. Saporito joined Blue Cross Blue Shield of Louisiana in 2006. In her role, she is responsible for the audit functions at Blue Cross, which include Operational Audit, IT Audit, Financial Audit as well as Enterprise Risk Management, Business Continuity and Financial Investigations. She is also responsible for the Privacy function and serves as the company's Privacy Officer. Prior to joining Blue Cross, Ms. Saporito was the Director of Internal Audit for General Health System. She has additionally held the positions of Corporate Compliance Officer and Security Officer. Ms. Saporito is a CIA, CISA, CPA, CITP, CRMA, CRISC and CGMA. She is a member of various professional and civic organizations.

**John McLain** is a lifelong native of Abbeville, Louisiana, and grew up on a farm producing rice and crawfish. He is a graduate of Vermilion Catholic High School and McNeese State University in Lake Charles, Louisiana, where he earned a Bachelor of Science degree with a concentration in Agricultural Business. Following graduation, John returned to the family farm and planted his first rice crop along with his father and two brothers. Since then, he has grown his own rice and crawfish operation into a full-time career. John serves the Vermilion Parish Farm Bureau as a Board member, a member of their Young Farmer and Rancher Committee and Chair of their Nominating Committee. He is also a member of Louisiana Farm Bureau Rice Committee, and he serves as Treasurer of the Vermilion Parish Rice Growers Association. John recently graduated from the USA Rice Leadership Program.

**F. Stephen Austin** serves as the **Chief Executive Officer** for Louisiana Land Bank, ACA. He joined the Association in 2011 as Chief Credit Officer and was promoted to CEO in 2013. Mr. Austin earned a Bachelor of Science degree in Agriculture with a minor in marketing from Southeast Missouri State University. He also completed the Graduate School of Banking at Louisiana State University. During his 40-year career in lending and management positions, he has worked with a five-bank holding company in southeast Missouri and Farm Credit entities in Illinois, Missouri, and Louisiana.

**Christopher E. Bentley, Chief Financial Officer**, joined the Association in July 2008 and was promoted to CFO in 2012. He is a graduate of Louisiana Tech University with a Bachelor of Science degree in Finance and the University of Louisiana – Monroe with a Bachelor of Business Administration in Accounting. Mr. Bentley has previously served as Senior Accountant; Controller; and Director of Compliance, Controls, and Risk Management for the Association. Mr. Bentley serves as Chairman of the Association's Asset/Liability Committee and is a member of the Association's Loan Committee. Mr. Bentley is a past member of the District's ICFR

Steering Committee. Prior to his employment with the Association, Mr. Bentley worked with a Fortune 500 telecommunications company in the subsidiary accounting group and with a Fortune 500 commercial bank in various functions including analyst and portfolio manager.

**Brian D. Turner, Chief Credit Officer**, joined the Association in January 2012 as Director of Compliance, Controls, and Risk and was promoted to Chief Credit Officer in 2013. Prior to joining the Association, Mr. Turner had been employed in commercial banking for 17 years with experience in credit analysis, commercial lending and risk management. He received a Bachelor of Arts degree in Legal Studies from the University of Louisiana at Monroe and a Master of Business Administration in Finance from Louisiana Tech. He has completed the Graduate School of Banking at Louisiana State University. Mr. Turner also serves as Chairman of the Association’s Loan Committee.

**David A. Ogletree** has been with the Association since 1987 and currently serves as the **Chief Lending Officer**. He has Bachelor of Science degrees in Animal Science and Agricultural Business from Louisiana Tech University and completed the Graduate School of Banking at Louisiana State University. Mr. Ogletree also serves as Chairman on the board of the Ark-La-Tex Agricultural Council, which is a nonprofit organization that promotes agriculture in the state of Louisiana.

**Robert “Wes” Lowe, Chief Appraisal Officer**, joined the Association as Senior Appraiser in July 2012. Prior to that, Mr. Lowe worked as a review appraiser for the U.S. Corps of Engineers in the New Orleans and Vicksburg districts. He also worked as an independent fee appraiser and real estate broker in northeast Louisiana and southeast Arkansas for more than 24 years, specializing in agricultural and recreational properties. Mr. Lowe received a Bachelor of Science degree in Construction Management from the University of Louisiana at Monroe and is an accredited ARA member of the American Society of Farm Managers and Rural Appraisers.

### COMPENSATION OF DIRECTORS

Directors were compensated for their service to the Association in the form of an honorarium. The Chairman of the Board received a monthly retainer of \$3,000 in lieu of any other payment for board or committee meeting attendance. The Chairman of the Board received the same compensation as any other director for attending external training sessions, attending board committee meeting(s) on non-board meeting days, attending District or national Farm Credit meetings or undertaking special assignments. The Vice Chairman received a monthly retainer of \$1,600, and all other directors received a monthly retainer of \$1,350. Mileage for attending official meetings during 2025 was paid at the IRS-approved rate of 70.0 cents per mile. A copy of the travel policy is available to stockholders of the Association upon request.

Directors, other than the Chairman of the Board, received \$750 for attending each board meeting, with no additional compensation being paid for attending committee meetings on the same day of the board meeting. The compensation or honorarium for attending external training sessions, attending board committee meeting(s) on non-board meeting days, attending District or national Farm Credit meetings or undertaking special assignments as directed by the Chairman of the Board was paid at \$750 per day. Committee chairs, except for the Audit Committee chair, received an additional \$150 for organizing, attending and presiding at committee meetings, whether on the same day as the board meeting or on a different day. The Audit Committee Chair received an additional \$500 per Audit Committee meeting. Conference calls or virtual meetings held on non-board meeting days were paid to all directors at \$200 to all directors including the Chairman of the Board.

| <b>Director</b>               | <b>Number of Days Served Associated</b> |                                  | <b>Total Compensation 2025</b> |
|-------------------------------|---|----------------------------------|--------------------------------|
|                               | <b>Board Meetings</b>                   | <b>Other Official Activities</b> |                                |
| Cullen Kovac                  | 11                                      | 18                               | \$ 48,100                      |
| William B. Guthrie            | 11                                      | 7                                | 34,300                         |
| Clark Canterbury              | 9                                       | 11                               | 30,400                         |
| Henry Capdeboscq, Jr.         | 11                                      | 7                                | 27,750                         |
| Wade H. Condrey               | 8                                       | 9                                | 23,450                         |
| John F. Earles                | 11                                      | 6                                | 24,550                         |
| Kristin Guillory              | 5                                       | 5                                | 14,500                         |
| Bobby Hanks                   | 3                                       | 1                                | 5,750                          |
| Gertrude Hawkins              | 11                                      | 11                               | 28,550                         |
| Robert "Bobby" Soileau, Ph.D. | 11                                      | 4                                | 26,050                         |
| John L. Van Mol, Jr.          | 11                                      | 4                                | 26,200                         |
| Mary Saporito                 | 6                                       | 5                                | 15,550                         |
| John McLain                   | 5                                       | 3                                | 13,550                         |
|                               |   |                                  | <u>\$ 318,700</u>              |

The aggregate compensation paid to directors in 2025, 2024 and 2023 was \$318,700, \$322,650 and \$315,950, respectively. Additional detail regarding director compensation paid for committee service (which is included in the table above) is as follows for 2025:

| <b>Director</b>               | <b>Committee</b> |                     |                   |                                  |
|-------------------------------|------------------|---------------------|-------------------|----------------------------------|
|                               | <b>Audit</b>     | <b>Compensation</b> | <b>Governance</b> | <b>Other Official Activities</b> |
| Cullen Kovac                  | \$ 2,000         | \$ 400              | \$ 1,000          | \$ 8,700                         |
| William B. Guthrie            | -                | -                   | 2,100             | 7,000                            |
| Clark Canterbury              | 2,000            | -                   | -                 | 6,200                            |
| Henry Capdeboscq, Jr.         | -                | -                   | 1,200             | 4,350                            |
| Wade H. Condrey               | 1,400            | 200                 | -                 | 1,150                            |
| John F. Earles                | -                | -                   | 1,000             | 1,350                            |
| Kristin Guillory              | 3,000            | -                   | -                 | 400                              |
| Bobby Hanks                   | -                | -                   | -                 | 200                              |
| Gertrude Hawkins              | 2,000            | -                   | -                 | 4,350                            |
| Robert "Bobby" Soileau, Ph.D. | -                | 1,000               | -                 | 2,850                            |
| John L. Van Mol, Jr.          | -                | 400                 | -                 | 3,600                            |
| Mary Saporito                 | 3,300            | -                   | -                 | 1,150                            |
| John McLain                   | 400              | -                   | -                 | 4,150                            |
|                               | <u>\$ 14,100</u> | <u>\$ 2,000</u>     | <u>\$ 5,300</u>   | <u>\$ 45,450</u>                 |

The aggregate amount of reimbursement for travel, subsistence and other related expenses paid to directors and on their behalf was \$71,984, \$55,300 and \$67,609 in 2025, 2024 and 2023, respectively.

## COMPENSATION OF SENIOR OFFICERS

### Compensation Discussion and Analysis – Senior Officers

Fair and uniform salary administration is important and an integral part of the success of Louisiana Land Bank, ACA. The board, through its Compensation Committee (Committee), has pursued a salary administration plan for the Association that includes the specific objectives as listed below:

- To attract, retain and motivate all personnel needed for the Association to achieve its strategic goals and project plans;
- To ensure fair and equitable compensation opportunities for those who hold positions of comparable responsibility and importance to the Association;
- To meet legal requirements in all compensation practices;
- To provide objective methods for measuring the relative value of jobs within the Association;
- To encourage the highest possible degree of employee performance, motivation and overall contribution to the Association;
- To provide for recognition of and reward for differences in individual ability and performance;

- To establish and maintain salaries and grade ranges which position the Association to be competitive in the marketplace; and
- To establish procedures that will provide for the fair and consistent monitoring of the salary administration system and application of salary practices within the organization.

The Committee establishes the overall compensation structure and executive compensation philosophy and principles of the Association in order to ensure competitive compensation programs and retention of key management and staff talent. The Committee annually reviews the Salary Administration Plan that addresses merit increases, salary adjustments, incentive plans, bonuses and employee benefits, and approves these programs for senior officers and employees. Market salary data is derived from an independent third-party vendor through the Bank that is utilized to ensure that proper compensation structures are in line with market-comparable positions with similarly situated financial institutions. The study provides the basis for actions by the Committee to review, recommend and present to the board plans for final approval. The Committee makes recommendations to the board with regard to base salary, incentive and/or bonus payments and other compensation for the CEO and also approves the overall compensation program for senior officers. The Association's compensation program encompasses four primary elements: (1) base salary, (2) discretionary and/or incentive bonus compensation, (3) Association-paid retirement benefits, and (4) secondary benefits such as annual leave, Association-paid life insurance and Association-provided vehicles.

### **Senior Officer Compensation**

The senior officer compensation for the year ended December 31, 2025, required to be disclosed, is incorporated herein by reference to the Annual Meeting Information Statement (AMIS), which is available free of charge, upon request. The AMIS can be obtained by writing to Louisiana Land Bank, ACA 2413 Tower Drive, Monroe, Louisiana, 71201 or calling 318-387-7535. Copies of the AMIS can also be requested by e-mailing [alyssa.allen@louisianalandbank.com](mailto:alyssa.allen@louisianalandbank.com), and is available on the Association's website at [www.louisianalandbank.com](http://www.louisianalandbank.com).

### **Pension Benefits Narrative Disclosure**

The Defined Benefit Pension Plan (Pension Plan) is a final average pay plan that was closed to new participants in 1996 and later fully closed to all participants, including rehires who had formerly participated in the plan. The Association no longer has any active employees in the Pension Plan as of December 31, 2023. The Pension Plan benefits are based on the average monthly eligible compensation over the 60 consecutive months that produce the highest average after 1996 (FAC60). The Pension Plan's benefit formula for a Normal Retirement Pension is the sum of (a) 1.65 percent of FAC60 times "Years of Benefit Service" and (b) 0.50 percent of (i) FAC60 in excess of Social Security covered compensation times (ii) "Years of Benefit Service" (not to exceed 35).

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

### **Other Supplemental Retirement Plans Funded by the Association on Behalf of Senior Officers and Employees**

Employees assigned Association automobiles reimburse the Association for personal miles at a board-established rate. Employees who use their personal automobiles for business purposes were reimbursed during 2025 at the IRS-approved rate of 70.0 cents per mile.

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

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

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

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

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

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

## **RELATIONSHIP WITH INDEPENDENT AUDITOR**

There were no changes in the relationship with the independent auditor during 2025. No disagreements with auditors have occurred that the Association is required to report to the Farm Credit Administration under §621 of the FCA regulations governing this disclosure. The fees for professional services rendered for the Association by PricewaterhouseCoopers, LLP, during 2025 were \$138,750 for audit service that was approved by the Audit Committee.

## **FINANCIAL STATEMENTS**

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

## **MEMBER/SHAREHOLDER PRIVACY**

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

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

The Association is committed to meeting the needs of young, beginning, and small farmers (YBS) and ranchers and recognizes the need to support these operators to ensure a strong agricultural community for the future. Support of the YBS lending activities is a priority in the Association. Additional employee time and other resources are combined with the most liberal application of the Association's underwriting standard possible to meet the credit needs of YBS farmers and ranchers. In addition, the Association actively supports other programs, events and educational activities that benefit young people who will become the agricultural providers of tomorrow.

The Association sets annual goals and monitors its YBS performance on a regular basis. These results are also compared to the demographics of the territory it serves as reflected in the USDA Census of Agriculture.

Definitions for "young", "beginning," and "small" farmers and ranchers used by the Association are:

- Young: Age 35 or younger as of loan date.
- Beginning: 10 or fewer years of farming, ranching or aquatic experience as of the loan date.
- Small: Less than \$350,000 in annual gross sales of agricultural products for the year ended December 31, 2025.

## **Quantitative Association Goals**

Each year, the Association and its Board reviews quantitative results from the prior year related to its existing portfolio, as well as new loan originations from the prior year. The Association also compares these numbers to YBS data in its marketplace, which is derived from the 2022 USDA Ag Census. It should be noted that the USDA data is based on the number of farms, while the Association data is based on the number of loans. Additionally, there may be other variations in calculations between the demographic census data and the Association data. However, the census data does provide a comparison of the Association's performance toward meeting its objectives to serve young, beginning, and small farmers and ranchers. The Association met the majority of its goals for the overall portfolio as well as new loans originated in 2025.

The 2022 USDA Census of Agriculture for Louisiana indicates that 8.4 percent of the total number of Louisiana farmers were classified as Young, 33.9 percent were classified as Beginning, and 90.4 percent were classified as Small.

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

| At December 31, 2025     |             |                  |                     |                          |
|--------------------------|-------------|------------------|---------------------|--------------------------|
|                          | Loan Counts | Loan Volume      | Percentage of Total | Percentage of Total Loan |
|                          |             |                  | Loan Counts         | Volume                   |
| Young only               | 61          | 9,419,317        | 1.5%                | 0.8%                     |
| Young & beginning        | 311         | 142,267,212      | 7.6%                | 12.6%                    |
| Young & small            | 963         | 240,449,378      | 23.4%               | 21.4%                    |
| Beginning only           | 159         | 42,771,828       | 3.9%                | 3.8%                     |
| Beginning & small        | 113         | 15,354,592       | 2.7%                | 1.4%                     |
| Small only               | 1,274       | 323,500,844      | 30.9%               | 28.8%                    |
| Young, beginning & small | 653         | 83,364,173       | 15.8%               | 7.4%                     |
| Non-YBS                  | 586         | 268,168,095      | 14.2%               | 23.8%                    |
| Total                    | 4,120       | \$ 1,125,295,439 | 100.0%              | 100.0%                   |

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

| At December 31, 2025     |             |                |                     |                          |
|--------------------------|-------------|----------------|---------------------|--------------------------|
|                          | Loan Counts | Loan Volume    | Percentage of Total | Percentage of Total Loan |
|                          |             |                | Loan Counts         | Volume                   |
| Young only               | 6           | 925,200        | 0.2%                | 0.1%                     |
| Young & beginning        | 13          | 10,969,100     | 0.3%                | 1.0%                     |
| Young & small            | 164         | 100,805,045    | 4.0%                | 9.0%                     |
| Beginning only           | 25          | 13,905,600     | 0.6%                | 1.2%                     |
| Beginning & small        | 8           | 1,190,300      | 0.2%                | 0.1%                     |
| Small only               | 224         | 67,244,915     | 5.4%                | 6.0%                     |
| Young, beginning & small | 95          | 18,504,850     | 2.3%                | 1.6%                     |
| Non-YBS                  | 98          | 68,597,406     | 2.4%                | 6.1%                     |
| Total                    | 633         | \$ 282,142,416 | 15.4%               | 25.1%                    |

Goals for YBS lending, as a percentage of the total loan portfolio, and strategic performance levels are as follows:

*(The following percentages are cumulative in volume and categories are inclusive.)*

| Overall Portfolio | 12/31/2025<br><i>(FCBT data warehouse)</i> |          | Goals   |          |         |          |         |          |         |          |
|-------------------|--|----------|---------|----------|---------|----------|---------|----------|---------|----------|
|                   |  |          | 2025    |          | 2026    |          | 2027    |          | 2028    |          |
|                   | % Loans                                    | % Volume | % Loans | % Volume | % Loans | % Volume | % Loans | % Volume | % Loans | % Volume |
| Young             | 23.2                                       | 12.7     | 23      | 12.7     | 23      | 12.7     | 23.1    | 12.8     | 23.2    | 12.9     |
| Beginning         | 56.3                                       | 50.2     | 55      | 50.8     | 56.3    | 50.2     | 56.4    | 50.3     | 56.5    | 50.4     |
| Small             | 70.7                                       | 56.4     | 71.8    | 55.3     | 70.7    | 56.4     | 70.8    | 56.5     | 70.9    | 56.6     |

Goals for YBS lending for 2025, as a percentage of the annual new business activity for the year, are established as follows:

*(The following percentages are cumulative in volume and categories are inclusive.)*

| New Loans | 12/31/2025<br><i>(FCBT data warehouse)</i> |          | Goals   |          |         |          |         |          |         |          |
|-----------|--|----------|---------|----------|---------|----------|---------|----------|---------|----------|
|           |  |          | 2025    |          | 2026    |          | 2027    |          | 2028    |          |
|           | % Loans                                    | % Volume | % Loans | % Volume | % Loans | % Volume | % Loans | % Volume | % Loans | % Volume |
| Young     | 21.2                                       | 12.2     | 20.3    | 10.65    | 21.2    | 12.2     | 21.3    | 12.3     | 21.4    | 12.4     |
| Beginning | 56.4                                       | 39.2     | 48      | 30       | 56.4    | 39.2     | 56.5    | 39.3     | 56.6    | 39.4     |
| Small     | 77.6                                       | 66.5     | 60      | 31.25    | 77.6    | 66.5     | 77.7    | 66.6     | 77.8    | 66.7     |

### YBS Programs

The Association's commitment to service the credit and related service needs of YBS farmers, ranchers and producers/harvesters of aquatic products is accomplished through 1) Credit Needs and Related Services; 2) Outreach Activities and Programs; and 3) Coordination with other Institutions. The Association's ongoing commitment is supported by specific marketing and public relations activities that are targeted toward young, beginning, and small farmers, ranchers, or other agricultural producers.

### *Credit Needs and Related Services*

Lending Programs - In addition to the identification of and service to all YBS borrowers, the Association will consider its involvement in agriculture, the future needs of the borrower and his or her ability to continue or sustain an operation in future years. Loans to full-time farmers or part-time farmers with a valid agricultural operation, including other credit needs of the borrower, will be prioritized in underwriting and lending programs.

Co-maker Program - Many young operators start out in agricultural production in conjunction with a family member, such as a father, grandfather, brother, uncle, etc. In many cases, a co-maker of a credit package offers financial strength and security sufficient for the lender to grant approval of the loan.

Farm Service Agency (FSA)/Small Business Administration (SBA) Loan Guarantees – These loan guarantee programs offer opportunities to develop lending relationships with young, beginning, and small farmers, while also providing the Association additional risk management protection when deemed necessary. The Association is an eligible lender, and accordingly, should coordinate the application/processing of these loans with the FSA and SBA, if possible. The Association will also pursue other applicable governmental or private guarantee programs when available.

New Generation Loan Program - Loan products are specially priced with waived fees to encourage young and beginning farmers. The program is intended to promote the willingness of the Association to enhance its lending level with young and beginning farmers and to encourage life-long lending relationships.

Related Services - The Association offers appraisal services and credit life insurance as needed to young, beginning, and small farmers. The Association will also coordinate crop insurance and leasing activities with other providers as available programs.

### *Outreach Activities and Programs*

The Association will review existing outreach programs for modification or enhancement and utilize various avenues to contact potential or existing young, beginning, and small farmers. The Association will implement effective marketing, outreach and educational programs to attract YBS farmers and ranchers. Often, the Association's marketing efforts through youth programs reach parents or other influential adults. They then help introduce young, beginning, and small farmers as potential borrowers and help identify the Louisiana Land Bank as a dependable brand name for future credit needs. Targeted marketing and lending efforts to YBS farmers and ranchers based on demographic areas deemed to be underserved, should ultimately increase customer awareness and credit availability.

The Association will also provide opportunities and support for YBS farmers and ranchers through conferences, seminars, workshops, educational programs, scholarships and/or grants. A YBS committee comprised of Association Board members will meet periodically to provide feedback on how the Association can best serve the needs of YBS farmers and ranchers.

### *Coordination with other Institutions*

The Association is responsible for coordinating lending activities with other System and non-System lenders within the lending territory. Activities associated with the purchase or sale of loan participations, territorial concurrence or obtaining guarantees may require such coordination. The Association will explore opportunities to partner with other institutions in outreach and education.

### **Qualitative Association Goals**

In addition to *quantitative* goals, the Association sets *qualitative* goals for its YBS programs. Those goals include the following:

1. Seek opportunities to provide support, training and YBS-related marketing activities through local/regional food systems, chambers of commerce, nonprofit organizations and agribusiness clubs.
2. Seek opportunities to teach and participate in class discussions at local universities regarding agricultural finance and agribusiness opportunities.
3. Participate in sponsorships with Louisiana and local parish Cattlemen's Associations for young farmers as well as contribute and participate in programs such as ULL Cajun Classic Beef Show.
4. Participate in the Farm Credit Young Leaders Program.
5. Provide sponsorship to Louisiana Ag Expo fundraisers, which assist schools that are primarily funded by agriculture.
6. Sponsor Louisiana County Agricultural Agents meetings, attend parish focus group meetings for area farmers, attend various Farm Bureau functions targeting young farmers, sponsor meals and give presentations at regional timber meetings.

7. Continue to sponsor customer appreciation dinners in all branch locales and invite area young couples and other young, beginning, and small customers and prospects to attend.
8. Work closely with the FSA and SBA to obtain guarantees to facilitate making certain loans to young farmers who would not be able to participate without the guarantees.
9. Participate and sponsor a couple in annual events when the opportunity occurs.
10. Volunteer loan officer and staff time, make monetary contributions and participate in the annual state Junior Livestock Auction, which benefits young future farmers/ranchers throughout the state. Also, continue the sponsorship and participation in local, district and state Junior Livestock Shows and State Fair Livestock Auctions.
11. Continue to contribute to the LSU Agricultural Center Research Stations, agribusiness fundraisers, LSU Agricultural Development Council and sponsor Black Farmers' Field Day in conjunction with LSU Ag Center and Southern University.
12. Contribute to local schools and sponsor ads for school ag activities, provide specialty items for school fundraisers and support high school rodeos.
13. Continue to support sponsorship of the state FFA Convention, Career Program, Agri-Science Service Fair, and related fundraiser/promotion programs. Also serve as judges at district FFA events when invited.
14. Sponsor the 4-H Livestock shows, live television coverage of sales of champions at the district 4-H Shows and present awards at 4-H ceremonies.

The Association met all of its qualitative goals in 2025 except for numbers one and nine. No opportunities became available in those areas.

In summary, the Association is meeting the majority of its quantitative and qualitative goals in an effort to fulfill its mission of providing agricultural credit to young, beginning, and small farmers and ranchers of Louisiana. The Association will continue these efforts and look for additional opportunities in the coming year to serve this segment of its marketplace.

## BOARD OF DIRECTORS

Cullen M. Kovac, Chairman  
William Benjamin “Ben” Guthrie, Vice Chairman  
R. Clark Canterbury  
Henry A. Capdeboscq, Jr.  
Wade Condrey  
John F. Earles  
Gertude Hawkins  
John McLain  
Mary Saporito, Board Appointed Director  
Robert James “Bobby” Soileau, Board Appointed Director  
John Van Mol, Jr.

## OFFICERS

F. Stephen Austin, Chief Executive Officer  
Christopher E. Bentley, Chief Financial Officer  
David A. Ogletree, Chief Lending Officer  
Brian D. Turner, Chief Credit Officer  
Robert “Wes” Lowe, Chief Appraisal Officer

## OFFICE

2413 Tower Drive  
Monroe, LA 71201  
318-387-7535  
[www.louisianalandbank.com](http://www.louisianalandbank.com)

## DISTRICT BANK

Farm Credit Bank of Texas  
P.O. Box 202590  
Austin, TX 78720-2590  
512-465-0400

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers, LLP  
Austin, TX